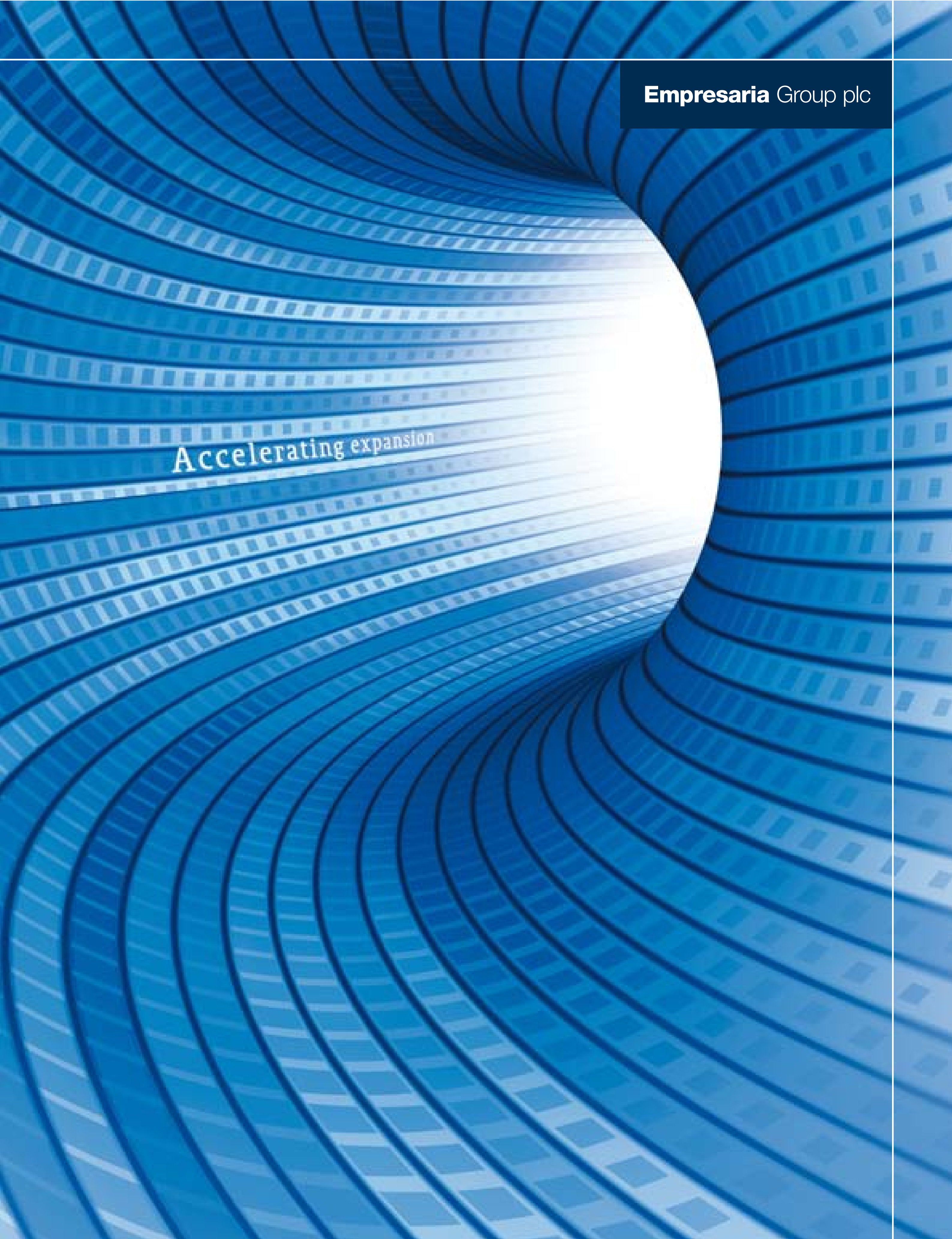
Empresaria Group plc

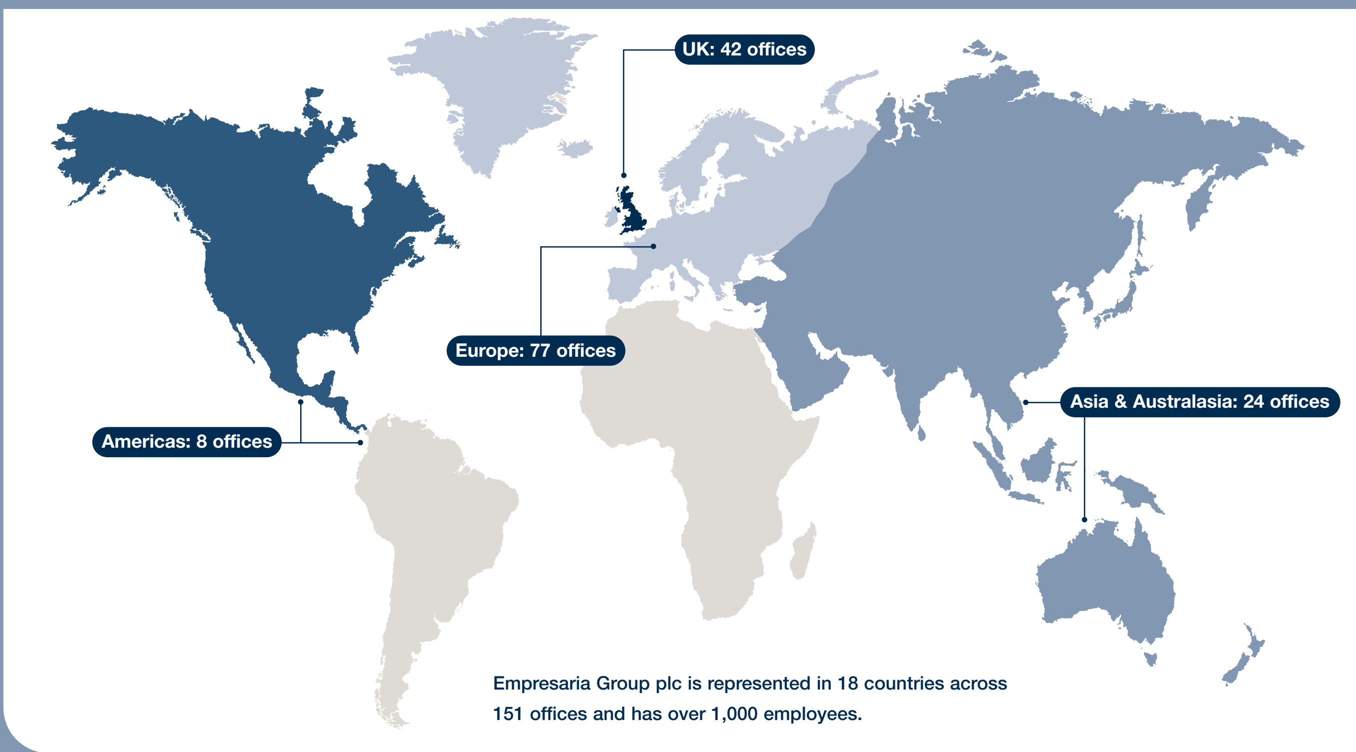


Report and Accounts 2007

Empresaria Group is an international specialist staffing business committed to expansion through investment in existing or start-up operations and through management-led acquisitions. Our businesses are operationally autonomous and 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 across developing market sectors and geographies.

Worldwide Operations



Contents

Headlines 2007

Financial

Revenues of £147.8m (2006: £75.5m)	UP 96%
Gross profit of £42.4m (2006: £21.8m)	UP 95%
Profit before tax of £6.0m (2006: £2.9m)	UP 107%
Adjusted profit before tax* of £6.2m (2006: £2.9m)	UP 114%
Earnings per share of 8.4p (2006: 6.7p)	UP 25%
Adjusted earnings per share* 9.2p (2006: 7.2p)	UP 28%
Group cash at bank at year end £4.1m (2006: £3.3m)	
Group net debt at year end £4.2m (2006: £1.4m)	
Proposed dividend of 0.55p (2006: 0.50p)	

Operational

- Strong organic growth from UK businesses
- Completion of the acquisition of Headway Group (Germany) in May 2007
- Entry into the Dutch staffing market through the investment in EAR in May 2007
- Entry into the South American market with investment in Alternattiva of Chile in November 2007
- Further expansion in Japan by investment in FINES KK in June 2007
- Strong progress in the ASEAN** market with the establishment of start-up operations in Singapore and the Philippines as well as the acquisition of a training business in Indonesia
- Senior management team strengthened
- Encouraging start to 2008

* Figures based on underlying profits excluding amortisation of intangible assets and any exceptional items. See reconciliation on page 62.

** ASEAN stands for Association of Southeast Asian Nations.

Cautionary Statement

The Chairman's, Chief Executive's, Operational and Financial Reviews ("the reviews") have been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The reviews should not be relied on by any party or for any other purpose.

The reviews contain certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

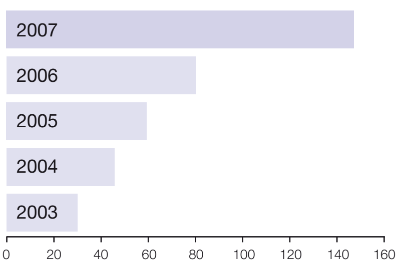
Financial Highlights

Overview of performance	2007	2006	2005	2004	2003
Revenue (£000s)	147,827	75,459	54,060	45,430	29,367
Gross profit (£000s)	42,351	21,840	15,393	13,141	10,589
Total operating profit (£000s)	6,738	3,505	1,914	1,067	817
Adjusted operating profit (£000s)*	6,918	3,505	2,532	1,715	1,234
Adjusted profit before tax (£000s)*	6,170	2,894	2,225	1,390	1,113
Basic earnings per share (pence)	8.4	6.7	3.1	1.4	1.9
Adjusted earnings per share (pence)*	9.2	7.2	5.7	4.2	3.9
Dividend proposed per share (pence)	0.55	0.50	0.45	0.40	0.38

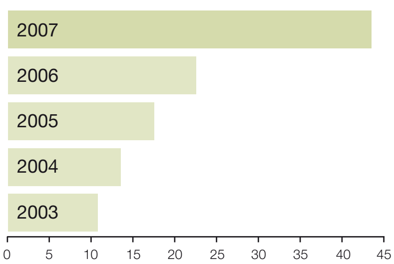
*Figures based on underlying profits excluding amortisation of intangible assets and any exceptional items. See reconciliation on page 62.

The amounts disclosed for 2003 to 2005 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRSs. The principal difference between UK GAAP and IFRSs is amortisation of goodwill.

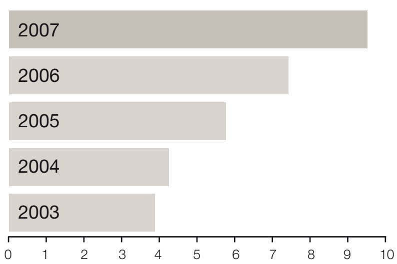
Group revenue (£m)



Net fee income (£m)



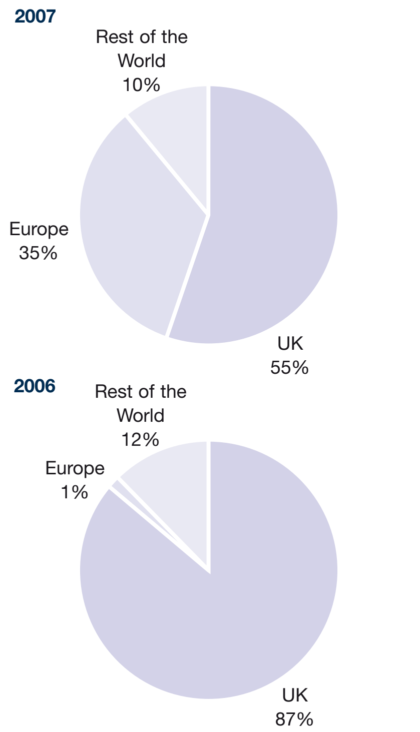
Group adjusted EPS (pence)



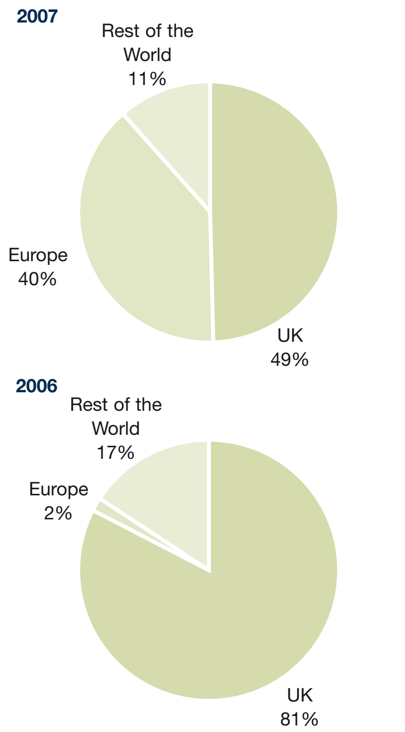
Good progress in international diversification

The charts shown below demonstrate the progress made in diversifying the Group internationally, with the United Kingdom's share of revenue and net fee income reducing from 87% and 81% respectively in 2006 to 55% and 49% in 2007. The distribution of employees has also undergone a pronounced change.

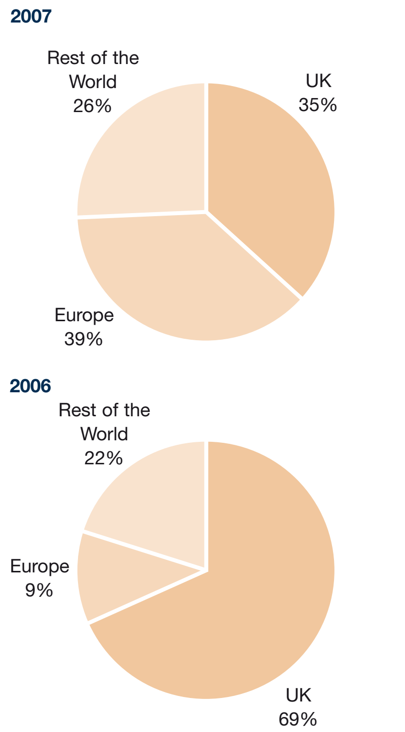
Group revenue



Net fee income



Employees



Our Businesses

Financial summary by region

In accordance with our strategy of creating a diversified international specialist staffing business we review the regional performance of our operations, a summary of which is provided below. As the Group develops we expect to provide further analysis in relation to the Rest of the World once the size of individual regions justifies it.

UK

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.

Financial highlights	2007	2006
Revenue (£000s)	81,168	65,976
Net fee income (£000s)[1]	20,958	17,689
Adjusted operating profit (£000s)[2]	4,055	2,732
Number of trading companies[3]	18	20
Number of employees	265	249

Continental Europe

Following the acquisition of headwayholdings GmbH ("Headway") in May 2007, the Group has a significant foothold in the German recruitment market. In addition the Group has interests in companies based in Holland, Poland, Slovakia and the Czech Republic.

Financial highlights	2007	2006
Revenue (£000s)	52,444	455
Net fee income (£000s)[1]	16,826	401
Adjusted operating profit (£000s)[2]	2,497	45
Number of trading companies[3]	10	4
Number of employees	298	34

Rest of the World

The Group has interests in companies based in Japan, South East Asia, Australia, India, China and Chile.

Financial highlights	2007	2006
Revenue (£000s)	14,215	9,028
Net fee income (£000s)[1]	4,567	3,750
Adjusted operating profit (£000s)[2]	366	728
Number of trading companies[3]	21	10
Number of employees	197	82

[1] Net fee income is equivalent to gross profit.

[2] Figures based on underlying profits excluding amortisation of intangible assets and any exceptional items. See reconciliation on page 62.

[3] Reduction due to consolidation within the Public and Logistics Sectors during 2007.

Empresaria can for the first time be accurately described as a truly international specialist staffing group.

Tony Martin
Chairman

Group development focus is on emerging economies and developing staffing markets.

Overview 2007

2007 was a transformational and highly successful year for the Group. Revenues, net fee income (gross profit) and pre-tax profits doubled in the year, driven by a combination of strong organic growth from established businesses, increasing contribution from recent start up investments and strong profits from acquisitions. Of greater significance, however, was the transformation in the shape and mix of the business. In 2005 the Group derived 97% of its net fee income from the UK. In 2007 the net fee income split was approximately 50:50 and in 2008 we expect almost 70% to come from markets outside the UK.

It is not just the proportion of income generated outside the UK that is of importance but where that income derives from. Group development focus is on emerging economies and developing staffing markets. Following the acquisition of Headway in May 2007, the Group generates approximately the same net fee income from Germany – one of the fastest growing staffing markets in Europe – as it does the UK. In addition, Empresaria has high growth operations in countries such as Japan, India, China and Indonesia, each with high development potential.

Empresaria can for the first time be accurately described as a truly international specialist staffing group, becoming increasingly balanced in terms of sector, geography and operational mix. The fact that it is not weighed down, as other staffing groups are, by large clerical and industrial staffing operations, we believe creates significant potential for future relative out-performance. Further, the natural diversification of investment across sectors and geographies should provide resilience in times of economic uncertainty.

Financial performance

Revenues for the year ended 31 December 2007 increased by 96% to £147.8m and net fee income increased by 95% to £42.4m, a slightly higher figure than indicated in the February trading statement following revision of the impact of currency fluctuations and a review of the fair value of acquisitions. Profit before tax (adjusted for amortisation of intangible assets) increased by 114% to £6.2m. Although these figures include seven months of contribution from our acquisition of Headway in Germany, they also reflect the strong organic growth contribution from our established UK companies and the benefit of improved profitability as central costs are absorbed across a broader Group network.

Group strategy

Empresaria's strategy is to develop an international specialist staffing group, balanced in terms of sector, geography and operational mix and driven by a combination of organic and acquisitive growth.

Both Group strategy and structure follow the underpinning philosophy of management equity and the importance of aligning the interests of shareholders and individual Group company management teams through sharing risk and reward by way of equity participation.

Investments are made where management hold and retain a meaningful stake in the business. The Group's decentralised structure also reflects this philosophy with local management retaining operational autonomy and central functions focussing on financial planning and control, Group development and administration. For individual management teams this arrangement offers a combination of support, responsibility and independence. As Empresaria grows the Group benefits from economies of scale and improved rates of conversion of net fee income to operating margin as central costs are absorbed across a wider community.

The evolution of Empresaria to date can be categorised broadly in two phases. The first phase was the development from inception to the AiM float in late 2004. During this period it established itself as a diversified UK-based specialist staffing group, known for its management equity philosophy and recognised for its consistent strong financial performance. Since 2004, the second phase, the Group has been re-engineered. The strong philosophical foundations and flexible corporate structure remain the same but the development focus has shifted to new geographic markets in order to gain access to higher growth economies and markets at the same time as reducing dependency on the UK economic and regulatory environment. Empresaria is now a different company to that of 2004 but its process of development is still at an early stage. The Group is still unrepresented in the majority of Continental European countries and also South America where Chile forms the only base of operations at present. As other markets develop, particularly in the fast growing Asian countries, there will be increased segmentation and creation of new vertical staffing niches which in turn will offer new opportunities for investment. The speed of further expansion will be dictated by market conditions and on identifying the right investment opportunities.

Empresaria's people

The fantastic performance of the Group in 2007 would not have been achieved without the dedication, energy and enthusiasm of the more than 1,000 people (including Associates) now working within the Group. We would like to thank them all for their hard work and for their contribution to Empresaria's success.

Current trading and outlook

As stated in the trading statement in February, the Group has enjoyed a good start to 2008. Revenues and net fee income on a like-for-like basis are ahead of 2007 and there is no evidence of any material change in demand for Group services. The heavy investment in start up companies made in recent years, particularly in the Asia region, is now starting to generate financial returns. We continue to see strong revenue growth in our Continental Europe operations and, particularly in Germany, see opportunities to improve operating margins.

The outlook for the year needs to be considered with the economic forecasts in mind. In this context the Board is mindful of the challenges and opportunities that may be faced in the coming months. Empresaria has no meaningful direct exposure to the US economy. Although Empresaria does have significant operations in the UK, these are concentrated in large part on specialist sectors where there is still a shortage of skilled staff and, in the case of our Property Services operations, where demand is underpinned by long term infrastructure projects.

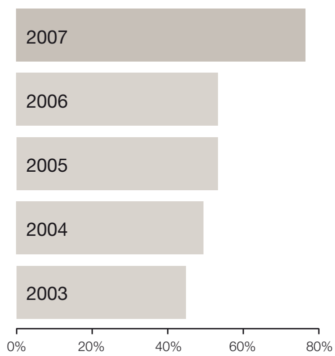
The diversification into emerging economies and countries where recent labour market liberalisation is creating growing demand for staffing solutions is anticipated to offset softening markets elsewhere. In both relative and absolute terms we believe Empresaria is strongly positioned to take advantage of increased opportunities created as a consequence of economic downturn or market disruption.

With these factors in mind the Board is cautiously optimistic as to the outlook for the current year.

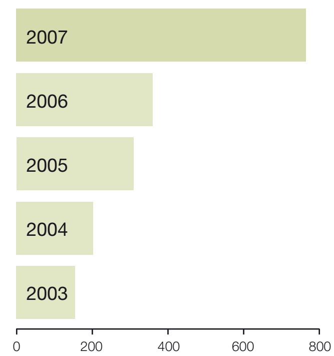
Tony Martin
Chairman
17 April 2008

The fantastic performance of the Group in 2007 would not have been achieved without the dedication, energy and enthusiasm of the more than 1,000 people.

Contribution of temporary business to total net fee income



Number of internal employees



The rapid rate of development in 2007 has changed both the scale and scope of Empresaria's operations.

Miles Hunt
Chief Executive

In the period from May to the end of the year Headway contributed revenues of £47m.

Performance review 2007

The rapid rate of development in 2007 has changed both the scale and scope of Empresaria's operations. Reflecting these changes we are breaking down our review of the business this year into three regions, UK, Continental Europe and Rest of the World. This breakdown allows us to highlight not only relative financial performance of each region but, of equal interest, the distinctive growth strategies applied in each market.

The UK performed strongly in 2007. Development focus in the UK over recent years has been to expand and strengthen our existing operations. This approach is reflected in healthy organic growth rates at both revenue and net fee income line of 20%, an improvement in the proportion of net fee income derived from temporary staffing revenue to 58% and increased operational efficiency driving the Group's bottom line performance.

In Continental Europe, where labour markets tend to be more highly regulated and economies of scale create greater competitive advantage, our approach has been to build strong bridgeheads in individual country markets through acquisition and then to use these as cornerstones for growth in each country. The clearest example of this approach was the investment in Headway in Germany in May 2007. Headway performed in line with expectations in 2007, generating year on year revenue and net fee income growth of 25%.

Outside of the UK and Continental Europe we have targeted emerging economies and staffing markets where the primary focus has been on investing in start up operations with experienced local management teams. This approach has an initial adverse impact on profits but, as we are already experiencing, creates rapid organic growth in immature but fast developing markets. The year 2007 was significant for this region as the large number of recent start up companies moved collectively towards profitability.

Headway investment

On May 3, 2007 Empresaria acquired 60% in the German staffing company Headway, a fast growing, partially specialised staffing company, based in Bavaria and expanding its network rapidly in other parts of Germany. This acquisition was an important strategic step in the internationalisation programme and gives Empresaria a much more balanced stream of revenues and profits.

In the period from May to the end of the year Headway contributed revenues of £47m, net fee income of £15m and operating profit of £2m, in line with expectations.

The German market has experienced strong growth in 2007. Headway achieved sales growth of 25.1%, exceeding the estimated market growth of approximately 20%, running an ambitious expansion programme with a net total of 22 new branch openings, starting from 47 branches in the beginning of 2006 and ending the year with 69 branches. The investment made in new branch offices in 2007 will benefit sales growth and profitability of Headway from 2008 onwards, as the immature branch network starts to exploit its potential.

Particularly good progress was achieved in the specialised divisions Headway Logistics, Headway Engineers and Headway Industry during 2007, increasing the proportion of the company's specialist business to 56.2%, while Headway Austria achieved profitability in 2007. The priorities for 2008 are to increase profitability of the immature branch network, improving efficiencies throughout the organisation as well as strengthening the successful existing divisions.

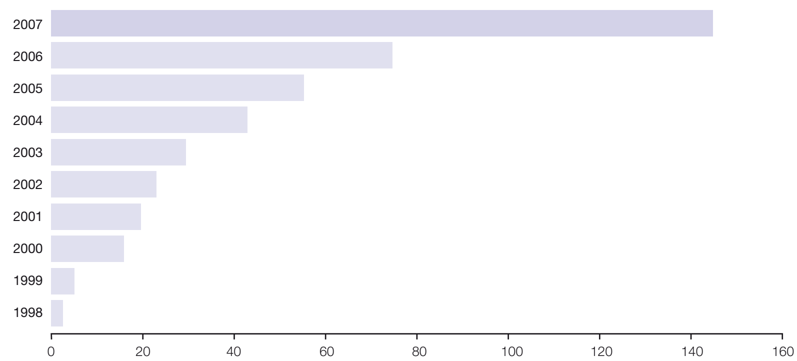
Management team and structure

The Group is managed by a small, balanced Board of Directors with a Non-executive Chairman, two Executive Directors and two Non-executive Directors. Below the main board is a Board of Management chaired by the Chief Executive. The Executive Directors are the Group Chief Executive and Group Finance Director. In 2006 we created the role of Head of European Operations with Continental Europe companies reporting to this new position. We have now created a similar role for the UK. As previously announced, Nick Hall-Palmer steps down as Group Finance Director and as a member of the main Board following the reporting of our 2007 results after eight successful years in the role. His new role is Group Development Director and Head of UK Operations. Nick is replaced as Group Finance Director by Stuart Kilpatrick. We welcome Stuart to the team.

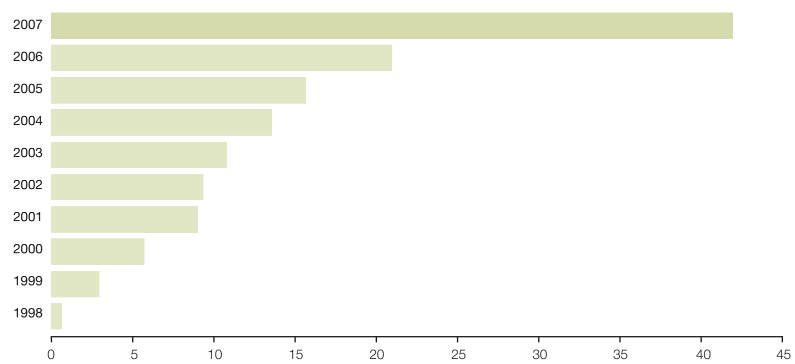
Market overview

Staffing is a relatively young industry. Growth rates and growth dynamics differ from country to country. As individual staffing markets evolve, generalist clerical and industrial staffing services make way for individual market specialists as the drivers of growth. Liberalisation of previously restricted labour markets acts as a catalyst for super-normal growth rates, specific recent examples being Japan and Germany. The penetration rate – the percentage of the working population of a country in temporary work – varies from country to country depending on the regulatory and cultural environment. The UK has the highest penetration rate of all international staffing markets. Temporary staffing tends to follow permanent staffing in each new market as employers and workers acclimatise to the benefits of flexible staffing. Above all, the industry as a whole is growing on the back of the rapid global and regional demographic

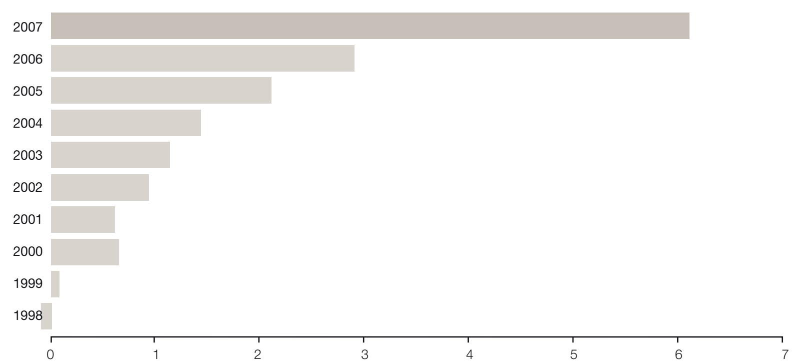
Group revenue (£m)



Net fee income (£m)



Adjusted profit before tax (£m)



The industry as a whole is growing on the back of the rapid global and regional demographic changes.

Across all regions, Empresaria has a broad mix of temporary and permanent staffing operations.

changes, the increasing shortages of skilled staff and the increasing demand for flexible workforce solutions and flexible working arrangements.

The short-term fortunes of generalist clerical and industrial staffing companies are connected to the broad economic environment in which they operate. For specialist staffing companies such as Empresaria, our short-term fortunes are largely dictated by the performance of the specialist markets we serve.

In the case of the UK market, the most developed of all international markets, we have deliberately invested in a portfolio of sectors with different economic and market dynamics. This diversification strategy has worked well over time and enabled us to grow consistently through previous difficult market conditions. At the moment we are seeing no material change in our markets. Investment banking (approximately 8% of UK net fee income) has seen a decline in permanent revenues but, by way of compensation, has seen a significant increase in temporary staffing revenues. With the exception of our Public Sector division (4% of 2007 UK net fee income), which continues to encounter challenging market conditions, all sectors are performing strongly and are ahead of 2007 at both revenue and net fee income levels for the first two months of trading in 2008. Our Property Services and Construction sector, in particular, is experiencing strong demand for its services, particularly from infrastructure and transportation clients associated with upcoming projects such as the 2012 Olympics and the new London Cross-Rail initiative.

In Continental Europe, Empresaria's principal exposure is to the German market, one of the stronger economies and without doubt one of the fastest growing staffing markets as a consequence of recent labour market liberalisation. Although industry growth rates appear to have declined over the course of 2007, they are still expected to remain at double digit levels for a number of years to come. Outside of Germany we are experiencing growth in our Eastern European operations and enjoying contribution from our new Dutch company, EAR, whose rate of expansion is being restricted by the shortage of available skilled workers.

The developing markets of Asia and Latin America offer substantial long term growth opportunities. In Asia in particular, we are well placed to take advantage of developing economies and nascent staffing industries. Empresaria now operates in China (and is looking to increase its investment there in 2008), India, Thailand, Malaysia, Singapore, Indonesia and the Philippines. We are experiencing rapid growth in each of these countries and foresee a continuation of this trend in 2008.

Across all regions, Empresaria has a broad mix of temporary and permanent staffing operations with a group wide split of net fee income in 2007 of 72%:28% temporary to permanent.

Miles Hunt
Chief Executive
17 April 2008

Operational Review

UK

Revenues from UK operations increased 23% to £81.2m and net fee income grew 18% to £21.0m. The differing growth rates reflected a change in the mix of our UK business with significant growth coming from our, primarily temporary staffing, Property Services and Construction division. As a consequence, the mix of temporary staffing net fee income to permanent recruitment net fee income continued to improve to a 58%:42% (2006: 56%:44%) split, therefore resulting in a drop in the UK gross margin percentage from 28.9% to 28.6%.

Within our Property Services and Construction sector our FastTrack brand in particular performed well in the year, buoyed by contract wins at Heathrow and London Underground. With construction work now commencing for the 2012 Olympics we anticipate the number of upcoming business development opportunities to increase significantly this year.

Our Other Brands sector also generated significant growth in the year with Greycoat Placements (domestic staff), McCall (recruitment to recruitment), The Recruitment Business (creative design) and Bar 2 (payroll services) all delivering good results. The performance of the sector as a whole would have been stronger but for poor performance from EUResource, an on-site recruitment operation, that suffered from a number of bad debt issues (resolved by the end of 2007) and poor commercial management leading to the replacement of the managing Director and corporate restructuring at the end of 2007. The changes at EUResource are expected to result in a drop in revenues in this sector in 2008. We do, however, expect continued overall growth in net fee income generated by this sector in 2008.

Within the Financial Services sector LMA, our banking operations brand, saw a 56% growth in revenues as it concentrated on expanding its temporary staffing operations. It started 2008 with approximately twice the number of temporary staff deployed as at the same time in 2007. Insurance operations also grew with Lime Street launching a new Bristol office in the second half of the year.

The Supply Chain businesses benefited from the structural changes made at the beginning of the year and the integration of the MVP and DriveLink operations. Since then, we have invested in a new managed service business offering a broad range of staffing solutions to the logistics and supply chain industry and, since the year end, we have acquired Forward Prospects, a small freight forwarding recruitment business.

The only sector in the UK to experience a decline in either revenues or net fee income was the Public Sector. The market is undergoing significant consolidation and margin erosion and, as a result, we are currently reviewing our options for this sector.

Continental Europe

Revenues grew from £0.5m in 2006 to £52.4m in 2007. Net fee income grew from £0.4m in 2006 to £16.8m in 2007.

Outside of the Headway contribution (with operations in Germany and Austria) the principal contributors in the year were EAR in Holland and ITC in Poland which collectively contributed revenues of £5.4m and net fee income of £1.4m. In addition the Group operates in the Czech Republic and Slovakia through the GiT brand. ITC was acquired in late 2006 and is currently expanding from its core base of "work abroad" services to offer temporary staffing solutions to the domestic Polish market. EAR was acquired in May 2007 and focuses mainly on supplying technical trades from a network of four offices in central and southern Holland.

Rest of the World

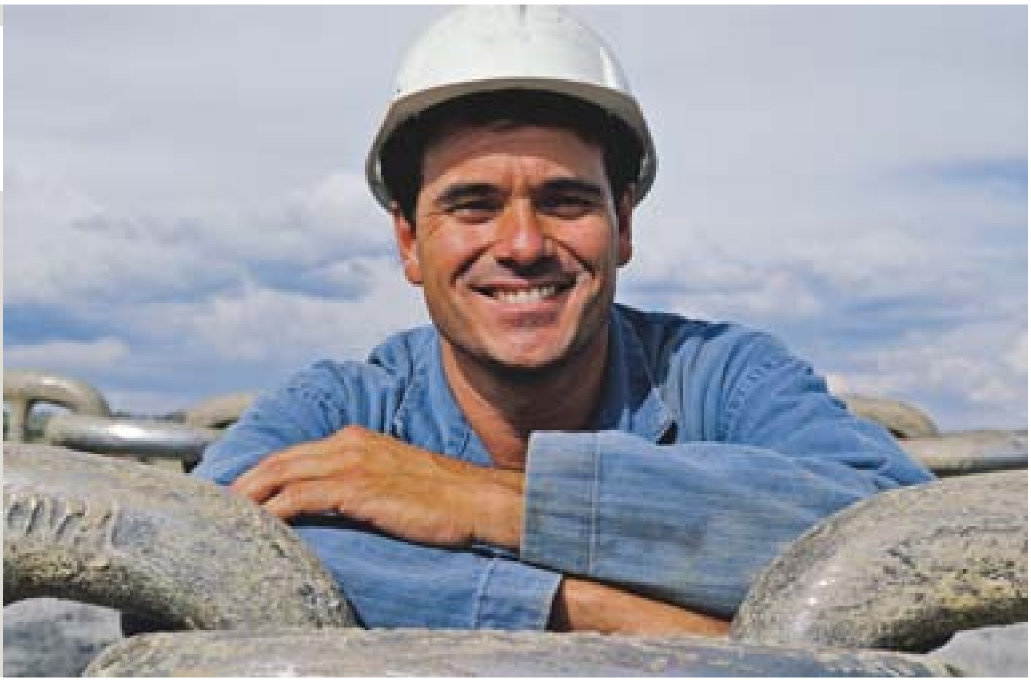
Revenues grew 57% to £14.2m and net fee income grew 22% to £4.6m. Headline numbers do not provide a true reflection of the underlying development activity of this broad region. Recent start ups in India, China and in countries throughout South East Asia have now either reached profitability or are close to doing so. The Monroe Consulting operation (executive recruitment) has expanded to new offices in Manila, Bangkok and Singapore to add to existing offices in Jakarta and Kuala Lumpur. The Advanced Career operation in Indonesia (temporary staffing and outsourcing) now has seven branches in the country as well as new operations in Singapore. Following the acquisition of Learning Resources (corporate training solutions) in Indonesia in March 2007, we have established new offices in Bangkok, Singapore and Manila. Our operations in India and China continue to expand in terms of revenues, people and infrastructure.

Revenues from Japan were flat year on year as a result of a change in mix of our Skillhouse IT staffing business with more clients converting temporary staff to permanent positions and our Australian operations have seen a significant drop in revenues following the re-structuring of the business reported this time last year. In the case of Japan we are seeing a resumption in growth and a renewed emphasis on temporary over permanent staffing revenue, assisted by the rapid growth of our new fashion industry staffing company, FINES, established in July 2007. In Australia, the organisational changes made over the course of the year have now created a more stable platform on which to grow.

The acquisition of shares in Alternattiva in Chile late in the year represents the first investment by Empresaria in Latin America. Alternattiva provides temporary and outsourced staffing solutions to the retail and telecommunications industries in Chile. It is a long-standing family company with a strong market presence.

Headway – strong growth potential in a mature economy

Operational region:
Germany
Austria
Czech Republic



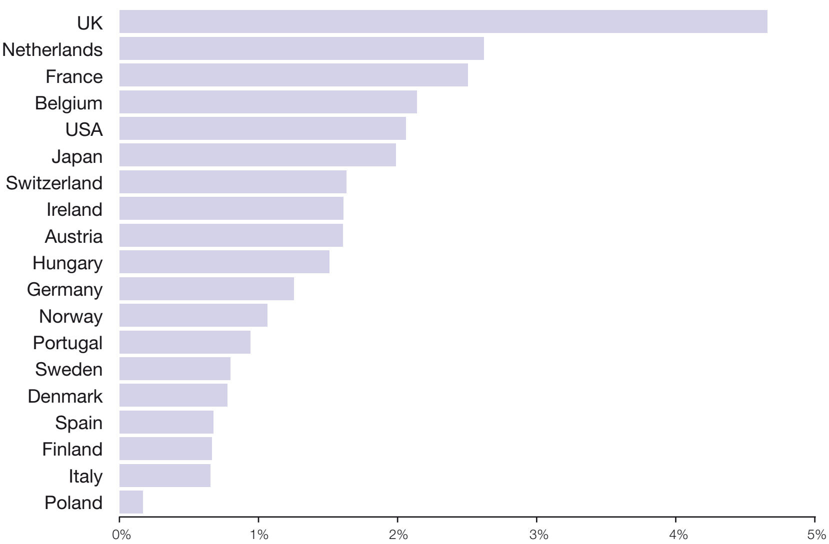
Headway investment case

Empresaria's purchase of 60% of the Headway Group in May 2007 represented its first major acquisition outside of the UK and the largest it has made to date. The rationale for the acquisition was that, whilst the German economy as a whole is mature, the staffing market in Germany shows significant growth potential. This is illustrated in the charts below which show the penetration rate of temporary workers in the overall workforce (1.3% compared to 4.5% in the UK) and the size of the German staffing market compared to other more developed markets (4.4% compared to the UK's share of 15.9%).

Headway represented an excellent fit as it has a specialist staffing focus, already has a significant presence in the German market, and the key management team remain in place with a significant shareholding.

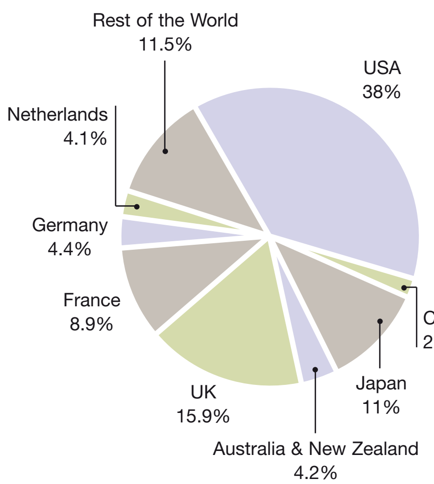
Percentage of agency workers (full time equivalent) in relation to total workforce, 2006

Source: Ciett



Percentage of total worldwide revenues

Sources: Ciett, ING, Randstad



Innovative specialist solutions for Headway's clients

Using specialists to recruit specialists
A leading biotechnology company challenged Headway to source and supply highly qualified Biotechnology and IT staff for its operations. By using its own technical specialists, such as biotechnology graduates, to both attract the right candidates from academic and other institutions and to maintain an expert dialogue with the client, we have succeeded in shortening the recruitment process and achieved very high levels of customer satisfaction, most recently in sourcing highly qualified pathologists.

Using training to combat staff shortages
A major supplier of power train components needed to recruit staff to meet a significant order book increase and had significant problems recruiting specialist workers. After a competitor proved unable to supply the right staff on time, Headway was approached.

By partnering with a specialist provider of state of the art CNC training and tailoring the courses to the client's precise requirements, we were able to provide workers with the right skills at the right time. Headway manages the whole process, which has set new standards for customer service and worker retention.

Innovative specialist solutions for Headway's clients continued

Headway's operations

headway industrie

Vorsprung durch Kompetenz

CNC specialist maintenance team enhances client productivity

CNC machinery is expensive and minimising down time is a client priority. At Headway Industry, we have assembled an expert team of skilled workers to provide repair and preventative maintenance services to its clients. The team is trained on the majority of CNC manufacturer's machines, allowing clients to avoid reliance on any particular manufacturer.

Highly flexible, the team is able to respond at short notice and to get its work done either during planned down time or through its comprehensive weekend service offering. This ensures clients' work stations can be productive around the clock.

headway logistic

Gemeinsam Waren bewegen

An outsourced warehouse management service

Headway provides a comprehensive warehouse management service for a leading retailer's distribution centre. The contract is remunerated on piece rate basis and encompasses stock picking, palette handling, the whole empties management process as well as display management and elements of the goods inwards process.

In addition to approximately 100 workers in the stock picking team we supply up to 10 fork lift truck drivers, a further 40 or so workers in activities such as palette handling, goods inwards and outwards and display management. We also employ an onsite team of two chargehands and two supervisors responsible for training, worker management and client liaison.

All workers are trained in at least two disciplines to improve their flexibility, which is maintained by regular job rotation. They also undergo a structured induction programme to bring them up to required performance and productivity levels.

Our approach has allowed us to exceed comfortably our clients prescribed performance targets with error rates of less than 1% and has given us sole supplier status. Our innovative solution has benefited both parties: the client has total cost visibility and we have visibility of demand.

Growth opportunities in the ASEAN Region

Empresaria operates in the following ASEAN countries:
Indonesia
Malaysia
Philippines
Singapore
Thailand

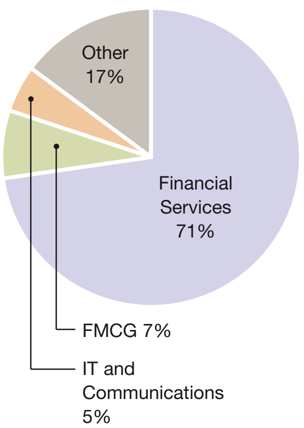
What is ASEAN?

The Association of Southeast Asian Nations or ASEAN was established on 8 August 1967 in Bangkok by the five original Member Countries, namely, Indonesia, Malaysia, Philippines, Singapore and Thailand. Its key goals are to accelerate economic growth, social progress and cultural development in the region and promote regional peace and stability. Economic integration is also a priority with the establishment of the ASEAN community by 2015.

As of 2006, the ASEAN region had a population of about 560 million, a total area of 4.5 million square kilometres, a combined gross domestic product of almost US$ 1,100 billion, and a total trade of about US$ 1,400 billion. Since 1990 the ASEAN region has demonstrated a shift from reliance on agriculture to the manufacturing and service industries providing greater scope for staffing businesses to grow within the region.

As the chart on the next page shows the ASEAN region has a strongly growing GDP, workforce and inward investment that is both significant and growing.

Sector contribution to 2007 revenue



Empresaria's operations in ASEAN

Empresaria believes that, much as has been achieved by the European Community, ASEAN will significantly increase trade amongst the member nations and improve the flow of labour, all of which should be significantly beneficial to staffing and human capital businesses properly equipped to take advantage of the opportunities presented.

We already have 10 operations with 17 branches and 109 staff covering five of the 10 ASEAN nations and are providing 2,200 contractors to our clients every week*. We intend to expand our operations further over the next three years.

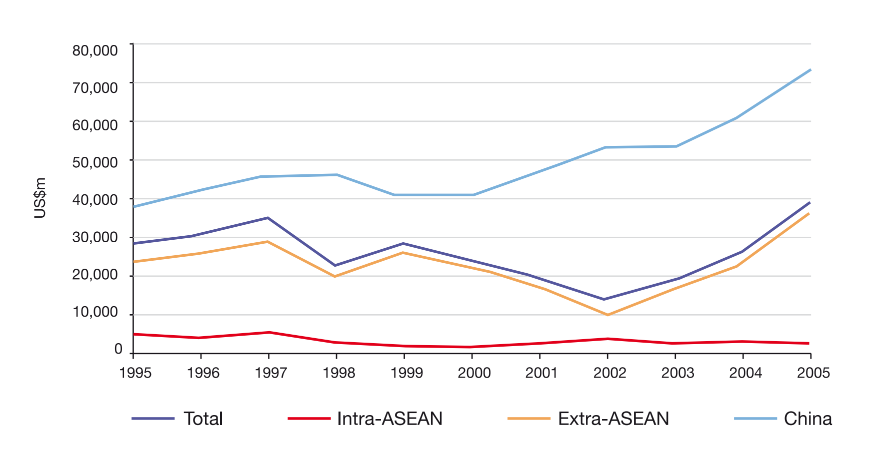
*As at end of February 2008.

Growth opportunities in the ASEAN Region continued

"The strength of Learning Resources is its competent consultants that help us align our training and development solutions with our corporate strategy"

Chief Learning Officer, major Indonesian bank

Inward investment in ASEAN countries 1995-2005



Sources: ASEAN, Foreign Investments Database, UNCTAD, FDI/TNC Database, 2006.

Percentage GDP growth in the ASEAN countries where Empresaria operates, 2000-2007[1]

	2000	2001	2002	2003	2004	2005	2006	2007
Indonesia	5.4	3.6	4.5	4.8	5.1	5.6	5.2	6.0
Malaysia	8.9	0.3	4.4	5.5	7.2	5.2	5.5	5.8
Philippines	6.0	1.8	4.5	4.9	6.2	5.0	5.0	5.4
Singapore	10.0	(2.3)	4.0	2.9	8.7	6.4	6.9	4.5
Thailand	4.8	2.2	5.3	7.0	6.2	4.5	4.5	5.0

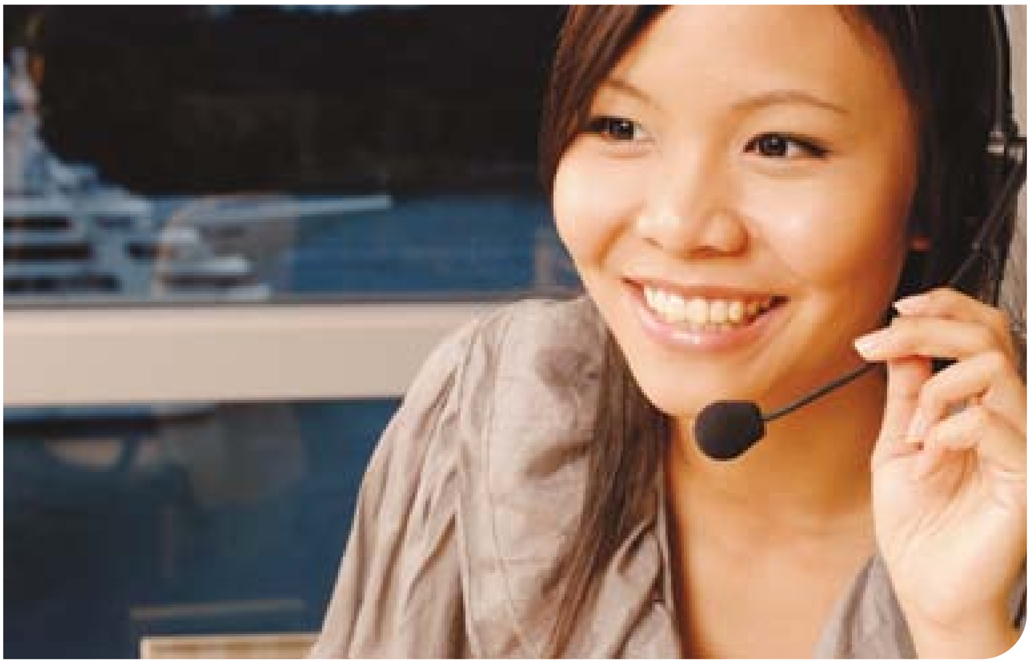
Actual and projected labour force growth in the ASEAN countries where Empresaria operates,1990-2020[1]

	1990	1995	2000	2004	2005	2006	2015	2020
Indonesia	76,615	86,182	98,742	106,278	108,361	110,432	128,117	136,917
Malaysia	7,122	8,227	9,684	10,735	11,013	11,288	13,815	15,207
Philippines	23,439	27,399	30,761	35,916	37,093	38,294	49,170	54,475
Singapore	1,541	1,740	2,059	2,176	2,207	2,238	2,484	2,500
Thailand	30,442	31,501	33,586	35,293	35,715	36,136	39,071	39,781

[1] Data from the International Labour Organisation report entitled: Labour and Social Trends in ASEAN 2007: Integration, Challenges and Opportunities

"We have been working with Monroe Consulting Group for the last two years. During this time Monroe has made significant efforts to understand our business issues and the culture which we want to create in the organisation. They have worked closely with us in understanding our needs and expectations for the positions which we want to fill, and have supported us in identifying and attracting strong candidates to join our Company. As a result we have successfully recruited new members to our management structure. We have been pleased with the speed at which they have integrated into the organisation and helped us create an open and challenging new culture within our Company."

President Director, major food producer, Indonesia



"Monroe Consulting Group has been a great help in our recruitment process and we are very pleased with the effort and commitment in getting the perfect candidate"

Chief Learning Officer, major Indonesian bank

Empresaria's strategy in the ASEAN region

Oki Iqbal, Managing Director of our ASEAN region operation commented:

"We aim to provide a comprehensive service to both our national and regional clients and to do this we operate through three distinct brands. These brands are represented by separately capitalised companies for each brand in each country in which they are represented. In accordance with Empresaria's philosophy, key management in each company holds a meaningful equity stake therein."

	Service Offering					
Brand	Search & selection	Permanent contingent	Outsourced services	Temporary staffing	Training materials	Training delivery
Monroe Consulting	•	•				
Advanced Career			•	•		
Learning Resources					•	•

"In this way, each of our brands remains a focussed, specialist operation capable of providing an expert service tailored to a client's specific needs, whether that is a CEO or CFO from Monroe, the outsourcing of an entire call centre through Advanced Career or the provision and delivery of targeted training modules through Learning Resources.

As we expand our brands geographically, we will further enhance our ability to provide the same depth and breadth of service across the entire region of large multinational business, whilst retaining the local knowledge, flexibility and specialist customer service focus of a local operation."

"Advanced Career's professional staff have built a very good relationship with us due to the way they manage the human resources process and develop the competencies of the contractors working for us."

Head of Sales Management, major Indonesian bank

Adjusted PBT for the year – for existing and continuing operations – rose by 114%.

Nick Hall-Palmer
Group Finance Director

Financial performance

Revenue
Group revenue rose by £72.3m (96%) in the year. Like for like sales increased by 20%.

Gross margin
The Group's net fee income percentage remained steady at 29%.

The Group's gross margin generated from the contract and temporary businesses grew to 72% of total gross margin (2006: 56%). This increase is in accordance with the Group's strategy of developing its temporary staffing business and reflects both strong temporary revenue growth in our UK construction businesses and the acquisition of the Headway Group, which is a purely temporary staffing business.

Profitability
The Group uses adjusted profit before taxation (PBT) (as defined and calculated on page 62) as its principal measure of operating performance. Profits before tax are adjusted to remove the effects of amortisation of intangible assets and any exceptional items incurred during the year.

Adjusted PBT for the year – for existing and continuing operations – rose by 114% (2006: 30%) to £6.2.m (2006: £2.9m) for the Group.

Adjusted operating margin on revenues increased slightly to 4.7% (2006: 4.6%), despite continued investment in organic growth, particularly in the rest of the world.

Taxation
The effective rate of corporation tax to headline profit before tax was 31% in 2007 compared to 29% in 2006.

The difference between the effective rate and the standard UK rate of corporation tax principally reflects the Group's exposure to higher tax environments outside of the UK. For example Japan where rates are in excess of 40%.

Earnings per share
Earnings per share, (EPS), adjusted for the effects of amortisation of intangible assets and exceptional items, was 9.2 pence, an increase of 28% over 2006 (7.2 pence).

In 2007, the Group's weighted average issued share capital, as used to calculate EPS, increased by 31% principally as a result of shares issued to acquire the Headway Group as well as to increase the Group's share in existing operations.

Dividend
The Directors have recommended the payment of a dividend of 0.55 pence per share (2006: 0.50 pence), representing an increase of 10%. If approved, the dividend will be paid on 18 August 2008 to members registered on 18 July 2008.

Net assets
As at 31 December 2007 the net assets of the Group were £29.1m (2006: £11.6m).

Executive Equity Participation Plan
The Group operates an equity participation programme to incentivise its senior

management. An award under the scheme was made in 2007 and a charge of £102,500 is reflected in the income statement.

Acquisitions

Goodwill and other intangible assets increased by £14.3m in the year, to £24.7m (2006: £10.3m) at 31 December 2007. The details of the main transactions behind this increase are explained below:

Purchase of Headway Group

In May 2007, the Group acquired 60% of the Headway Group for a cash consideration of £9.9m. The balance of 40% of Headway remains with key management shareholders and an option exists for them to sell a further one third of their remaining holding to Empresaria after 2009 for a maximum aggregate consideration of Euros 10m (approximately £7.5m).

Headway provides temporary and contract staff to a number of specialist industries through over 60 branches throughout Germany and Austria, including the Logistics, Engineering, Automotive, Retail and Biotechnology Sectors.

Purchase of EAR Group

In May 2007, the Group acquired 60% of the share capital of the EAR Group, for an initial consideration of £289,000, paid in cash/shares.

Based in the Netherlands, the business specialises in the provision of temporary and permanent staff, principally in the field of construction and property services.

Purchase of Alternattiva Group

In November 2007, the Group acquired 56% of the Alternattiva Group, a leading Chilean staffing business providing temporary and outsourced staff principally in the sales, marketing and promotional staffing solutions.

The initial consideration amounted to £690,000 with a maximum further consideration of approximately £1.1m payable depending on the financial performance of the business in 2008.

Purchase of minority share holdings

During 2007, Empresaria increased it shareholdings in Lime Street Recruitment Limited and The Recruitment Business Limited for an aggregate consideration of £495,000, of which £45,000 was payable by the issue of 24,789 shares in Empresaria Group, with the balance paid in cash.

Post year end purchases

Since the year end Empresaria acquired a controlling interest in Forward Prospects Limited, Spa Elite Limited and Travel World Selection Limited for a total maximum consideration of £100,000. All businesses are based in the UK.

Principal risks and uncertainties

The principal risks and uncertainties 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.

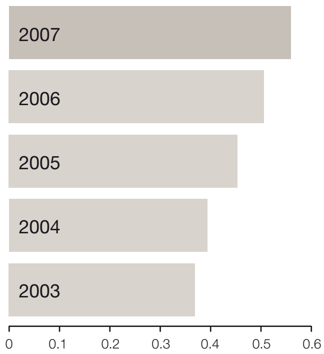
Failure to ensure the Group has sufficient senior management resources to manage and control its growth could adversely impact its profitability. The Board regularly assesses the number and suitability of its senior management resources and adapts this resource to the needs of the Group.

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

Dividend per share (pence)



Goodwill and other intangible assets increased by £14.3m in the year, to £24.7m.

through equity ownership. In addition, as the Group grows and diversifies geographically, its reliance on any one company and the individuals associated with that company reduces.

Market risks

Political environment

A change in government policy may impact on the level of public spending in the key sectors in which the Group operates. Changes of this nature in the macro-economic environment could adversely affect the financial performance of the Company.

Economic environment

The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate. Empresaria's strategy of diversification within individual geographic markets and its expansion internationally is designed to mitigate the effect of a downturn in any one economy. Nevertheless, significant economic downturn in either the UK or Germany could result in reduced revenues and profits for the Group.

Legislative change

The Company's business is subject to European, UK and overseas employment legislation. Any changes to this may impact on the manner in which Empresaria conducts its business and could therefore affect the financial performance of the Group.

Financial risks and treasury management

The Group expanded significantly overseas by both acquisition and organic growth. This expansion has been partly funded by parent company loans principally denominated in local currency of the recipient company. Therefore the parent company is exposed to exchange rate fluctuations between the grant of the loan and its settlement. Where these loans are material, the Group has taken out forward exchange contracts to manage these risks.

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

For the first time in a number of years operating cash flow was lower than operating profit. Net cash of £2.4m (2006: £5.4m) was generated from operations during the year. The relative cash generation is affected by two principal factors. As stated in last year's Annual Report, the 2006 cash flow was improved by a significant one-time increase in the amount of invoice discounting liability subject to non-recourse arrangements. In 2007 cash flow was depressed by the mid-year acquisition of Headway, where a number of pre-acquisition liabilities, were settled post acquisition. The main elements of these were employer's liability insurance in respect of 2006, as well as accrued payroll costs. The total one-time effect amounted to approximately £1.7m.

The Group debtors grew by £5m in the year due principally to growth in revenues at our temporary operations, especially Headway in Germany and FastTrack in the UK.

In the 2006 Annual Report we also commented on the UK government's abolition of managed service companies and identified a negative cash flow impact on the Group over 2007 and 2008. In practice the closure process of the Group's managed service operations has taken longer than anticipated and the impact will be felt in 2008 and 2009.

The Group spent £12.8m of cash on acquisitions (including cash acquired), investment in associates and capital expenditure and raised £12.7m from financing activities, of which £11.5m was from the issue of shares to fund the acquisition of the Headway Group.

Net debt increased by £2.8m to £4.2m during the year, mainly reflecting debt taken out to fund acquisitions of new companies and the purchase of minority interests (£1.4m) and non-current liabilities assumed with new acquisitions (£0.7m).

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 £4.1m;
- overdraft facilities of £5.8m, of which £2.5m was utilised at the year end;
- a revolving credit loan facility of £2.5m, of which £1.2m has been utilised. This facility is shown under current liabilities reflecting its flexibility. In practice the facility is available until the end of 2009;
- outstanding term loans of £2.1m repayable over the next four years; and
- amounts owed in respect of invoice discounting and factoring agreements of £1.9m.

Nick Hall-Palmer
Group Finance Director
17 April 2008

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.
- Day to day responsibility for the management and operations of the business has been delegated to the Chief Executive and the Board of Management, comprising the Group Finance Director and Regional Heads of Operations. Clear levels of authority and terms of reference exist for the Management Board. As far as possible, the business units are given autonomy, whilst operating within an established framework of internal controls.
- 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.

The Group continues to operate initiatives to enable subsidiary company management to identify and manage their risk effectively, using seminars and forums. During 2007, 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 twice 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 Audit 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 Remuneration 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
17 April 2008

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. The Directors are required by the International Accounting Standards (IAS) Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the International Accounting Standard ("IAS") Regulations.

IAS 1 requires that IFRS financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 parent Company 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 2007.

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 4, 6 and 16 respectively.

Results and dividends

The results for the year are set out on page 24. Details about the final dividend for the year are disclosed in the Financial Review on page 16.

Directors

The following Directors have held office since 1 January 2007 (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

With effect from 17 April 2008, Mr S Kilpatrick will replace Mr N C Hall-Palmer as Group Finance Director. Mr N C Hall-Palmer will assume the role of Head of UK Operations. He will also take on the role of Group Development Director, which is not a main board position. Mr N C Hall-Palmer will sit on the Board of Management.

Financial instruments

The Group's policy and exposure to derivatives and other financial instruments is disclosed in note 19 and discussed in the Financial Review on page 16.

Directors' interests

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

Director	2007 Number of ordinary shares	2006 Number of ordinary shares
M W R Hunt	3,837,571	2,837,571
A V Martin	4,341,618	2,610,848
T J D Sheffield	2,049,307	2,049,307
N C Hall-Palmer	201,647	201,647
P A Freer	15,000	–

The interests of M W R Hunt include 446,700 (2006: 446,700) shares by virtue of the shares held by his wife.

None of the Directors had interests in other Group companies.

The Directors' interests held in the Executive Equity Participation Plan (EEPP) are disclosed in note 18.

Substantial shareholdings

As at 31 March 2008, excluding the Directors, the following interests in 3% or more of the issued ordinary share capital in the register maintained under the provision of section 211 of the Companies Act 1985 were identified:

Name of holder	Number of ordinary shares	Percentage holding
Caledonia Investment plc	7,211,388	21.57%
Ennismore Fund Management	2,004,170	5.99%
NW Brown Nominee	1,586,375	4.74%
Katalyst Ventures	1,151,000	3.44%

Information required by Section 992 of The Companies Act 2006

The Company's share capital consists of ordinary shares as set out in note 12. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attached to them in addition to those conferred on their holders by law, are set out in the Company's Articles of Association ("the Articles"). Other than those specific provisions set out in the Articles, there are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them. From time to time the Empresaria Group Employee Benefit Trust holds shares in the Company for the purposes of the Executive Equity Participation Plan and the rights attaching to them are exercised by independent trustees, who may take into account any recommendation by the Company.

Rules about the appointment and replacement of Directors are set out in the Articles. Changes to the Articles must be approved by shareholders passing a special resolution. The Directors' powers are conferred on them by UK legislation and by the Articles. The Board has the power conferred upon it by shareholders to purchase it own shares.

There are no significant agreements to which the Company is a party which take effect, alter or terminate in the event of a change in control of the Company. There are no agreements providing for compensation for Directors or employees on change of control.

Directors' and officers' liability insurance
The Company maintains liability insurance for the Directors and officers of the Company and its subsidiaries. No Director or officer was in receipt of any indemnity from the Company during the year.

Policy and practice on the payment of creditors
The Company and Group do not follow any specified code or standard on payment practice. However, it is the Company and the Group'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 and the Group's policy to abide by these terms. Suppliers are paid on average within 30 (2006: 30) days.

IFRS transition
In compliance with AiM requirements, Empresaria has adopted International Financial Reporting Standards (IFRS) for the first time in these financial statements for 31 December 2007.

The key impact on the Group's results is that goodwill is no longer amortised but subject to an annual impairment review. The Board has adjusted the trading results to remove the effect of the amortised goodwill charge. For the 12 month period to 31 December 2006 this amounted to £762,000.

Please refer to note 29 of the accounts to understand the key adjustments implemented to ensure compliance with and transition to IFRS for the Group's reporting purposes.

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 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
17 April 2008

Independent Auditors' Report to the Members of Empresaria Group plc

We have audited the Group financial statements of Empresaria Group plc for the year ended 31 December 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the consolidated cash flow statement and the related notes 1 to 29. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Empresaria Group plc for the year ended 31 December 2007.

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 Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group 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 Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review of the business and the 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, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's 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 Group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group 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 Group financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group'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 Group 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 Group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Group financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom
17 April 2008

Consolidated Income Statement – Year ended 31 December 2007

	Note	2007 £000	2006 £000
CONTINUING OPERATIONS			
Revenue	4	147,827	75,459
Cost of sales		(105,476)	(53,619)
Gross profit		42,351	21,840
Administrative costs		(35,613)	(18,335)
Operating profit	6	6,738	3,505
Finance income	8	240	6
Finance costs	8	(870)	(414)
Net finance cost	8	(630)	(408)
Share of operating loss from associates		(118)	(203)
Profit before tax		5,990	2,894
Income tax expense	9	(1,881)	(828)
Profit for the year		4,109	2,066
ATTRIBUTABLE TO			
Equity holders of the parent		2,549	1,558
Minority interest		1,560	508
		4,109	2,066
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (PENCE)			
Basic earnings per share		8.4	6.7
Diluted earnings per share		8.4	6.7

Consolidated Balance Sheet – Year ended 31 December 2007

	Note	2007 £000	2006 £000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,887	790
Goodwill	11	21,973	10,346
Other intangible assets	12	2,710	–
Interests in associates	13	981	582
Deferred tax assets	17	940	334
		28,491	12,052
Current assets			
Trade and other receivables	14	32,494	11,229
Cash and cash equivalents	24	4,110	3,342
		36,604	14,571
Total assets		65,095	26,623
LIABILITIES			
Current liabilities			
Trade and other payables	15	24,773	9,388
Corporation tax payable		2,086	798
Short-term borrowings	16	6,227	3,558
		33,086	13,744
Non-current liabilities			
Long-term borrowings	16	2,050	1,201
Deferred tax liabilities	17	909	125
Total non-current liabilities		2,959	1,326
Total liabilities		36,045	15,070
Net assets		29,050	11,553
EQUITY			
Share capital	18, 20	1,668	1,193
Share premium account	20	16,623	5,185
Merger reserve	20	1,539	1,539
Translation reserve	20	962	(28)
Fair value reserve	20	(52)	(78)
Retained earnings	20	5,302	2,922
Equity attributable to equity holders of the parent	20	26,042	10,733
Minority interest	20	3,008	820
Total equity	20	29,050	11,553

These financial statements were approved by the Board of Directors on 17 April 2008.

Signed on behalf of the Board of Directors

M W R Hunt
Director

N C Hall-Palmer
Director

Consolidated Statement of Recognised Income and Expense

– Year ended 31 December 2007

	2007	2006
	£000	£000
Available-for-sale investments: valuation gains/(losses) taken to equity	25	(78)
Exchange difference on net assets of overseas subsidiaries	853	(28)
Tax on items taken directly to or transferred from equity	(7)	23
Net income/(loss) recognised directly in equity	871	(83)
Profit for the period	4,109	2,066
Total recognised income and expense for the period	4,980	1,983
Attributable to		
Equity holders of the parent	3,557	1,475
Minority interest	1,423	508
	4,980	1,983

Consolidated Cash Flow Statement – Year ended 31 December 2007

	Note	2007 £000	2006 £000
Net cash from operating activities	24	1,009	4,630
Cash flows from investing activities			
Acquisition of new subsidiaries	5	(11,874)	(1,652)
Further shares acquired in existing subsidiaries		(1,396)	(417)
Cash acquired with subsidiary acquired		2,158	9
Acquisition of investment in associates		(447)	(694)
Loans given to associates		(393)	(214)
Purchase of property, plant and equipment		(1,093)	(528)
Finance income		142	6
Net cash used in investing activities		(12,903)	(3,490)
Cash flows from financing activities			
Proceeds from issue of share capital		11,501	905
Proceeds from bank loan/borrowings		3,943	725
Payment of loan		(282)	(247)
Decrease in factoring borrowings		(1,090)	(733)
Finance cost		(772)	(414)
Dividends paid		(166)	(106)
Dividends paid to minority shareholders in subsidiary undertakings		(472)	(333)
Net cash from/(used in) financing activities		12,662	(203)
Net increase in cash and cash equivalents		768	937
Cash and cash equivalents at beginning of period		3,342	2,405
Cash and cash equivalents at end of period	24	4,110	3,342

Notes to the Consolidated Financial Statements

Year ended 31 December 2007

1 Basis of preparation and general information

Empresaria Group plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the register office is 1 Peveril Court, 6-8 London Road, Crawley, West Sussex RH10 8JE. Its company registration number is 3743194.

The consolidated financial statements are for the twelve months ended 31 December 2007. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain financial assets and liabilities. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

These consolidated financial statements have been prepared in accordance with the accounting policies which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 December 2007 or are expected to be adopted and effective at 31 December 2007, the Group's first annual reporting date at which it is required to use IFRS accounting standards adopted by the EU.

Empresaria Group plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 December 2006. The date of transition to IFRS was 1 January 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 29.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 8 Operating Segments
- IAS 1 (revised) Presentation of Financial Statements
- IAS 23 Amendment to Borrowing Costs
- IAS 19 (revised) Employee benefits
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 An Interpretation of IAS 19

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group except for additional disclosures.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

The Group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained under the respective accounting policy.

2 Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings as at 31 December 2007. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Intra-group transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or upto the effective date of disposal, as appropriate.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liability incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sales and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Associates

In the Group financial statements, investments in associates are accounted for using the equity method. The consolidated income statement 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.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any balance of goodwill is included in the carrying value of the investment in associates and is assessed for impairment as part of that investment.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each of Empresaria Group plc's subsidiaries are measured using the individual currency of the primary economic environment in which that subsidiary operates (its "functional currency"). The consolidated financial statements of Empresaria Group plc are presented in Pounds Sterling which is Empresaria Group plc's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all of Empresaria Group plc's subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from Empresaria Group plc's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such accumulated exchange differences are recognised in the income statement as part of the gain or loss on sale.

(iv) Derivative financial instruments

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contract to hedge these exposures. The Group does not use financial instruments for speculative purposes. Change in the fair value of derivative financial instruments are recognised in the income statement as they arise.

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of depreciation and any provisions for impairment.

Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the income statement over their useful economic lives as follows:

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Leased assets

Leases that result in the Group receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet and depreciated over the shorter of its estimated useful life and the lease term. Future instalments net of finance charges are included within borrowings. Minimum lease payments are apportioned between the finance charge, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the income statement and reduction of the outstanding liability. Rental costs arising from operating leases are charged on a straight line basis over the period of the lease.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Goodwill

The acquisition of subsidiaries is accounted for using the purchase method. Goodwill arising on acquisition is recognised as an asset and is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. If, after measurement, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in income statement.

Goodwill is allocated to each of the Group's cash generating units and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisition before the date of transition to IFRS as sterling denominated assets and liabilities.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

Amortisation and other intangible assets

Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:.

Customer relations	over fifteen years
Trademarks	over fifteen years
Software	between one and two years

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current financial liabilities – borrowings.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories:

- loans and receivables
- financial assets at fair value through profit and loss
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in profit or loss or charged directly against equity.

Generally, Empresaria recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. For receivables, this is based on the latest credit information available, (ie. recent third party defaults and external credit ratings). Financial assets that are substantially past due are also considered for impairment. All income and expense relating to financial assets are recognised in the income statement line item "finance costs" or "finance income", respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Empresaria's trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due at the balance sheet date or when objective evidence is received that a specific third party will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a third party. The percentage of the write-down is then based on recent historical third party default rates for each identified group.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through profit or loss upon initial recognition. By definition, all derivative financial instruments that do not qualify for hedge accounting fall into this category. Empresaria's management, however, does not consider any other financial asset for designation into this category.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions.

All other financial assets within this category are measured at fair value, with changes in value recognised in equity. Gains and losses arising from financial instruments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement. Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities). Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings, trade and other payables are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Contingent consideration

Where a business combination agreement provides for an adjustment to the cost that is contingent on future events, contingent consideration is included in the cost of an acquisition if the adjustment is probable (that is, more likely than not) and can be measured reliably. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The difference between the cost of acquisition and the net assets acquired is capitalised as goodwill.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provision are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Impairment of assets

The carrying amount of non-current assets other than deferred tax is compared to the asset's recoverable amount at each balance sheet date for any indication of impairment. For goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement and not reversed in a subsequent period.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, ther recoverable amount is determined for the cash generating unit to which the asset belongs.

2 Summary of significant accounting policies (continued)

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax and trade discounts.

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.

Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the tax currently payable based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Employee benefits

Defined contribution pension scheme

Pension costs are charged to the income statement related 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 income statement as they become due for payment.

Share based payments

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

The Group issues equity-settled share-based payments to certain key 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 fair value of the options granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted.

3 Critical accounting judgements and estimates

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed on the page below.

Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on the value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Impairment of £0.7m (2006: nil) has been recognised.

Intangible assets (including goodwill)
The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital.

In addition, management must assess the value of any contingent consideration that it is due to the seller following the completion of the initial purchase. The value of this consideration is frequently based on the financial performance of the business post acquisition. Therefore management must assess the likely value of this performance and so give a value to the expected contingent consideration. Actual post completion performance may vary from management's estimate.

Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly.

Goodwill of £22m (2006: £10m) and other intangible assets of £2.7m (2006: nil) have been recognised by the Group. Contingent consideration of £823,000 (2006: nil) was recognised. Amortisation of intangible assets of £159,000 (2006: nil) was also recognised.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

As part of the put and call option attached to the Headway acquisition, a penalty is payable. At year end management do not believe that it is probable that the penalty will be payable and therefore only disclosed this liability. Full details can be found in note 25.

Recognition of deferred tax asset
Empresaria's management bases its assessment of the probability of future taxable income on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The specific tax rules in the legislations Empresaria operates in are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Empresaria's management based on the specific facts and circumstances.

4 Segment analysis
As the Group operates in one business segment, being that of recruitment services, no additional business segment information is required to be provided. The Group's primary segment is geographical and secondary segment is business. The segmental results by geographical area are shown below.

	By location of operating company	
	2007	**2006**
	£000	£000
Revenue		
United Kingdom	81,168	65,976
Europe	52,444	455
Rest of the World	14,215	9,028
	147,827	75,459
Gross profit		
United Kingdom	20,958	17,689
Europe	16,826	401
Rest of the World	4,567	3,750
	42,351	21,840
Operating profit		
United Kingdom	3,966	2,733
Europe	2,428	44
Rest of the World	344	728
	6,738	3,505

4 Segment analysis (continued)

	By location of operating company	
	2007	**2006**
	£000	£000
Total segmental assets		
United Kingdom	66,924	43,496
Europe	27,084	463
Rest of the World	11,577	4,546
Eliminations	(40,490)	(21,882)
	65,095	26,623
Total segmental liabilities		
United Kingdom	37,362	27,719
Europe	21,615	502
Rest of the World	6,900	3,816
Eliminations	(29,832)	(16,967)
	36,045	15,070
Net assets		
United Kingdom	29,562	15,777
Europe	5,469	(39)
Rest of the World	4,677	730
Eliminations	(10,658)	(4,915)
	29,050	11,553
Capital expenditure incurred (including intangibles)		
United Kingdom	265	426
Europe (including intangibles £2,299,000 (2006: nil))	2,779	76
Rest of the World (including intangibles £428,000 (2006: nil))	786	52
	3,830	554
Significant non-cash expenses (depreciation, amortisation and impairment)		
United Kingdom (including impairment £679,000 (2006: nil))	983	289
Europe	446	9
Rest of the World	93	39
	1,522	337

Profit of the rest of the world segment includes share of current year's loss from associate's amount to £118,000 (2006: 203,000).

5 Business combinations

The Group made four acquisitions during the year (2006: four acquisitions were made). Under IFRS 3 (Business Combinations) management has a period of 12 months from acquisition to finalise their calculations of fair value of the assets and liabilities of the acquired businesses. The details of the acquisitions made are as follows:

In March 2007, the Group acquired a 51% of the share capital in PT Learning Resources Indonesia 'Learning Resources', a company incorporated in Indonesia for a consideration of £91,000. Learning Resources is a specialist staffing company.

In May 2007, the Group completed the acquisition of 60% of the share capital of headwayholdings GmbH 'Headway', a company incorporated in Germany for a consideration of £9.9m. Headway is the parent company of a group of companies that specialise in supplying temporary staff to organisations in the personnel, logistics, engineering and industrial sectors.

In May 2007, the Group acquired 60% of the share capital in EAR Holding BV 'EAR', a company incorporated in the Netherlands for a consideration of £289,000. EAR is a specialist staffing group.

In November 2007, the Group acquired 56% of the share capital of Marketing y Promociones Limitada 'Alternattiva', Chile for a consideration of £690,000. 'Alternattiva' specialises in the provision of outsourced sales, marketing and promotional staffing solutions.

The transactions have been accounted for by the purchase method of accounting.

	Learning Resources £000	Headway £000	EAR £000	Alternattiva £000
Fair value and book values				
Property, plant and equipment	1	362	9	37
Intangibles: customer relations	–	2,299	–	–
Intangibles: other	–	85	–	–
Trade and other receivables	11	6,397	615	2,727
Cash and cash equivalents	2	982	9	281
Total assets	14	10,125	633	3,045
Current liabilities	2	7,834	784	1,042
Non-current liabilities	–	643	87	–
Total liabilities	2	8,477	871	1,042
Net assets/(liabilities) acquired	12	1,648	(238)	2,003
Goodwill	189	8,913	715	(698)
Total consideration	201	10,561	477	1,305
Satisfied by				
Cash consideration	91	9,900	289	690
Shares in Empresaria Group plc*	–	–	68	–
Contingent consideration accrued	110	–	–	493
Directly attributable costs	–	661	120	122
	201	10,561	477	1,305
Total cash payments for new acquisition	91	10,561	409	813
Maximum contingent consideration	110	–	–	1,122

The above table represents fair value and book value on acquisition date. On acquisition there was no difference between the fair value and book value of the acquired assets and liabilities.

*Share in Empresaria Group plc amounting to £68,000 represent the fair value as derived from the issued price.

The goodwill arising on the acquisition of these entities is attributed to the key management and other employees as well as the anticipated profitability of the Group's services in the new markets which cannot be recognised as intangible assets under IAS 38 "Intangible Assets".

Since the acquisition, Learning Resources, Headway, EAR, and Alternattiva have contributed £61,000, £1,028,000, £14,000 and £29,000 to the Group profit attributed to equity holders of the parent to 31 December 2007.

Had the acquisitions occurred on 1 January 2007 the Group would have generated additional revenue of £32,000, £21,700,000, £1,647,000 and £16,388,000 respectively for the period to 31 December 2007 and the Group profit/(loss) attributed to equity holders of the parent for the period would have been additional £4,000, (£570,000), (£33,000), £11,000 respectively.

A list of the significant investments in subsidiaries is given in note 6 to the parent company's separate financial statements.

6 Operating profit

Operating profit is stated after charging/(crediting):

	2007 £000	2006 £000
Depreciation of property, plant and equipment	685	337
Amortisation of intangibles	159	–
Operating lease charges:		
– Land and buildings	1,274	641
– Motor vehicles	778	–
Net foreign exchange gain	(98)	–
Negative goodwill credit	(712)	–
Goodwill impairments	679	–
Trade receivable impairments	734	17
Auditors remuneration	234	157

The analysis of auditors' remuneration is as follows:

	2007 £000	2006 £000
Auditors' remuneration:		
– Fee payable to the company's auditors for the audit of the company's annual accounts	69	32
– The audit of the company's subsidiaries pursuant to legislation	58	85
Total audit fees	127	117
– Tax services	–	40
– Other services: due diligence	107	–
Total non-audit fees	107	40
Total auditors remuneration	234	157

7 Directors and employees

	2007 £000	2006 £000
Staff costs		
Wages and salaries	17,282	10,751
Social security costs	1,767	1,013
Pension costs	119	93
	19,168	11,857

	No.	No.
Average monthly number of persons employed (including directors)		
Sales, distribution and administration	760	365

	2007 £000	2006 £000
Directors' remuneration, who are considered the only key employees		
Emoluments for qualifying services (including bonus £60,000 (2006: £41,000))	529	404
Company pension contributions to money purchase scheme	27	27
	556	431

The number of directors accruing benefits under money purchase pension scheme arrangements was two (2006: two).

	2007 £000	2006 £000
Highest paid director		
Remuneration (including bonus £33,000 (2006: £23,000))	247	197
Pension contributions	16	16
	263	213

8 Finance income and cost

	2007 £000	2006 £000
Finance income		
Bank interest receivable	142	6
Foreign exchange on financing transactions	98	–
	240	6
Finance cost		
On amounts payable to factors	(633)	(371)
Bank loans and overdrafts	(237)	(43)
	(870)	(414)
Net finance cost	(630)	(408)

9 Taxation

(a) The tax charge for the year was based on the following	2007 £000	2006 £000
Current taxation		
Current Tax	2,228	854
Deferred Tax	(347)	(26)
Total income tax expense in the income statement	1,881	828

(b) Factors affecting the tax charge for the year	2007 £000	2006 £000
Profit before taxation	5,991	2,894
Profit before tax at standard rate of corporation tax in the UK of 30% (2006: 30%)	1,797	869
Effects of:		
Other expenses not deductible for tax purposes	99	274
Utilisation of tax losses	(6)	(76)
Adjustment to tax charges in respect of previous periods	(64)	(142)
Overseas tax at different tax rates	39	(33)
Amortisation of intangibles, goodwill impairment and credit of negative goodwill	16	(64)
Tax expense and effective tax rate	1,881	828

(c) Movement in deferred tax is explained as below	2007 £000	2006 £000
1 January	209	165
Charge to income for accelerated tax on depreciation	(6)	(9)
Credit to income	365	30
Charge to income for change in deferred tax rate from 30% to 28%	(13)	–
(Charge)/credit to equity	(7)	23
Deferred tax acquired during the year (in new acquisition)	(517)	–
31 December	31	209

10 Property, plant and equipment

The following tables show the significant additions and disposals of property, plant and equipment.

	Leasehold property £000	Fixtures, fittings and equipment* £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2007	40	2,609	2	2,651
Acquisitions	–	1,614	122	1,736
Additions	72	910	121	1,103
Disposals	–	(19)	(84)	(103)
At 31 December 2007	112	5,114	161	5,387
Accumulated depreciation				
At 1 January 2007	25	1,834	2	1,861
Acquisitions	–	971	76	1,047
Charge for the financial year	12	658	15	685
Disposals	–	(12)	(80)	(92)
At 31 December 2007	37	3,451	13	3,500
Net book value				
At 31 December 2007	75	1,662	149	1,887
At 31 December 2006	15	775	–	790

*Fixtures, fittings and equipment includes £220,000 (2006: nil) from secured finance leases.

Cost	Leasehold property £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
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

11 Goodwill

	2007	2006
	£000	£000
Cost		
At 1 January	11,476	9,111
Amortisation prior to 1 January 2006	(1,130)	(1,130)
	10,346	7,981
Acquisition of subsidiary undertakings (including additional shares purchases in existing subsidiaries)	11,167	2,365
Impairments	(679)	–
Foreign exchange	1,139	–
At 31 December	21,973	10,346

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount of that income-generating unit.

The recoverable amount of a cash-generating unit is determined based on the higher of value in use calculations and its fair value less costs to sell. The value in use calculations use cash flow projections based on internal business plans approved by the Directors. Long term cash flow has been extrapolated by using an appropriate growth rate for each CGU. In general, the assumed long term growth rates used for UK business are 2.5% and 5% for other businesses. A pre-tax discount rate of 8.5% has been used in discounting the projected cash flows.

Following the above impairment tests, £679,000 (2006: nil) impairment of goodwill was required in the year in the United Kingdom segment.

The carrying amount of goodwill has been allocated as follows:

	2007	2006
	£000	£000
Goodwill		
United Kingdom (comprising several CGUs)	7,860	7,899
Europe (comprising several CGUs)	12,058	1,013
Rest of the world (comprising several CGUs)	2,055	1,434
	21,973	10,346

12 Intangible assets

	Customer relations	Trade marks	Software	Total
	£000	£000	£000	£000
Carrying amount at 1 January 2007	–	–	–	–
Additions	–	428	–	428
Acquisition	2,299	–	165	2,464
Gross carrying amount at 31 December 2007	2,299	428	165	2,892
Amortisation				
Carrying amount at 1 January 2007	–	–	–	–
Charge for year	102	5	52	159
Acquisition	–	–	23	23
Accumulated amortisation at 31 December 2007	102	5	75	182
Net book value as at 31 December 2007	2,197	423	90	2,710
Net book value as at 31 December 2006	–	–	–	–

13 Interests in associates

	Investment in associates £000
Cost	
At 1 January 2007	582
Fair value movement for IFRS	26
Additions	447
At 31 December 2007	1,055
Share of losses retained	
Loss before tax for the year	(118)
Share of tax in associates	44
At 31 December 2007	(74)
Net book value	
At 31 December 2007	981
At 31 December 2006	582

Results of associates

Aggregated amounts relating to associates:

	2007 £000	2006 £000
Total assets	2,337	1,201
Total liabilities	1,759	665
Revenues	1,353	415
Loss	(532)	(313)

A list of the significant investments in associates is given in note 6 to the parent company's separate financial statements.

14 Trade and other receivables

	2007 £000	2006 £000
Current		
Trade receivables	25,702	7,502
Less provision for impairment of trade receivables	(145)	(128)
Net trade receivables	25,557	7,374
Loan to associates	607	214
Prepayments and accrued income	4,178	1,543
Other receivables	2,152	2,098
	32,494	11,229

The trade receivables includes factored and discounted receivables of £1,954,000 (2006: £2,568,000).

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

More analysis on the trade receivables is in note 19.

15 Trade and other payables

	2007 £000	2006 £000
Current		
Trade payables	1,983	1,171
Other tax and social security	3,195	1,598
Other payables	12,135	3,692
Accruals	7,460	2,927
	24,773	9,388

All amounts detailed above are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

16 Financial liabilities – borrowings

	2007 £000	2006 £000
Current		
Bank overdrafts	2,516	–
Amounts related to invoice financing	1,954	2,568
Current portion of bank loans	1,757	990
	6,227	3,558
Non-current		
Bank loans	1,594	1,038
Other creditors	456	163
	2,050	1,201
Total financial liabilities	8,277	4,759

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 (2006: £1,000,000) and interest is payable at 1.0% above HSBC plc base rate on the next £1,100,000 (2006: 1.64% above HSBC plc base rate on next – £550,000).

Included within loans repayable within one year is £1,225,000 (2006: £725,000) that relates to the drawdown against a revolving credit loan facility.

17 Deferred tax

(a) Deferred tax assets

	2007 £000	2006 £000
1 January	334	170
Charge to income for accelerated tax on depreciation	(3)	(6)
Credit to income	447	147
Charge to income for change in deferred tax rates	(20)	–
(Charge)/credit to equity	–	23
Deferred tax acquired during the year (in new acquisition)	182	–
31 December	940	334

Deferred tax assets analysis	2007 £000	2006 £000
Accelerated tax on depreciation	285	107
Tax losses	655	227
	940	334

(b) Deferred tax liability

	2007 £000	2006 £000
1 January	(124)	(5)
Charge to income for accelerated tax on depreciation	(3)	(3)
Charge to income	(82)	(117)
Charge to income for change in deferred tax rates	7	–
(Charge)/credit to equity	(7)	–
Deferred tax acquired during the year (in new acquisition)	(700)	–
31 December	(909)	(125)

Deferred tax liability analysis	2007 £000	2006 £000
Accelerated tax on depreciation	(9)	(6)
Recognised on intangible assets	(644)	–
Other	(256)	(119)
	(909)	(125)

18 Share capital

(a) Share capital

	2007 Number of shares	2007 £000	2006 Number of shares	2006 £000
Authorised				
Ordinary shares of 5p each	60,000,000	3,000	60,000,000	3,000
Allotted and fully paid				
Ordinary shares of 5p each	33,368,649	1,668	23,868,526	1,193

During the year ended 31 December 2007, the Group issued a total of 9,500,123 ordinary shares for a premium of £11,438,000.

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.

(b) Share based payments

The Company operates the Executive Equity Participation Plan (EEPP) for directors. The EEPP is a discretionary scheme under which Board level directors are invited to place a number of investment shares in the EEPP. The participants can either purchase the shares independently or lodge shares already held. Subject to earnings per share and total shareholder return performance targets being met, the participants may then be awarded a number of nil cost matching shares. The award is capable of being made after a three year investment period and within ten years of the date of grant.

In August 2007 an award over matching shares was made under the EEPP.

The award was valued using the Monte Carlo simulation model. The fair value of the award to matching shares and the assumptions used in the calculations are as follows:

	2007	2006
Fair value per award (in pence)	93.7	–
Weighted average share price at grant (in pence)	132.5	–
Weighted average exercise price	Nil	–
Expected volatility (per cent)	35.6	–
Risk free rate (per cent)	5.2	–
Expected dividend yield (per cent)	0.6	–

Expected volatility was determined by calculating the historical volatility of the Company's share price over the period 1 January 2006 to 1 August 2007. The expected life used has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognises total expenses of £102,500 (2006: nil) related to equity-settled share based payment transactions during the year.

The number of shares subject to an award for matching shares, the period in which they were granted and the period in which they may be exercised are given in the following table:

Year of grant	No. of awards outstanding 1 January 2007 '000	Granted in year '000	Exercised in year '000	Lapsed in year '000	No. of awards outstanding 31 December 2007 '000	Exercise price per share	Exercise period
2007	–	116	–	–	116	Nil	01/01/2006 to 31/12/2008

The Directors had the following interests in the Executive Equity Participation Plan (EEPP):

Director	Number of investment shares
A V Martin	13,461
M W R Hunt	60,615
N C Hall-Palmer	42,307

The options over the matching shares are exercisable on 1 January 2009 and the expiry date for the exercise of the awards is 21 August 2017.

19 Financial instruments

The principal financial assets of the Group are bank balances and cash, trade and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. Its principal financial liabilities are trade and other creditors that arise directly from its operations and amounts owed to invoice discounters and bank loans.

Credit risk analysis

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Classes of financial assets – carrying amounts	2007 £000	2006 £000
Available-for-sale financial assets	425	210
Cash and cash equivalents	4,110	3,342
Trade and other receivables	32,494	11,229

The credit risk on liquid funds is limited because the third parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and customers.

Debtors ageing and impairment losses

The age of trade receivables net of impaired debts as on reporting date is as follows:

	2007 £000	2006 £000
0 – 30 days	19,548	5,554
31 – 60 days	3,642	1,234
61 – 90 days	1,409	423
Over 90 days	958	163
Total trade receivables (note 14)	25,557	7,374

Average debtors day during the year were 51 days (2006: 55 days).

All of Empresaria's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £145,000 (2006: £128,000) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £2,367,000 (2006: £586,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The movement in the allowance for impairment in respect of trade receivable during the year was as follows:

	2007 £000	2006 £000
Balance as 1 January	128	111
Impairment loss recognised	734	18
Impairment loss utilised	(717)	(1)
Balance at 31 December	145	128

£530,000 of the impairment related to debt extended by one of Empresaria's UK subsidiaries to a company that subsequently went into liquidation during 2007.

Liquidity risk analysis

The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient un-drawn committed borrowing facilities.

As at 31 December 2007, Empresaria's liabilities have contractual maturities which are summarised below:

	Effective interest rate	Current				Non-current			
		Within 6 months		6 to 12 months		1 to 5 years		Later than 5 years	
		2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	%	£000	£000	£000	£000	£000	£000	£000	£000
Long-term bank loans	6.9	318	120	221	120	1,594	1,038	–	–
Other long-term creditors	6.4	–	–	–	–	456	163	–	–
Trade payables		24,773	9,388	–	–	–	–	–	–
Other short-term financial liabilities	7.5	1,954	2,568	3,734	750	–	–	–	–
Derivatives		6	–	307	–	–	–	–	–
Totals		27,051	12,076	4,262	870	2,050	1,201	–	–

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

All bank loans are on a floating interest rate.

At the year end the Group had £3,336,000 (2006: 1,750,000) of un-drawn bank overdraft facility.

There was no loan repayment default during the year (2006: nil). At the year end past due loans were nil (2006: nil).

Gearing ratio

The gearing ratio at the year end is as follows:

	2007	**2006**
	£000	£000
Gross debts	8,277	4,759
Less: cash and cash equivalents	4,110	3,342
Net debts	4,167	1,417
Equity attributable to company shareholders	26,042	10,733
Net debt to equity ratio	0.16	0.13

Market risk analysis

Empresaria is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks.

Foreign currency risk

Most of Empresaria's plc transactions are carried out in UK pounds. Most of the subsidiary companies transactions are carried out in local currency of respective countries. Exposures to currency exchange rates arsing from the overseas sales and purchases are minimal.

To mitigate the Group's exposure to foreign currency risk, non UK pound cash flows are monitored and forward exchange contracts are entered into in accordance with risk management policies. Generally, Empresaria's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

19 Financial instruments (continued)

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2007	2006	2007	2006
	£000	£000	£000	£000
Euro	15,031	232	16,292	373
Japanese Yen	1,222	1,152	1,814	1,493

The following table details the forward foreign currency contracts outstanding as at the year end (2006: nil).

	Average exchange rate	Foreign currency '000	Contract value £000	Fair value £000
To sale Euro	1.42	€8,162	5,741	6,048
To sale Japanese Yen	228	JPY90,000	383	389
			6,124	6,437

Fair value movement in forward contracts are charged/(credited) to income statement.

Both the forward contracts were taken to cover intercompany loan in Empresaria with its subsidiary.

Sensitivity analysis

A 10 percent strengthening of GBP against the following currencies would have (decreased)/increased equity and income statement by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remains constant.

Against Euro	2007 £000	2006 £000
Net result for the year	(143)	–
Equity	(1,469)	–

Against Japanese Yen	2007 £000	2006 £000
Net result for the year	(49)	(84)
Equity	(66)	(81)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Empresaria's exposure to currency risk.

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.

The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing. Management monitors movements in interest rates to determine the most advantageous debt profile for the Group. At 31 December 2007, Empresaria is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. For further information see note 16. As in the previous year, all other financial assets and liabilities have fixed rates.

A change of 100 basis points in interest rates would have increased/(decreased) equity and income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remains constant.

Interest rate	2007 £000	2006 £000
Net result for the year	(146)	(105)
Equity	(146)	(105)

Fair value

The carrying value of all financial instruments equate to fair value.

20 Consolidated statement of changes in equity

Group	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Fair value movements in financial assets £000	Retained earnings £000	Attributable to company share holders £000	Minority interest £000	Total equity £000
Balance at 1 January 2006	1,113	3,822	1,539	–	–	1,447	7,921	767	8,688
Issue of share capital (note 18)	80	1,363	–	–	–	–	1,443	–	1,443
Profit for the year	–	–	–	–	–	1,558	1,558	508	2,066
Dividend payment	–	–	–	–	–	(106)	(106)	–	(106)
Fair value movement to equity	–	–	–	–	(78)	23	(55)	–	(55)
Currency translation differences	–	–	–	(28)	–	–	(28)	–	(28)
Minorities acquired during the year	–	–	–	–	–	–	–	(141)	(141)
Minority share of nets assets on acquisition and shares subscribed for	–	–	–	–	–	–	–	19	19
Dividend paid to minority	–	–	–	–	–	–	–	(333)	(333)
Balance at 31 December 2006	1,193	5,185	1,539	(28)	(78)	2,922	10,733	820	11,553
Issue of share capital (note 18)	475	11,438	–	–	–	–	11,913	–	11,913
Profit for the year	–	–	–	–	–	2,549	2,549	1,560	4,109
Dividend payment	–	–	–	–	–	(166)	(166)	–	(166)
Fair value movement to equity	–	–	–	–	26	(3)	22	–	22
Currency translation differences	–	–	–	990	–	–	990	(137)	853
Minorities acquired during the year	–	–	–	–	–	–	–	(257)	(257)
Minority share of nets assets on acquisition and shares subscribed for	–	–	–	–	–	–	–	1,494	1,494
Dividend paid to minority	–	–	–	–	–	–	–	(472)	(472)
Balance at 31 December 2007	1,668	16,623	1,539	962	(52)	5,302	26,042	3,008	29,050

The merger reserve relates to premiums arising on shares issued subject to the provisions of section 131 “Merger relief” of the Companies Act 1985.

Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Merger reserve” The merger reserve relates to premiums arising on shares issued subject to the provisions of section 131 “Merger relief” of the Companies Act 1985.
- “Retained earnings” represents accumulated profits from incorporation.
- “Translation reserve” represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- “Fair value reserve” represents the accumulated changes to financial assets and liabilities since inception.

21 Financial commitments

Operating leases

	Motor vehicles		Land and buildings	
	2007	2006	2007	2006
	£000	£000	£000	£000
Total minimum operating lease payments due:				
Within one year	469	–	1,298	744
One to five years	422	–	2,642	2,216
After five years	1	–	428	532
	892	–	4,368	3,492

22 Dividends

During 2007, Empresaria Group plc paid dividends of £166,000 to its equity shareholders (2006: £106,000). This represents a payment of 0.50 pence per share (2006: 0.45 pence).

The proposed final dividend for year ended 2007 is 0.55 pence per ordinary share (2006: 0.50 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 18 August 2008 to members registered on 18 July 2008.

23 Earnings per share

Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

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.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2007	2006
Profit after tax attributable to equity shareholders of the parent (£000)	2,549	1,558
Weighted average number of shares	30,192,276	23,102,238
Basic and diluted earnings per share (pence)	8.4	6.7

Adjusted earnings per share	2007	2006
	£000	£000
Profit before tax	5,991	2,894
Income tax expense	(1,881)	(828)
Add back:		
Intangible amortisation	107	–
Recognition of pre-acquisition deferred tax asset against goodwill under IFRS	–	100
Impairment (net of negative goodwill)	37	–
Recognition of deferred tax liability on amortisation on purchased goodwill under IFRS	60	65
IFRS transition cost	36	–
Minority interests	(1,575)	(562)
Adjusted profit after tax and minority interests	2,775	1,669
Adjusted earnings per share (pence)	9.2	7.2

24 Notes to cash flow

a) Cash flows from operating activities

	2007 £000	2006 £000
Profit for the year	4,109	2,066
Adjustments for:		
Depreciation	685	337
Negative goodwill	(712)	–
Goodwill impairment	679	–
Intangible amortisation	107	–
Taxation expense recognised in income statement	1,881	828
Share of losses in associates	118	203
Net finance cost	630	408
(Increase) in trade receivables	(5,101)	(726)
(Decrease)/increase in trade payables	(4)	2,253
Cash generated from operations	2,392	5,369
Income taxes paid	(1,383)	(739)
Net cash from operating activities	1,009	4,630

b) Components of cash and cash equivalents

	2007 £000	2006 £000
Cash with bank	4,110	3,342
	4,110	3,342

25 Contingent liabilities

Contingent consideration

Various contingent consideration payments have been deemed probable at 31 December 2007 totalling £823,000 (2006: nil). As such, management has booked a liability for these liabilities.

The fair value of contingent consideration is accrued once it is probable that all the conditions for payment will be met. Details of the contingent consideration on current year acquisition are set out in note 5.

Guarantees

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies.

Guarantees and contingencies exist in the ordinary course of business.

Headway penalty

As part of the acquisition of Headway, Empresaria Holding Deutschland GmbH (a subsidiary of the Company) signed a put and call option agreement in order to buy the residual shareholdings at a future date. Per the terms of this agreement, if certain call options are not exercised then a penalty will be due from the Empresaria Holding Deutschland GmbH to the other shareholders. The discounted value of the penalty is Euros 3.3 million.

As at 31 December 2007, management assess that it is possible, but not probable, that a penalty may be payable under the terms of the put and call agreement. Therefore, no liability has been recognised for this amount.

26 Profit of parent company

As permitted by Section 230 of the Companies Act 1985, retained earnings of the parent company are not presented as part of these financial statements. The parent company's profit for the financial year was £326,000 (2006: £1,712,000).

27 Related party transactions

There were no material related party transactions during the year (2006: nil).

Intra-group management charges and net interest charges to subsidiaries, which have been eliminated on consolidation, amounted to £1,738,000 (2006: £1,283,000) and £606,022 (2006: £285,000), respectively.

Intra-group management charges to Associates amounted to £18,000 (2006: £16,000). Details on loans to associates are given in note 14 "Trade and other receivables".

Details of Director's interests in the Executive Equity Participation Plan (EEPP) are given in note 18(b).

28 Events after the balance sheet date

Since the year end Empresaria acquired a controlling interest in Forward Prospects Limited, Spa Elite Limited and Travel World Selection Limited for a total maximum consideration of £100,000. All businesses are based in the UK.

29 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first annual consolidated financial statements which have been prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 1 January 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations of £7,981,000 has therefore not been restated;
- cumulative translation differences on foreign operations are deemed to be nil at 1 January 2006. Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will exclude translation differences arising prior to the transition date; and
- the entity has elected not to apply IAS 21 "The Effects of Changes in Foreign Exchange Rates" retrospectively to goodwill and fair value adjustments arising on business combinations before the Group's date of transition to IFRS. Such goodwill and fair value adjustments are not treated as foreign currency assets and so are not retranslated at each reporting date.

Reconciliation of equity at 1 January 2006

	UK GAAP	a	b	c	d	e	IFRS
	£000	£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment	535	–	–	–	–	–	535
Goodwill	7,981	–	–	–	–	–	7,981
Other intangible assets	–	–	–	–	–	–	–
Investments in associates	39	–	–	–	–	–	39
Other financial assets	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	169	–	–	169
Current assets							
Trade and other receivables	10,169	–	–	(164)	–	–	10,005
Cash and cash equivalents	2,405	–	–	–	–	–	2,405
Current liabilities							
Trade and other payables	(6,754)	–	–	–	–	–	(6,754)
Short-term borrowings	(3,302)	–	–	–	–	–	(3,302)
Current portion of long-term borrowings	(225)	–	–	–	–	–	(225)
Current tax payable	(711)	–	–	–	–	–	(711)
Non-current liabilities							
Long-term borrowings	(1,326)	–	–	–	–	–	(1,326)
Deferred tax liabilities	–	–	–	(5)	–	–	(5)
Other non-current liabilities	(123)	–	–	–	–	–	(123)
Net assets	8,688	–	–	–	–	–	8,688
Equity							
Share capital	1,113	–	–	–	–	–	1,113
Share premium account	3,822	–	–	–	–	–	3,822
Merger reserve	1,539	–	–	–	–	–	1,539
Retained earnings	1,447	–	–	–	–	–	1,447
Translation reserve	–	–	–	–	–	–	–
Fair value movements in financial instruments	–	–	–	–	–	–	–
Minority interest	767	–	–	–	–	–	767
Total equity	8,688	–	–	–	–	–	8,688

Reconciliation of equity at 31 December 2006

	UK GAAP £000	a £000	b £000	c £000	d £000	e £000	IFRS £000
Non-current assets							
Property, plant and equipment	790	–	–	–	–	–	790
Goodwill	9,684	762	(100)	–	–	–	10,346
Other intangible assets	–	–	–	–	–	–	–
Investments in associates	660	–	–	–	–	(78)	582
Other financial assets	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	311	–	23	334
Current assets							
Trade and other receivables	11,480	–	–	(251)	–	–	11,229
Cash and cash equivalents	3,342	–	–	–	–	–	3,342
Current liabilities							
Trade and other payables	(9,388)	–	–	–	–	–	(9,388)
Short-term borrowings	(2,569)	–	–	–	–	–	(2,569)
Current portion of long-term borrowings	(989)	–	–	–	–	–	(989)
Current tax payable	(798)	–	–	–	–	–	(798)
Non-current liabilities							
Long-term borrowings	(1,038)	–	–	–	–	–	(1,038)
Deferred tax liabilities	–	–	–	(60)	(65)	–	(125)
Other non-current liabilities	(163)	–	–	–	–	–	(163)
Net assets	11,011	762	(100)	–	(65)	(55)	11,553
Equity							
Share capital	1,193	–	–	–	–	–	1,193
Share premium account	5,185	–	–	–	–	–	5,185
Merger reserve	1,539	–	–	–	–	–	1,539
Retained earnings	2,313	696	(60)	–	(50)	23	2,922
Translation reserve	(28)	–	–	–	–	–	(28)
Fair value movements in financial instruments	–	–	–	–	–	(78)	(78)
Minority interest	809	66	(40)	–	(15)	–	820
Total equity	11,011	762	(100)	–	(65)	(55)	11,553

29 Explanation of transition to IFRS (continued)

Reconciliation of profit for the year ended 31 December 2006

	UK GAAP £000	a £000	b £000	c £000	d £000	e £000	IFRS £000
Revenue	75,459	–	–	–	–	–	75,459
Cost of sales	(53,619)	–	–	–	–	–	(53,619)
Gross profit	21,840	–	–	–	–	–	21,840
Administrative costs	(19,097)	762	–	–	–	–	(18,335)
Operating profit	2,743	762	–	–	–	–	3,505
Finance income	–	–	–	–	–	–	–
Finance costs	(408)	–	–	–	–	–	(408)
Movements in fair value of financial instruments	–	–	–	–	–	–	–
Net finance cost	(408)	–	–	–	–	–	(408)
Share of loss of associates	(203)	–	–	–	–	–	(203)
Profit before tax	2,132	762	–	–	–	–	2,894
Income tax expense	(663)	–	(100)	–	(65)	–	(828)
Profit for the period	1,469	762	(100)	–	(65)	–	2,066
Attributable to:							
Equity holders of the parent	972	696	(60)	–	(50)	–	1,558
Minority interest	497	66	(40)	–	(15)	–	508
	1,469	762	(100)	–	(65)	–	2,066

Notes to the reconciliations

a. Non-amortisation of goodwill.

b. Reduction in goodwill for subsequently recognised deferred tax assets.

c. Grossing up of deferred tax – £nil profit/(loss) impact.

d. Impact on deferred tax of non-amortisation of purchased goodwill.

e. Initial and/or fair market valuation of financial instruments.

Independent Auditors' Report to the Members of Empresaria Group plc

We have audited the parent company financial statements of Empresaria Group plc for the year ended 31 December 2007 which comprise the company balance sheet and the related notes 1 to 12. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Empresaria Group plc for the year ended 31 December 2007.

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 parent company 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 parent company 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 parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review of the business and the 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 parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company 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 parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the 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 parent company 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 parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and its profit for the year then ended;
- the parent company 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 parent company financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom
17 April 2008

Parent Company Balance Sheet

	Note	2007 £000	2006 £000
Fixed assets			
Tangible assets	5	54	11
Investments	6	20,781	11,872
		20,835	11,883
Current assets			
Debtors (including amounts falling due after more than one year of £5,734,000 (2006: £285,000)	7	15,201	5,252
Creditors: amounts falling due within one year	9	(12,242)	(5,960)
Net current assets/(liabilities)		2,959	(708)
Total assets less current liabilities		23,794	11,175
Creditors: amounts falling due after more than one year	10	(1,593)	(1,043)
Net assets		22,201	10,132
Capital and reserve			
Called up share capital	12	1,668	1,193
Share premium account		16,618	5,185
Other reserves		1,539	1,539
Profit and loss account		2,376	2,215
Shareholders' funds	11	22,201	10,132

These financial statements were approved by the Board of Directors and authorised for issue on 17 April 2008.

Signed on behalf of the Board of Directors

M W R Hunt
Director

N C Hall-Palmer
Director

Notes to the Parent Company Financial Statements

1 Basis of preparation

The financial statements are for the twelve months ended 31 December 2007. They have been prepared in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of these financial statements.

2 Summary of significant accounting policies

Foreign currencies

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.

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:

Fixtures, fittings and equipment: between one and two years.

Investments

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

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provisions for impairment. Any impairment is charged to the income statement as it arises.

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 period 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 are charged to the income statement and solely relate to a defined contribution scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the income statement as they become due for payment.

Share-based compensation

The Company has applied the requirements of FRS 20 – Share-based Payments. 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 Company 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 Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Equity instruments

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

3 Audit fees

Included in other operating expenses is remuneration to the auditors for audit and non-audit services as follows:

The analysis of auditors' remuneration is as follows:

	2007 £000	2006 £000
Auditors' remuneration:		
– Fee payable to the company's auditors for the audit of the company's annual accounts	69	32
Total audit fees	69	32
– Tax services	–	40
– Other services: due diligence	107	–
Total non-audit fees	107	40
Total auditors remuneration	176	72

Amounts paid to the company's auditor in respect of services to the Group, other than the audit of the Company's financial statements, have not been disclosed as this information has been disclosed in the consolidated financial statements of the Company.

4 Directors and employees

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2007 £000	2006 £000
Staff costs		
Wages and salaries	960	688
Social security costs	106	90
Pension costs	36	27
	1,102	805

	2007 No.	2006 No.
Average monthly number of persons employed (including directors)		
Sales and distribution	14	13

	2007 £000	2006 £000
Directors' remuneration, who are considered the only key employees		
Emoluments for qualifying services (including bonus £60,000 (2006: £41,000))	529	404
Company pension contributions to money purchase scheme	27	27
	556	431

The number of directors accruing benefits under money purchase pension scheme arrangements was two (2006: two).

	2007 £000	2006 £000
Highest paid director		
Remuneration (including bonus £33,000 (2006: £23,000))	247	197
Pension contributions	16	16
	263	213

5 Property, plant and equipment

The following table shows the significant additions and disposals of property, plant and equipment.

	Fixtures, fittings and equipment £000
Cost	
At 1 January 2007	167
Additions	59
At 31 December 2007	226
Accumulated Depreciation	
At 1 January 2007	156
Charge for the financial year	16
At 31 December 2007	172
Net book value	
At 31 December 2007	54
At 31 December 2006	11

6 Investments held as fixed assets

	Shares in associate £000	Shares in subsidiary undertakings £000	Total £000
Cost			
At 1 January 2007	575	11,654	12,229
Additions	406	8,932	9,338
At 31 December 2007	981	20,586	21,567
Impairment			
At 1 January 2007	–	357	357
Impairment charge	–	429	429
At 31 December 2007	–	786	786
Net Book Value			
At 31 December 2007	981	19,800	20,781
At 31 December 2006	575	11,297	11,872

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

6 Investments held as fixed assets (continued)

Investments comprise the following principal subsidiary companies:

Company	Class of share held	%	Country of incorporation
Financial Service Sector			
Mansion House Executive Limited	“A & B” Ordinary	100	UK
LMA Recruitment Limited	“A & B” Ordinary	75	UK
Lime Street Recruitment Limited	“A & B” Ordinary	74	UK
Supply Chain Sector			
The Logistics Network Limited	“A & B” Ordinary	100	UK
More Driving Limited	“A” Ordinary	67	UK
MVP (Search & Selection) Limited	“A & B” Ordinary	100	UK
Construction and Property Services Sector			
Titan UK Limited	“A & B” Ordinary	61	UK
FastTrack Management Services (London) Limited	“A” Ordinary	72	UK
TeamSales Limited	Ordinary	100	UK
Reflex HR Limited	“A” Ordinary	84	UK
Public Services Sector			
Healthcare First Limited	“A & B” Ordinary	100	UK
Cura Group Limited	“A & B” Ordinary	57	UK
HEC Resources Limited	Ordinary	100	UK
Other Brands Sector			
Greycoat Placements Limited	“A, B & C” Ordinary	82	UK
Bar 2 Limited	“A & B” Ordinary	71	UK
2nd City Resourcing Limited	“A” Ordinary	63	UK
McCall Limited	“A & B” Ordinary	58	UK
The Recruitment Business Limited	“A” Ordinary	95	UK
EUResource Limited	“A” Ordinary	51	UK
Resolve Interim Solutions Limited	“A” Ordinary	51	UK

6 Investments held as fixed assets (continued)

Company	Class of share held	%	Country of incorporation
Europe			
Headway Holding GmbH	Ordinary	60	Geremany
EAR Holding BV 'EAR',	Ordinary	60	Netherlands
GiT Consult Czech s.r.o.	"A" Ordinary	60	Czech Republic
GiT Consult Slovakia s.r.o.	"A" Ordinary	60	Slovakia
ITC PRACA Sp. Z.o.o	"A" Ordinary	51	Poland
ITC APT Sp. Z.o.o.	"A" Ordinary	51	Poland
ITC CS Sp. Z.o.o.	"A" Ordinary	51	Poland
Rest of the World			
Skillhouse Staffing Solutions K.K.	Ordinary	75	Japan
Monroe Consulting Group Pte Ltd	Ordinary	51	Singapore
Monroe Recruitment Consulting Group Co Limited	"A" Ordinary	100	Thailand
PT. Monroe Consulting Group	Ordinary	55	Indonesia
PT. Advanced Career Indonesia	Ordinary	55	Indonesia
PT Learning Resources Indonesia	Ordinary	51	Indonesia
Monroe Consulting Philippines Inc	Ordinary	60	Philippines
Agensi Pekerjaan Monroe Consulting Group SDN. BHD	Ordinary	60	Malaysia
Monroe Consulting Group Pty Limited	Series A preference	93	Australia
The Recruitment Business Pty Ltd	Ordinary	95	Australia
Marketing y Promociones Limitada 'Alternattiva'	Common	56	Chile

*All the UK companies are directly held by Empresaria Group plc

Investments comprise the following associate companies:

Company	Class of share held	%	Country of incorporation
Interactive Manpower Solutions Private Ltd	Ordinary	32	India
Myriadd KK	Ordinary	48	Japan
FINES K.K.	Ordinary	27	Japan
Aston HR Consulting (Shanghai) Ltd	Ordinary	25	China
Gerard Stewart Inc	Ordinary	40	USA

The nature of each investment is the provision of staffing service and each entity operates in its country of incorporation.

7 Debtors

	Company	
	2007 £000	**2006** £000
Amounts owed by Group undertakings (including amounts falling due after more than one year of £5,734,000 (2006: £285,000)	12,438	4,021
Other debtors	1,528	980
Prepayments and accrued income	1,235	251
	15,201	5,252

8 Cash at bank and in hand

None of the company's cash at bank and in hand is restricted.

9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft and loans due within one year	9,781	4,889
Trade creditors	319	144
Amounts owed to subsidiary undertakings	709	718
Other taxes and social security	30	29
Other creditors	828	55
Accruals and deferred income	575	125
	12,242	5,960

10 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Bank loans	1,593	1,039
Other creditors	–	4
	1,593	1,043

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 (2006: £1,000,000) and interest is payable at 1.0% above HSBC plc base rate on the next £1,100,000 (2006: 1.64% above HSBC plc base rate on next – £550,000).

	2007 £000	2006 £000
Bank loan		
Repayable within one year	1,757	990
Repayable between one and two years	525	1,039
Repayable between two and five years	1,068	–
	3,350	2,029

Included within loans repayable within one year is £1,225,000 (2006: £725,000) that relates to the drawdown against a revolving credit loan facility.

11 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Profit for the financial year	327	1,712
Dividend paid	(166)	(106)
Net proceeds from issue of shares	11,908	1,443
Net addition to shareholders' funds	12,069	3,049
Opening shareholders' funds	10,132	7,083
Closing shareholders' fund	22,201	10,132

12 Called up share capital

Share capital

	2007		2006	
	Number of shares	£000	Number of shares	£000
Authorised				
Ordinary shares of 5p each	60,000,000	3,000	60,000,000	3,000
Allotted and fully paid				
Ordinary shares of 5p each	33,368,649	1,668	23,868,526	1,193

The Company has one class of ordinary share which carries no rights to fixed income. All ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2007, the Company issued a total of 9,500,123 ordinary shares for a premium of £11,438,000.

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

Additional Information

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

	2007 £000	2006 £000	2005 £000	2004 £000	2003 £000
Operating profit	6,738	3,505	1,914	1,067	817
Add back:					
Goodwill/intangible amortisation	107	–	618	345	273
Impairment (net of negative goodwill)	37	–	–	–	–
IFRS transition cost	36	–	–	–	–
Exceptional legal and professional costs	–	–	–	101	45
Exceptional reorganisation costs	–	–	–	67	99
Exceptional bad debt write off	–	–	–	135	–
Adjusted operating profit	6,918	3,505	2,532	1,715	1,234
Share of loss in associated company	(118)	(203)	(44)	–	–
Interest payable and similar charges (net)	(630)	(408)	(263)	(325)	(134)
Add back:					
Exceptional loss on deemed subsidiary disposal	–	–	–	–	13
Adjusted profit before tax	6,170	2,894	2,225	1,390	1,113
Taxation	(1,881)	(828)	(770)	(427)	(319)
Recognition of pre-acquisition deferred tax asset against goodwill under IFRS	–	100	–	–	–
Recognition of deferred tax on amortisation on purchased goodwill under IFRS	60	65	–	–	–
Minority interests*	(1,574)	(562)	(275)	(288)	(217)
Adjusted profit after tax and minority interests	2,775	1,669	1,180	675	577
Adjusted earnings per share (pence)	9.2	7.2	5.7	4.2	3.9

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

Information for financial year 2007 and 2006 is presented under IFRS. Information for financial year 2005, 2004 and 2003 is presented under UK GAAP.

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N C Hall-Palmer
A V Martin
T J D Sheffield
P A Freer

Secretary
N C Hall-Palmer

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