

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should also carefully read the section entitled “Risk Factors” in Part II of this document before taking any action.

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (the “POS Regulations”) and the AiM Rules of the London Stock Exchange plc (the “AiM Rules”). A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the POS Regulations.

The Directors of Empresaria Group plc, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

At the date of this document, the Old Shares of Empresaria Group plc are traded on OFEX. Application has been made for the Ordinary Shares of Empresaria Group plc, including the New Ordinary Shares to be issued pursuant to the Placing, to be admitted to trading on AiM, a market owned and operated by the London Stock Exchange plc (“AiM”). AiM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AiM securities are not admitted to the Official List of the UK Listing Authority (the “Official List”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The rules of AiM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AiM on 3 November 2004. No application has been made, or is contemplated, for the Ordinary Shares to be listed on any other recognised investment exchange.

The Placing is conditional, *inter alia*, on Admission taking place on or before 3 November 2004 (or such later date as the Company and Robert W. Baird Limited may agree, but in any event not later than 17 November 2004). The New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

Empresaria Group plc

(Incorporated under the Companies Act 1985 and registered in England and Wales – number 3743194)

Placing by

Robert W. Baird Limited

of 4,712,153 Ordinary Shares at 65p per share

and

Admission to trading on AiM

This document does not constitute an offer to sell, or the solicitation of an offer to buy, the Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States of America. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada, no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission, and no registration statement has been, or will be filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland or offered or sold to a person within the United States or a resident of Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland.

Robert W. Baird Limited (“Baird”), which is a member of the London Stock Exchange and is regulated by the Financial Services Authority, is acting as the Company’s nominated adviser and broker in connection with the proposed admission of the Company’s Ordinary Shares to trading on AiM. Baird’s responsibilities as the Company’s nominated adviser under the AiM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Baird is acting exclusively for the Company in relation to the Placing. Baird will not be offering advice and will not be responsible for providing the protections afforded to clients of Baird to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Baird has not authorised the contents of any part of this document for the purposes of Regulation 13(1)(g) of the POS Regulations and (without limiting the statutory rights of any person to whom this document is issued) no liability whatsoever is accepted by Baird for the accuracy of any information or opinions contained in this document or for the omission of any material information from the document for which the Company and the Directors are solely responsible.

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Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the ordinary share capital of the Company to trading on AiM becoming effective in accordance with the AiM Rules
“AiM”	AiM, a market owned and operated by the London Stock Exchange
“AiM Rules”	the rules of the London Stock Exchange which govern the admission to trading on, and the operation of companies on, AiM
“Articles”	the new Articles of Association of the Company adopted on 27 October 2004
“Baird”	Robert W. Baird Limited
“Board” or “Directors”	the directors of the Company, whose names are set out on page 5 of this document
“Company” or “Empresaria”	Empresaria Group plc
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“EPPP” or “Executive Equity Participation Plan”	the Empresaria executive equity participation plan adopted at Empresaria’s annual general meeting held on 8 July 2004
“Executive Directors”	Miles Hunt and Nick Hall-Palmer
“FastTrack”	FastTrack Management Services (Central) Limited, a subsidiary of the Company
“Group”	Empresaria and its subsidiaries as at the date of this document
“Listing Rules”	the rules of the UK Listing Authority made under section 74 of the Financial Services and Markets Act 2000, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 3,846,153 new Ordinary Shares to be issued by the Company pursuant to the Placing
“OFEX”	a market operated by OFEX plc and regulated by the Financial Services Authority, which allows trading in the shares of unlisted and unquoted companies in the UK, off exchange
“Official List”	the official list of the UK Listing Authority
“Old Shares”	the ordinary shares of 2p each in issue before the Share Consolidation
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company post the Share Consolidation

“Placing”	the conditional placing by Baird of the Placing Shares on the terms and conditions set out in either the Placing Agreement or the Selling Shareholder Agreement or both as the context admits
“Placing Agreement”	the conditional agreement, dated 28 October 2004 between Baird, the Company and the Directors relating to the placing of the New Ordinary Shares and Admission, further details of which are set out in paragraph 9(d) of Part VI of this document
“Placing Price”	65p per Placing Share
“Placing Shares”	the New Ordinary Shares and the Sale Shares
“POS Regulations”	the Public Offers of Securities Regulations 1995
“Reflex HR”	Reflex HR Limited, a subsidiary of the Company
“Sale Shares”	the 866,000 Ordinary Shares to be sold by the Selling Shareholders in the Placing pursuant to the Selling Shareholder Agreement
“Selling Shareholder Agreement”	the conditional agreement, dated 28 October 2004 between Baird, the Company and the Selling Shareholders relating to the placing of the Sale Shares, further details of which are set out in paragraph 9(e) of Part VI of this document
“Selling Shareholders”	certain Shareholders who have agreed to sell Ordinary Shares in the Placing under the terms of the Selling Shareholder Agreement
“Share Consolidation”	the consolidation of the Old Shares into the Ordinary Shares, effective on Admission
“Shareholders”	holders of Ordinary Shares at the date of this document
“UK Listing Authority” or “UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and any other area subject to its jurisdiction

Directors, Secretary and Advisers

Directors and secretary

Anthony Victor Martin (*Chairman*)

Miles William Rupert Hunt (*Chief Executive*)

Nicholas Charles Hall-Palmer (*Group Finance Director and Company Secretary*)

Timothy John Digby Sheffield (*Non-executive Director*)

all of the Company's registered office at:

1 Peveril Court
6-8 London Road
Crawley
West Sussex
RH10 8JE

Advisers

Nominated adviser, stockbroker and underwriter

Robert W. Baird Limited
Mint House
77 Mansell Street
London
E1 8AF

Auditors and reporting accountants

Deloitte & Touche LLP
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

Solicitors to the Company

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Solicitors to the nominated adviser, stockbroker and underwriter

Travers Smith Braithwaite
10 Snow Hill
London
EC1A 2AL

Principal bankers

HSBC Bank plc
PO Box 120
49 Corn Street
Bristol
BS99 7SP

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Placing Statistics

Placing Price	65p
Number of Ordinary Shares in issue immediately following the Placing	19,932,109
Number of Ordinary Shares being placed on behalf of:	
– the Company	3,846,153
– the Selling Shareholders	866,000
Percentage of the Company's enlarged issued ordinary share capital being placed	23.6 per cent.
Value of the Placing at the Placing Price	£3.1 million
Estimated net proceeds of the Placing to be received by the Company	£1.9 million

Expected Timetable of Events

Admission and dealings in the Ordinary Shares on AiM commence	3 November 2004
CREST stock accounts credited	3 November 2004
Despatch of definitive share certificates (if appropriate)	by 10 November 2004

Key Information

The following summary information is derived from, and should be read in conjunction with, the full text of this document. Prospective investors should read the whole of this document and not rely solely on the key information set out below.

History and overview of the Group

Miles Hunt, the Group's Chief Executive, founded Empresaria in June 1996 with a strategy to develop a specialist recruitment business operating within diversified, growing market sectors. Empresaria's growth strategy is focused on developing its existing businesses, investing in start-up businesses and making selective acquisitions. Fundamental to this strategy is the Company's philosophy of management equity. This philosophy enables Empresaria's key employees to acquire, or retain, a meaningful stake in the businesses they manage and helps to develop an entrepreneurial culture within the Group as well as helping to attract and retain senior management.

The Group currently comprises 21 trading subsidiaries in the UK, each of which operates in one of the following five sectors:

- (i) financial services;
- (ii) supply chain;
- (iii) construction and property services;
- (iv) public sector; and
- (v) specialist brands.

The Group now has a portfolio of recruitment businesses which helps to mitigate the Group's exposure to the different economic and market conditions that may affect each of the sectors in which it operates.

Over the past three years, and in spite of the downturn experienced within the recruitment market, Empresaria has increased its revenues by over 55 per cent. from £18.9 million for the year ended 31 December 2001 to £29.4 million for the year ended 31 December 2003. This growth has been achieved in the UK and has been predominantly organic, supplemented more recently by acquisitions.

In July 2004, Tony Martin joined the Board as Chairman. Tony Martin has approximately 20 years of experience managing businesses in the recruitment industry, most recently as Chairman and Chief Executive of Vedior NV, one of the largest recruitment companies in the world. Tony Martin is assisting the Group in the development and implementation of its strategy, both in the UK and overseas.

Strategy and business model

Strategy

Empresaria's growth strategy in the UK and overseas comprises three elements:

- (i) growing the Group's existing businesses organically;
- (ii) investing in start-up businesses alongside teams of experienced managers and recruitment consultants; and
- (iii) acquiring majority shareholdings in businesses.

In order to improve further the growth prospects of the Group and to reduce the business risk of operating in one national market, the Board is currently considering opportunities outside the UK. These opportunities are within markets which, the Directors believe, exhibit better growth prospects than the UK recruitment market.

Empresaria has recently invested in a start-up business in Japan which will provide temporary/contract IT recruitment to the financial services market in Tokyo. This represents the Group's first move into an overseas market.

Business model

When investing in start-up businesses, Empresaria typically takes a majority shareholding by co-investing alongside the management team. In the case of acquisitions, Empresaria invests in businesses where existing management acquire or retain a significant minority shareholding. Empresaria may acquire the minority shareholdings at any time during a pre-agreed period (generally between five and ten years after start-up or acquisition) at a pre-agreed valuation.

Consideration for the purchase of these minority interests is payable in cash or Ordinary Shares at the sole discretion of Empresaria. If Empresaria satisfies the consideration in Ordinary Shares, the acquisition of the minority interests is designed to be earnings enhancing.

Current trading and prospects

The Directors believe that the outlook for the recruitment industry in the UK for the rest of the current year is positive.

The financial services recruitment market upturn experienced by the Group since the end of the last financial year has created a momentum, which has been maintained in the second half of 2004. The Group's driving and construction/property services markets have been less buoyant than anticipated during the current year but are now both showing signs of increased activity, and the Board believes that they should expect a strong final quarter. All other areas of the business are trading in line with the Board's expectations and the Directors believe the Group is well positioned to take advantage of the improving trading conditions within its sectors.

The Directors believe that a number of opportunities exist either to invest in further start-up businesses or to acquire complementary businesses in order to progress Empresaria's development in the UK and selective international markets. Accordingly, the Directors view the future with confidence. The Group continues to invest in its existing recruitment operations and the Board believes that the Group will see the benefits of this investment during the rest of 2004 and in the year ending 31 December 2005.

Reasons for Admission and the Placing

The Directors believe that listing on AiM will enable Empresaria to provide further incentivisation to both existing and prospective subsidiary managers which is fundamental to the Group's philosophy of management equity. Admission will also allow the Company to issue its Ordinary Shares as consideration for future acquisitions. The Directors also believe that a listing on AiM will enhance Empresaria's credibility and profile.

The placing of the New Ordinary Shares will raise approximately £1.9 million, net of expenses, for the Company. These net proceeds will help the Group to implement its strategy of investing in start-up businesses and making acquisitions in the UK and selective international markets, as well as providing the Group with improved working capital facilities. The Placing will also enable the Company to broaden its shareholder base and is anticipated to increase the liquidity of the Ordinary Shares. Part of the net proceeds available to the Company may initially be used to repay part of the Group's existing debt, with the balance being placed on deposit.

The Placing

The Company, the Directors and Baird have today entered into the Placing Agreement pursuant to which Baird has agreed, subject to the fulfilment of certain conditions, to use its reasonable endeavours to procure subscribers for or, failing which, itself to subscribe for the New Ordinary Shares at the Placing Price. In addition, the Selling Shareholders, the Company and Baird have today entered into the Selling Shareholder Agreement pursuant to which Baird has agreed, subject to the fulfilment of certain conditions, to use its reasonable endeavours to procure purchasers for or, failing which, itself to purchase the Sale Shares. The Sale Shares will be sold with all rights (including the benefit of all dividends and distributions) attaching to the Sale Shares as at Admission.

The 4,712,153 Placing Shares represent 23.6 per cent. of the Company's enlarged issued share capital. The Placing comprises the issue of the New Ordinary Shares, to raise approximately £1.9 million (net of expenses) for the Company, and the sale of the Sale Shares. The Sale Shares represent 5.4 per cent. of the issued share capital of the Company immediately prior to allotment of the New Ordinary Shares. Of the Sale Shares, 704,000 Sale Shares are being sold by the Directors. The Directors' interests immediately following Admission will amount, in aggregate, to 31.2 per cent. of the enlarged issued share capital of the Company.

The Placing Shares are being placed by Baird at the Placing Price with institutional and other investors in the UK. The Placing has been fully underwritten by Baird.

PART I

Information on Empresaria

1. History and overview of the Group

Miles Hunt, the Group's Chief Executive, founded Empresaria in June 1996 with a strategy to develop a specialist recruitment business operating within diversified, growing market sectors. Empresaria's growth strategy is focused on developing its existing businesses, investing in start-up businesses and making selective acquisitions. Fundamental to this strategy is the Company's philosophy of management equity. This philosophy enables Empresaria's key employees to acquire, or retain, a meaningful stake in the businesses they manage and helps to develop an entrepreneurial culture within the Group as well as helping to attract and retain senior management.

In 1996 David Telling, the founder of MITIE Group plc, was appointed as Empresaria's Chairman to assist the Group with the implementation of its strategy, having successfully employed the philosophy of management equity at MITIE Group plc. David Telling remained as Chairman of Empresaria until he resigned due to ill health in October 2003.

Empresaria obtained a trading facility on OFEX in July 1999. This facility provided the Company with access to capital and provided a market for the Company's shares which was necessary to help attract management teams and give meaning and value to the Group's management equity philosophy.

Since its foundation the Group has invested in 21 start-up businesses and has made seven acquisitions. These start-up businesses and acquisitions have broadened the Group's range of services and enabled Empresaria to implement its strategy of becoming a diversified recruitment group focused on specialist markets within the UK. The Group now has a portfolio of businesses which helps to mitigate the Group's exposure to the different economic and market conditions that may affect each of the sectors in which it operates.

The Group currently comprises 21 trading subsidiaries in the UK. Since 1996, one of the Group's start-up businesses has been closed, three have been consolidated into one business and three have been sold back to their management teams. The businesses acquired by the Group have been successfully integrated and all are trading profitably. Each of the Group's trading subsidiaries operate in one of the following five sectors within the UK:

- (i) financial services;
- (ii) supply chain;
- (iii) construction and property services;
- (iv) public sector; and
- (v) specialist brands.

Over the past three years, and in spite of the downturn experienced within the recruitment market, Empresaria has increased its revenues by over 55 per cent. from £18.9 million for the year ended 31 December 2001 to £29.4 million for the year ended 31 December 2003. This growth has been achieved in the UK and has been predominantly organic, supplemented more recently by acquisitions.

The Group's objective is to continue a programme of growth, being organic, investing in start-up businesses and through complementary acquisitions focusing primarily on temporary/contract recruitment businesses. To date the Group has operated solely from the UK and the Directors believe that it is now appropriate for the Group to broaden its operations to selective overseas markets. By doing this, the Directors believe that the Group will increase its exposure to staffing markets with better growth prospects than those of the UK and reduce the Group's exposure to the UK's economic and regulatory environment.

In July 2004, Tony Martin joined the Board as Chairman. Tony Martin has approximately 20 years of experience managing businesses in the recruitment industry, most recently as Chairman and Chief Executive of Select Appointment (Holdings) plc and Chairman and Chief Executive of Vedior NV, one of the largest recruitment companies in the world. Tony Martin is assisting the Group in the development and implementation of its strategy, both in the UK and overseas.

Empresaria now plans to withdraw its trading facility from OFEX and seek a listing on AiM. The Directors believe that the transfer to AiM will provide the Group with better access to capital to enable it to increase its rate of growth. All of the Directors have, and will continue to have, a shareholding in the Company. Further details of the Directors' shareholdings are set out in paragraph 5.4 of Part VI of this document.

At an extraordinary general meeting of the Company held on 27 October 2004, a resolution was passed to effect a two for five share consolidation. As a consequence, every five Old Shares (of 2p each) will be consolidated into two Ordinary Shares (of 5p each) on Admission.

2. Strategy and business model

2.1 Strategy

Empresaria's business involves the placement of individuals into permanent and temporary/contract positions of employment. A permanent placement generates a one-off fee for the Group. In these circumstances, Empresaria generally earns fees based on a percentage of the individual's starting salary. Temporary/contract placements represent the placement of staff in short and medium term positions for third party employers. This generates ongoing revenue for as long as the person is employed and gives greater visibility of earnings than revenue generated from permanent placements. It is the Board's intention to increase the percentage of the Group's revenues derived from temporary/contract placements in the future.

Empresaria's growth strategy in the UK and overseas comprises three elements:

- (i) Growing the Group's existing businesses organically. This can be achieved by increasing the number of fee earning employees, opening new branches to broaden the Group's geographic coverage and by increasing the Group's service offerings.
- (ii) Investing in start-up businesses alongside teams of experienced managers and recruitment consultants. Whilst this approach has an initial adverse impact on the Group's earnings (due to the associated start-up costs), it has underpinned the growth of the Group to date and, the Directors believe, this helps create a more stable and sustainable business model for the Group.
- (iii) Acquiring majority shareholdings in businesses. The Board seeks to acquire businesses which complement the Group's existing operations whether through sector focus, services provided or geographical coverage or extend the Group's operations into new specialist staffing sectors where the Directors believe an opportunity exists to build a strong market position.

In order to improve further the growth prospects of the Group and to reduce the business risk of operating in one national market, the Board is currently considering opportunities outside the UK. These opportunities are within markets which, the Directors believe, exhibit better growth prospects than the UK recruitment market. In this regard, Tony Martin's experience of and contact network in such international markets will be of assistance to the Group in identifying suitable start-up businesses and/or acquisition opportunities.

Empresaria has recently invested in a start-up business in Japan which will provide temporary/contract IT recruitment to the financial services market in Tokyo. The Directors believe this to be a buoyant market place experiencing a period of sustained, rapid growth due to the introduction of more flexible working practices and regulatory frameworks following the economic downturn experienced in Japan in the 1990s. The Group, with the help of Tony Martin, identified an experienced management team in Tokyo to run the business. Tony Martin has invested in this business on substantially the same terms as the Company, further details of which are set out in paragraph 10.3 of Part VI of this document.

2.2 *Business model*

The Group's business model and corporate structure is based on its philosophy of management equity. Each of the Group's 21 trading companies operate within one of Empresaria's five sectors with financial control and administrative support being provided by the Group's head office in Crawley. The spread of the Group's markets helps to reduce business risk caused by a downturn in any one of its areas of activity and Empresaria's business model enables it to invest its financial and management resources on the basis of the relative prospects of each of the Group's sectors.

When investing in start-up businesses, Empresaria typically takes a majority shareholding by co-investing alongside the management team. In the case of acquisitions, Empresaria invests in businesses where existing management acquire or retain a significant minority shareholding. Empresaria may acquire the minority shareholdings at any time during a pre-agreed period (generally between five and ten years after start-up or acquisition) at a pre-agreed valuation, being the lower of:

- (i) ten times the subsidiary company's average historic post-tax profits over the preceding two or, in more recent cases, three years; or
- (ii) if Empresaria's historic price/earnings ratio at the time of the acquisition of the minority interest is less than ten times, then a multiple of half a point less than Empresaria's historic price/earnings ratio is applied to the subsidiary company's average historic post-tax profits over the preceding two or, in more recent cases, three years.

Consideration for the purchase of these minority interests is payable in cash or Ordinary Shares at the sole discretion of Empresaria. If Empresaria satisfies the consideration in Ordinary Shares, the acquisition of the minority interests, as outlined above, is designed to be earnings enhancing as the multiple applied to the minority interest is always below that of Empresaria's. Further details of the earn-outs and minority interests are set out in paragraph 10 of Part VI of this document.

3. **Empresaria's business**

The Group's businesses operate in five specialist staffing markets being: financial services; construction and property services; supply chain; public sector; and specialist brands.

3.1 *Financial services*

Empresaria's activities in the financial services sector comprise three companies placing permanent and temporary/contract senior management, operational and secretarial staff across the insurance, financial services and banking industries. All three businesses were formed as start-ups between 1996 and 1999 and operate under the Mansion House, Lime Street and Lindsey Morgan Associates brands.

Two of the businesses operate within the insurance sector. One is a specialist search and selection practice with offices in London and Birmingham, working on retainer for clients seeking to recruit senior management. The second is a permanent and temporary/contract staffing agency with offices in London and Manchester. The third company recruits permanent and temporary/contract staff for operations and administrative roles within investment banking and asset management companies in London.

Empresaria's operations within the financial services sector are well established, operating profitably and each has opportunities to expand both in terms of service and geographic coverage. In the financial year ended 31 December 2003, the financial services sector generated revenues from continuing operations of £3.1 million or approximately 11 per cent. of Group revenues with 44 per cent. being derived from permanent placements.

The principal operators within the financial services recruitment market in the UK include the larger professional recruitment businesses such as Michael Page International plc, Robert Walters plc and Hays Accountancy Personnel. During the period from 2001 to 2003 there was a marked slowdown in the financial services industry which led to a reduction in the demand, principally for permanent placements. Empresaria's financial performance in this sector over this period was assisted by its

temporary/contract placement business which was less effected by the downturn. Since the beginning of 2004, the Group's financial services sector performance has improved, reflecting better market conditions and an increasing amount of permanent placements. The Directors are confident in the future prospects for this sector.

3.2 *Supply chain*

Empresaria's supply chain operations specialise in the supply of Heavy Goods Vehicle ("HGV") drivers to the transport, distribution and home delivery markets as well as supply chain and logistics permanent recruitment. Clients include blue chip manufacturers, retailers and third party logistics service companies.

The principal brand operated by Empresaria in this sector is DriveLink, formed as a start-up businesses in 1998 originally operating from one branch in Kent. The business has grown organically in the South East of England and in 2003 the first Midlands branch in Nottingham was opened. New branches have subsequently been opened in Leicester, Warrington and Wakefield. A second brand operated by the Group in this sector is MVP, a permanent recruitment business focusing on the logistics and distribution markets. The MVP business was acquired in 1999.

In the financial year ended 31 December 2003, the supply chain sector generated revenues from continuing operations of £7.4 million or approximately 26 per cent. of Group revenues with 92 per cent. being derived from temporary/contract placements.

The UK temporary/contract HGV driver market is estimated by the Directors to be worth approximately £1.4 billion. The market is serviced by companies that provide both general industrial and temporary/contract driving staffing, for example Manpower, SMS Agencies and Blue Arrow Limited as well as specialist temporary/contract driver recruitment companies such as Agency Drivers Register and DriveLink. The market for temporary/contract HGV drivers is being impacted by increasing supply shortages. The Board expects these supply constraints to continue and become more severe in 2005 following the removal of the UK's exemption from the Working Time Directive.

3.3 *Construction and property services*

Empresaria's activities in this sector include:

- (i) the provision of temporary/contract and permanent staff to the building services and construction industry, including maintenance, facilities management, mechanical and electrical, construction and shop fitting personnel;
- (ii) the placement of temporary/contract and permanent staff to the house building industry; and
- (iii) the provision of executive-level search and selection and interim management services.

Empresaria's operations in this market have grown through investment in three start-up companies and four acquisitions, the most recent of which are FastTrack and Reflex HR.

Empresaria's principal brand in this market is FastTrack, a provider of temporary/contract recruitment services to the construction industry. Empresaria acquired a 66 per cent. shareholding in FastTrack in February 2004 for an initial consideration of £1.1 million with a further consideration of up to £880,000 being payable dependent on FastTrack's financial performance in 2004 and 2005. The FastTrack management team retained the balance of the share capital in the company. For the year ended 31 December 2003, FastTrack generated turnover of £12.5 million. Further financial information on FastTrack is set out in the accountants' report on FastTrack in section B of Part III of this document.

In August 2004, Empresaria acquired (through Reflex HR) the fixed assets and the goodwill of Lindy Wood (trading as Reflex HR), a building management services staffing business, for an initial consideration of £732,000 in cash with further consideration of up to £168,000, payable in Ordinary Shares, dependent on Reflex HR's future performance. Empresaria currently owns 90 per cent. of Reflex HR with the remainder being held by Reflex HR's managing director. For the year ended

31 May 2004, Reflex HR generated turnover of £2.9 million. Further financial information on Reflex HR is set out in the accountants' report on Reflex HR in section C of Part III of this document.

The acquisitions of FastTrack and Reflex HR increased Empresaria's capabilities and market coverage in the construction and property services sector. These businesses enhance the Group's existing operations in this sector and provide the Group with increased geographic coverage. The other brands in this sector are TeamSales, predominantly a temporary/contract recruitment business providing sales staff to the house building industry, and MC², predominantly a permanent recruitment business focusing on executive management positions.

In the financial year ended 31 December 2003, the construction and property services sector (excluding FastTrack and Reflex HR which were both acquired during 2004) generated revenues from continuing operations of £10.4 million or approximately 36 per cent. of Group revenues with 89 per cent. being derived from temporary/contract placements.

The UK construction and property services staffing market has experienced growth over the last three years, fuelled by a number of factors including the strong commercial and residential property markets and Government investment in infrastructure, for example the provision of affordable housing. The Board is confident that the Group's construction and property services businesses will continue to perform well.

3.4 *Public sector*

The two brands operated by Empresaria in this sector are Social Work Associates and Healthcare First, both start-up businesses formed in 2000 and 2002 respectively. Social Work Associates provides qualified temporary/contract social workers to local authorities, principally in the South East of England. The business is based in London and opened an office in Leicester in 2004. Healthcare First is a temporary/contract staffing business specialising in recruiting professionals allied to healthcare such as physiotherapists, radiographers, occupational therapists and dieticians. Its principal client is the National Health Service.

In the financial year ended 31 December 2003, the public sector generated revenues from continuing operations of £5.1 million or approximately 18 per cent. of Group revenues with 99 per cent. being derived from temporary/contract placements.

Over the last four years the Group's public sector recruitment businesses have increased their turnover despite difficult trading conditions in the wider healthcare recruitment market, particularly in the doctor and nurse recruitment markets, which have been affected by new Government initiatives, namely, the implementation of regional agency projects and the NHS Professionals. Empresaria's public sector businesses operate in niche healthcare recruitment markets outside these areas and have been largely unaffected by the changes. The Group's competitors in this sector are the larger public sector healthcare recruitment companies such as Nestor Healthcare Group plc, Reed Health Group plc and Allied Healthcare Group Limited.

3.5 *Specialist brands*

The activities of this sector include:

- (i) the placement of all types of domestic staff, including nannies, butlers and chauffeurs, in the UK and overseas through the Greycoat Placements brand;
- (ii) recruitment-to-recruitment services providing candidates to recruitment companies on a national basis through the McCall brand; and
- (iii) the provision of payroll, accounting and administration services to composite companies, which are commonly-used by temporary/contract employees for their own remuneration through the Bar 2 brand.

In the financial year ended 31 December 2003, the specialist brands sector generated revenues from continuing operations of £2.5 million or approximately 9 per cent. of Group revenues.

4. Directors and employees

All of the Directors have extensive experience in running recruitment businesses.

4.1 Directors

Tony Martin (aged 65), Chairman

Tony was appointed Chairman of Empresaria in July 2004 at which time he invested £0.9 million in acquiring approximately 7.0 per cent. of the Company. Prior to joining Empresaria, Tony served as Chairman and Chief Executive of Select Appointments (Holdings) plc from 1992 to 1999, which he and his team built into an international recruitment business before agreeing to sell the company to Vedior NV, one of the world's largest recruitment companies, for approximately £1.1 billion, in cash, in 1999. Tony became Vice Chairman and a member of the Board of Management of Vedior NV and in August 2000 he assumed the role of Chairman and Chief Executive until his retirement in February 2004. Tony is a member of the audit committee and is assisting the Group with the development and implementation of its strategy both in the UK and overseas.

Miles Hunt (aged 38), Chief Executive

Miles qualified as a solicitor in 1990. After completing an MBA at Warwick Business School, Miles joined F. Bender Limited, a manufacturer of paper disposables for the catering industry, in 1992 as commercial manager and company secretary. In 1995, he established ProSource Limited, a management consultancy focusing on procurement and in 1996 formed Empresaria. Miles was a non-executive director of Tribal Group plc from January 2000 to September 2004. As Chief Executive he has overall responsibility for the day-to-day running of the Group and its strategic development.

Nick Hall-Palmer (aged 38), Group Finance Director and Company Secretary

Nick is a chartered accountant. After qualifying in 1991 he joined APV plc, performing a number of roles, including that of finance director of the company's European engineering business. He subsequently joined RMC Group plc, in the building materials sector. Nick joined the board of Empresaria as Group Finance Director in February 2000 and has overall responsibility for the Group's finance and support services functions.

Tim Sheffield (aged 38), Non-executive Director

Tim is the founder and chief executive of Sheffield Haworth Limited, an executive search firm focusing on the financial services industry. Prior to founding Sheffield Haworth Limited in 1993, he worked for Jonathan Wren, a business which is now part of Adecco. He joined the Board in May 1996. Tim is chairman of the audit committee and is currently the sole member of the remuneration committee.

Details of the Directors' shareholdings in the Company, both prior to and following Admission, are set out in paragraph 5.4 of Part VI of this document. The Company has adopted a model code for dealings in its Ordinary Shares by Directors and senior employees which is appropriate for an AiM listed company.

4.2 Corporate governance

The Combined Code

It is the Board's intention that, in so far as it is practicable and taking into account the size and nature of the Company, it will comply with The Combined Code on Corporate Governance published in July 2003 by the Financial Reporting Council (the "Combined Code"). Where full compliance is not appropriate due to the size of the Group, the Directors will refer to guidance issued by the Quoted Companies Alliance. While neither Tony Martin nor Tim Sheffield are deemed to be independent for the purposes of the Combined Code, as Tony Martin acts as Chairman of the Board and Tim Sheffield, although a non-executive Director, has a substantial shareholding in the Company, both of them contribute an objective view in respect of the Group's operations. In due course, the Directors intend to

appoint an independent non-executive Director to the Board. It is anticipated that this person will be appointed to the Company's audit and remuneration committees and will chair one of them.

Board committees

The Board has established an audit committee and a remuneration committee, to which duties and responsibilities have been formally delegated.

The audit committee, which comprises Tim Sheffield (chairman) and Tony Martin, is primarily responsible for ensuring that the financial performance of the Company is properly measured and reported on and will review any reports from the management and the auditors regarding the accounts and will consider draft interim and annual accounts. It will also make recommendations to the Board on the appointment of the auditors and the audit fee. The audit committee has unrestricted access to the Group's auditors.

The remuneration committee currently comprises only Tim Sheffield, as the Chairman of the Board is a participant under the Executive Equity Participation Plan. Upon the appointment of the additional non-executive Director to the Board referred to above, it is intended that this director will become a member of the remuneration committee. The remuneration committee will be responsible for making recommendations to the Board on remuneration policy for the Company's executive Directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including awards made under the Executive Equity Participation Plan, is based both on their own performance and that of the Group generally. The remuneration committee will also administer and establish performance targets for the Executive Equity Participation Plan and approve awards made under this plan as well as administering any future share incentive schemes. In addition, it will advise on the remuneration policy for the Group's employees. In exercising this role, the terms of reference of the remuneration committee will require it to comply with the Code of Best Practice published in the Combined Code. The remuneration committee will also have responsibility for making recommendations on the appointment of additional directors to the Board.

Management structure

The Board, which comprises the Executive Directors, a Chairman and a non-executive Director, is responsible for establishing the strategic direction of the Group, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. Each subsidiary company has a managing director, typically a founder manager with an interest in that subsidiary's performance by virtue of their minority shareholding, who is responsible for running the subsidiary on a day-to-day basis. Subsidiary companies have regular board meetings and these are attended by Miles Hunt and/or Nick Hall-Palmer. The Group's head office in Crawley is responsible for providing central support to the Group's trading subsidiaries including human resources, finance and accounting, insurance and IT.

Group development is overseen by an executive committee which comprises the Board and certain managing directors of subsidiary companies. This committee meets bi-monthly.

4.3 *Employees*

As at 30 September 2004, the Group had 203 employees. An analysis by function of these employees, including the Executive Directors, is set out below:

	<i>Number of employees</i>
Executive Directors	2
Fee earning employees	147
Administration	54
Total	<u>203</u>

4.4 *Employee equity involvement*

The Directors believe that the incentivisation and motivation of the Group's employees is of vital importance and that employees should be given the opportunity to participate and take a financial

interest in the Company. Empresaria currently has in place two types of incentive arrangements for its employees.

Minority interests

The principal way in which Empresaria incentivises its subsidiary management is through their ownership of minority interests in the Group's trading subsidiaries. As described in paragraph 2.2 above, the management of Empresaria's trading subsidiaries usually acquire or retain a minority interest in their business when it is set up or acquired by Empresaria. After a period of time, usually after five years, Empresaria may acquire these minority interests using a pre-agreed formula thus providing subsidiary management with a potential capital gain.

Nick Hall-Palmer, the Group Finance Director, has a number of small shareholdings in some of the Group's subsidiaries by virtue of investments made by him (on the same terms as the relevant subsidiaries' management teams) at the time that, or shortly after, these subsidiaries were started up. Further details of these shareholdings are set out in note 26 to the accountants' report on the Group in section A of Part III of this document.

It is the Board's intention to use alternative arrangements (such as share options or second generation subsidiary equity) to continue to allow subsidiary management teams to hold an equity interest in their respective businesses once their initial minority interests have been acquired by Empresaria.

Executive Equity Participation Plan

Empresaria operates an Executive Equity Participation Plan for its Directors and senior employees. Currently the participants are Tony Martin, Miles Hunt and Nick Hall-Palmer. Under the terms of the Executive Equity Participation Plan, participants may acquire Ordinary Shares using their own funds and place such shares in the Executive Equity Participation Plan or lodge Ordinary Shares already held by them in the Executive Equity Participation Plan. Under the plan, awards are made over matching shares in the form of nil cost options. The number of matching shares to be received by the participants will be based upon the Company's performance relative to certain performance criteria laid down by the remuneration committee.

Further details of the Executive Equity Participation Plan and the terms applying to awards made under the plan are set out in paragraph 6 of Part VI of this document. Details of the Directors' interests in the Executive Equity Participation Plan are set out in paragraph 5.5 of Part VI of this document.

The Company has no other share option schemes currently in place. However, the Directors intend to introduce a "Save As You Earn" option scheme for all employees in due course.

5. Summary financial information

5.1 *Trading record*

The table below, the contents of which have been derived from the accountants' report on the Group for the three years ended 31 December 2003 set out in section A of Part III of this document and the unaudited profit and loss account of the Group for the six months ended 30 June 2004 set out in the announcement of the Group's interim results for the six months ended 30 June 2004 set out in Part IV of this document, summarises the trading record of the Group for the three years ended 31 December 2003 and the six month period ended 30 June 2004:

	<i>Year ended 31 December</i>			<i>6 months</i>
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>ended 30 June</i>
	<i>audited</i>	<i>audited</i>	<i>audited</i>	<i>unaudited</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	18,938	22,902	29,367	20,917
Gross profit	8,273	8,603	10,589	6,209
Operating profit before exceptional items and amortisation of goodwill	527	927	1,234	591
Exceptional operating items	219	(134)	(144)	(33)
Earnings before interest, taxation and amortisation of goodwill	746	793	1,090	558
Amortisation of goodwill	(14)	(84)	(273)	(118)
Operating profit	732	709	817	440
Profit before taxation, exceptional items and amortisation of goodwill	487	830	1,113	440
Amortisation of goodwill	(14)	(84)	(273)	(118)
Exceptional operating items	219	(134)	(144)	(33)
Exceptional non operating items	-	(100)	(13)	15
Profit before taxation	692	512	683	304
Tax on profit on ordinary activities	(158)	(208)	(246)	(119)
Profit on ordinary activities after taxation	534	304	437	185
Minority equity interests	(178)	(155)	(163)	(92)
Profit on ordinary activities attributable to the members of Empresaria	356	149	274	93

The Group has grown its turnover and gross profits during the three years ended 31 December 2003. This growth has been due to organic growth within the Group's existing operations, investment in start-up businesses and, more recently, through acquisitions. During the three years ended 31 December 2003, the Group's gross margin percentage has declined as the Group has increased the proportion of its revenues from temporary/contract rather than permanent placements. Whilst temporary/contract placements are conducted at a lower gross margin, they provide the Group with greater revenue visibility. Currently approximately 85 per cent. of the Group's revenues are derived from temporary/contract placements and the Board anticipate that this proportion will increase in the future.

During the three years ended 31 December 2003, the Group's operating profit before exceptional items and amortisation of goodwill has increased on a compound basis by approximately 53 per cent. to £1.2 million. Over the same period, profit before taxation, exceptional items and amortisation of goodwill has grown on a compound basis by approximately 51 per cent. to £1.1 million.

Both FastTrack and Reflex HR were acquired by the Group after 31 December 2003. Consequently, their financial performance is not reflected in the trading record to 31 December 2003 shown in the table above. Detailed financial information on FastTrack and Reflex HR is set out in sections B and C of Part III of this document respectively.

During the six months ended 30 June 2004, the Group's turnover increased by approximately 56 per cent. to £20.9 million (30 June 2003: £13.5 million) and gross profit increased by approximately 18 per cent. to £6.2 million (30 June 2003: £5.3 million). Profit before taxation, exceptional items and

amortisation of goodwill was £0.4 million (30 June 2003: £0.5 million) which was lower than in the same period in the previous year but in line with the Board's expectations and reflects a significant investment by the Group in developing its existing recruitment operations and branch networks. The Directors anticipate that the benefits of this investment will be seen during the second half of the current financial year and in the year ending 31 December 2005.

Empresaria announced its interim results for the six months ended 30 June 2004 on 29 September 2004, the full text of which is set out in Part IV of this document.

5.2 *Pro forma statement of net assets*

Following the Placing, the unaudited pro forma net assets of the Group as at 30 June 2004 were £7.1 million. This is based on the consolidated net assets of Empresaria as at 30 June 2004 of £4.7 million, as set out in the announcement of the Group's unaudited interim results for the six months ended 30 June 2004 in Part IV of this document, adjusted for the acquisition of Reflex HR, the proceeds of the issue of 1,800,000 Old Shares to Tony Martin in July 2004 and the net proceeds of the Placing, being approximately £1.9 million.

The pro forma unaudited statement of net assets of the Group following Admission is set out in Part V of this document.

5.3 *Current trading and prospects*

The Directors believe that the outlook for the recruitment industry in the UK for the rest of the current year is positive.

The financial services recruitment market upturn experienced by the Group since the end of the last financial year has created a momentum, which has been maintained in the second half of 2004. The Group's driving and construction/property services markets have been less buoyant than anticipated during the current year but are now both showing signs of increased activity, and the Board believes that they should expect a strong final quarter. All other areas of the business are trading in line with the Board's expectations, and the Directors believe the Group is well positioned to take advantage of the improving trading conditions within its sectors.

The Directors believe that a number of opportunities exist either to invest in further start-up businesses or to acquire complementary businesses in order to progress Empresaria's development in the UK and selective international markets. Accordingly, the Directors view the future with confidence. The Group continues to invest in its existing recruitment operations and the Board believes that the Group will see the benefits of this investment during the rest of 2004 and in the year ending 31 December 2005.

5.4 *Financial controls*

The finance function of the Group is headed by the Group Finance Director, Nick Hall-Palmer. The key financial controls employed by the Group are summarised below:

- (i) Individual budgets and business plans of the Group's subsidiaries are approved by the boards of those subsidiaries together with the Executive Directors. These subsidiary budgets and business plans are consolidated to produce a Group budget and business plan which is approved by the Board. The performance of each subsidiary against the budget is monitored on a monthly basis and significant variances against budget are thoroughly investigated and appropriate action is taken where necessary.
- (ii) The Board meets every two months to review the financial performance of the Group. Executive members of the Board meet formally with subsidiary management on a regular basis to review business performance and to address operational and strategic issues.
- (iii) There exists within the Group appropriate levels of delegated authority covering the key areas of the Group's operations.

All of these procedures will continue following Admission.

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.

5.5 *Dividend policy*

The Placing Shares and the Sale Shares will rank in full for all dividends or other distributions declared, made or paid in respect of the ordinary share capital of the Company after Admission.

To date, the Board has only proposed a final dividend each year, which has been paid in August the following year. The Directors review the structure of the Company's dividend policy and the amount of any dividend payable on an annual basis. For the year ended 31 December 2003, the Company paid a final dividend of 0.15p per Old Share (equivalent to 0.375p per Ordinary Share).

6. Reasons for Admission and the Placing

The Directors believe that listing on AiM will enable Empresaria to provide further incentivisation to both existing and prospective subsidiary managers which is fundamental to the Group's philosophy of management equity. Admission will also allow the Company to issue its Ordinary Shares as consideration for future acquisitions. The Directors also believe that a listing on AiM will enhance Empresaria's credibility and profile.

The placing of the New Ordinary Shares will raise approximately £1.9 million, net of expenses, for the Company. These net proceeds will help the Group to implement its strategy of investing in start-up businesses and making acquisitions in the UK and selective international markets, as well as providing the Group with improved working capital facilities. The Placing will also enable the Company to broaden its shareholder base and is anticipated to increase the liquidity of the Ordinary Shares. Part of the net proceeds available to the Company may initially be used to repay part of the Group's existing debt, with the balance being placed on deposit.

7. The Placing

The Company, the Directors and Baird have today entered into the Placing Agreement pursuant to which Baird has agreed, subject to the fulfilment of certain conditions, to use its reasonable endeavours to procure subscribers for or, failing which, itself to subscribe for the New Ordinary Shares at the Placing Price.

In addition, the Selling Shareholders, the Company and Baird have today entered into the Selling Shareholder Agreement pursuant to which Baird has agreed, subject to the fulfilment of certain conditions, to use its reasonable endeavours to procure purchasers for or, failing which, itself to purchase the Sale Shares. The Sale Shares will be sold with all rights (including the benefit of all dividends and distributions) attaching to the Sale Shares as at Admission.

The 4,712,153 Placing Shares represent 23.6 per cent. of the Company's enlarged issued share capital. The Placing comprises the issue of the New Ordinary Shares, to raise approximately £1.9 million (net of expenses) for the Company, and the sale of the Sale Shares. The Sale Shares represent 5.4 per cent. of the issued share capital of the Company immediately prior to allotment of the New Ordinary Shares. Of the Sale Shares, 704,000 Sale Shares are being sold by the Directors. The Directors' interests immediately following Admission will amount, in aggregate, to 31.2 per cent. of the enlarged issued share capital of the Company.

The Placing Shares are being placed by Baird at the Placing Price with institutional and other investors in the UK. The Placing has been fully underwritten by Baird.

The Placing Agreement and the Selling Shareholder Agreement contain provisions entitling Baird to terminate the Placing Agreement in certain circumstances prior to Admission (including an event of force majeure). If this right is exercised, the Placing Agreement and the Selling Shareholder Agreement will lapse and any monies received in respect of the Placing will be returned to placees without interest. The Placing Agreement also contains warranties from the Company and the Directors and an indemnity from the Company and the Executive Directors of the Company in favour of Baird.

Further details of the terms of the Placing Agreement and the Selling Shareholder Agreement are set out in paragraphs 9(d) and 9(e) of Part VI of this document respectively.

8. Orderly marketing arrangements

Each of the Directors who holds shares in the Company has undertaken to Baird that he will not, and he will procure that persons connected to him who hold shares in the Company will not, subject to certain limited exceptions (such as in the event of a takeover offer for the Company), dispose of any Ordinary Shares or any interest therein held immediately following the Placing for the period of 12 months from Admission (the "Restricted Period"). In addition, each of the Directors has agreed that, for the period of 12 months after the Restricted Period, he and persons connected to him will only dispose of Ordinary Shares which they hold immediately following the Placing through Baird, providing that Baird remains the Company's broker.

Pursuant to an agreement dated 28 October 2004, the shareholders (other than Tim Sheffield) of Sheffield Haworth Limited, a company controlled by Tim Sheffield, have undertaken to Baird that they will not, and each of them will procure that persons connected to such shareholder who hold shares in the Company will not, dispose of any interest in the 2,079,688 Ordinary Shares which they will hold following the Placing (representing in aggregate 10.4 per cent. of the enlarged issued ordinary share capital of the Company) for the same period and otherwise on the same terms, and subject to the same exceptions, as the Directors have agreed in the Placing Agreement.

9. Admission

It is expected that Admission will take place, and that dealings on AiM will commence, on 3 November 2004. CREST accounts are expected to be credited on 3 November 2004 and definitive share certificates (as appropriate) will be despatched as soon as practicable thereafter and, in any event, by 10 November 2004.

10. CREST

All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued. The Company has applied for the Ordinary Shares to be admitted to CREST. CREST is a paperless settlement system which allows for the transfer of shares electronically in uncertificated form. The Articles of the Company allow the holding and transfer of Ordinary Shares under the CREST system and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, on the date of Admission. However, CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

PART II

Risk Factors

An investment in Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below, prior to making any investment decision. The information below does not purport to be an exhaustive list or summary of the risks which the Group may encounter and is not set out in any particular order of priority. Investors and prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and the financial resources available to them.

The Group's business, financial condition or operating results could be materially and adversely affected by any of the risks described below. In such circumstances, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group.

Risks relating to the Group's business

Growth strategy

Empresaria's growth strategy includes the investment in start-up businesses and the making of strategic acquisitions. Such a strategy brings with it certain risks. A start-up business, by its nature, does not possess a proven track record in generating revenues and profits. Failure to overcome these risks and to improve the operating performance of start-up businesses and acquired businesses may have an adverse effect on the results and prospects of the Group.

Furthermore, an upturn in the market in which the Group operates is likely to result in an increasing number of competing buyers, some of whom may have greater financial and other resources, and this may have the effect of increasing the price which the Group needs to pay for acquisitions in the future. There is no certainty that the Group will be able to identify and acquire suitable businesses on acceptable terms and conditions.

Management of growth

The ability of the Group to implement its growth strategy requires effective planning and management control systems. The Group's growth plans may place a significant strain on the Group's management, operational, financial and personnel resources. Therefore the Group's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

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. Such key employees could leave the Group for a variety of reasons, including to go and work for one of the Group's competitors.

The Group has in place key man insurance in respect of Miles Hunt. The Group intends to put in place key man insurance policies in respect of certain other of the Group's key employees following Admission.

The need for additional capital in the future

Empresaria's capital requirements depend on numerous factors, including its ability to maintain and expand its existing business and capitalise on potential start-up businesses and acquisition opportunities. It is difficult for the Directors to predict the timing and amount of the Group's capital requirements with accuracy. If its capital requirements vary materially from its plans, the Company may require further financing in addition to amounts raised in the Placing. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on Empresaria's financing and operating activities. If Empresaria is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Current operating results as an indication of future results

The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with the Group's results to date as an indication of future performance. Factors that may affect the Group's operating results include increased competition, an increased level of costs and expenses as it continues to expand its services, increased employment costs as the market in which the Group operates improves, slower than expected take-up by customers of its services and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Group's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Company's shares may decline significantly.

Tax

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. The taxation of an investment in the Company depends on the individual circumstances of investors.

In common with other businesses operating in the staffing market, the Group places staff who operate through composite companies. Employees of composite companies benefit from paying lower rates of taxation as well as reduced employee national insurance contributions (NIC). The Directors believe that the Group has complied with the relevant Inland Revenue requirements relating to the use of composite companies. Such composite company arrangements are not without risks however. A successful challenge by the Inland Revenue to such arrangements under current law, or if future changes to UK taxation legislation are made, could result in staffing companies (including Empresaria) having to pay an increased amount of PAYE and incur liability for employees' and employers' NIC and this would increase the costs to the Group.

In addition, it is possible that the Group may be liable to account for PAYE and NIC on its acquisitions of minority interests in its subsidiaries. Under current Inland Revenue practice this is unlikely, but such practice could change in the future. The Group seeks to obtain indemnities from employee shareholders in respect of all share transactions and associated PAYE/NIC risks referred to above. Such indemnities would seek to limit the Group's exposure to employer's NIC only.

Risks relating to the Group's markets

Competitive environment

The Directors intend to continue to invest in the growth opportunities which they perceive to exist in the Group's markets. However, the UK and overseas recruitment markets are competitive and the Group may face significant competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Group and who may be able to provide better services, adopt more aggressive pricing policies or pay higher prices to acquire businesses. There is no assurance that the Group will be able to compete successfully in such an environment.

Overseas expansion

The Directors intend to utilise part of the proceeds from the Placing to implement Empresaria's strategy to expand the Group's operations overseas. To date, this has only involved the investment in a start-up business

in Japan (see paragraph 2.1 in Part I of this document). There can be no certainty that this investment in Japan will realise any return for the Company and its shareholders in the future. In addition, the Board is looking at other investment and/or acquisition opportunities in overseas markets and potential investors should be aware that there can be no guarantee that the Group will identify suitable investment and/or acquisition opportunities or that such investment and/or acquisition opportunities will realise any return for the Company and its shareholders.

Risks relating to the Placing

AiM

AiM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AiM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Share price volatility

The share price of publicly traded companies can be highly volatile. The price at which the Ordinary Shares will be issued and sold in the Placing and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the recruitment sector or quoted companies generally. These factors could include large purchases or sales of shares, currency fluctuations and general economic conditions.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following expiry of the Restricted Period, as detailed in paragraph 8 of Part I of this document, or the perception that these sales could occur, or otherwise.

PART III

Financial Information on the Group

A. ACCOUNTANTS' REPORT ON THE GROUP

Deloitte.

Deloitte & Touche LLP
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

The Directors
Empresaria Group plc
1 Peveril Court
6-8 London Road
Crawley
RH10 8JE

The Directors
Robert W. Baird Limited
Mint House
77 Mansell Street
London
E1 8AF

28 October 2004

Dear Sirs

Empresaria Group plc (“the Company”) and its subsidiaries (“the Group”)

We report on the financial information of the Group set out below. This financial information has been prepared for inclusion in the Prospectus (“the Investment Circular”) dated 28 October 2004 relating to the proposed admission to AiM of the Company.

Basis of preparation

The financial information set out in this report, which has been prepared in accordance with applicable United Kingdom generally accepted accounting principles, is based on the audited consolidated financial statements of the Company for the three years ended 31 December 2003 to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of the Company are responsible for the contents of the Investment Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of

evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by our predecessor firm, Deloitte & Touche, who audited the financial statements for the year ended 31 December 2002 and by us relating to the audit of the financial statements for the year ended 31 December 2003, and that recorded by the auditors who audited the financial statements for the year ended 31 December 2001, which together comprise the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits for the years then ended.

We consent to the inclusion in the Investment Circular of this report and accept responsibility for this report for the purposes of paragraph 45 (1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<i>Year ended 31 December</i>		
	<i>Note</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
TURNOVER	2			
Existing operations		17,827	21,845	27,132
Acquisitions		–	–	1,402
Continuing operations		17,827	21,845	28,534
Discontinued operations		1,111	1,057	833
Total turnover	3	18,938	22,902	29,367
Cost of sales	3	(10,665)	(14,299)	(18,778)
GROSS PROFIT		8,273	8,603	10,589
Administrative expenses – normal		(7,760)	(7,760)	(9,628)
– exceptional	6	219	(134)	(144)
Total administrative expenses	3	(7,541)	(7,894)	(9,772)
OPERATING PROFIT/(LOSS)	6			
Existing operations		868	773	696
Acquisitions		–	–	171
Continuing operations		868	773	867
Discontinued operations		(136)	(64)	(50)
Total operating profit	3	732	709	817
Loss on disposal of unlisted investments		(7)	–	–
Interest receivable and similar income	7	101	55	62
Interest payable and similar charges	8	(134)	(252)	(196)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		692	512	683
Tax on profit on ordinary activities	9	(158)	(208)	(246)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		534	304	437
Minority equity interests		(178)	(155)	(163)
PROFIT ON ORDINARY ACTIVITIES ATTRIBUTABLE TO THE MEMBERS OF EMPRESARIA GROUP PLC		356	149	274
Equity dividends proposed	10	–	(37)	(56)
Retained profit for the year transferred to reserves	18	356	112	218
Earnings per share (pence)				
Basic and diluted	22	1.06	0.40	0.74

There were no recognised gains and losses for any of the three years other than as stated above.

CONSOLIDATED BALANCE SHEETS

	Note	Year ended 31 December		
		2001 £'000	2002 £'000	2003 £'000
FIXED ASSETS				
Intangible assets	11	1,043	1,544	3,014
Tangible assets	12	318	257	283
		<u>1,361</u>	<u>1,801</u>	<u>3,297</u>
CURRENT ASSETS				
Debtors	14	4,261	5,261	5,232
Cash at bank and in hand		576	2,187	1,008
		<u>4,837</u>	<u>7,448</u>	<u>6,240</u>
CREDITORS: amounts falling due within one year	15	<u>(3,283)</u>	<u>(5,362)</u>	<u>(4,370)</u>
NET CURRENT ASSETS		<u>1,554</u>	<u>2,086</u>	<u>1,870</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,915	3,887	5,167
CREDITORS: amounts falling due after more than one year (including convertible debt)	16	<u>(219)</u>	<u>(99)</u>	<u>(810)</u>
NET ASSETS		<u>2,696</u>	<u>3,788</u>	<u>4,357</u>
CAPITAL AND RESERVES				
Called up share capital	17	672	734	751
Share premium account	18	686	1,540	1,668
Profit and loss account	18	636	748	966
EQUITY SHAREHOLDERS' FUNDS	19	<u>1,994</u>	<u>3,022</u>	<u>3,385</u>
Minority interests				
Equity interest		702	766	972
		<u>2,696</u>	<u>3,788</u>	<u>4,357</u>

CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended 31 December		
		2001 £'000	2002 £'000	2003 £'000
Net cash inflow from operating activities	1	391	241	1,997
Returns on investments and servicing of finance				
Interest received		101	37	12
Interest paid		(134)	(152)	(183)
Dividends paid to minority shareholders in subsidiary undertakings		(16)	(15)	–
Net cash outflow from returns on investments and servicing of finance		(49)	(130)	(171)
Taxation – tax paid		(251)	(243)	(286)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(309)	(198)	(224)
Acquisitions and disposals				
Purchase of subsidiary undertakings		(292)	–	–
Net overdrafts acquired with subsidiaries		(148)	–	–
Sale of shares in subsidiaries		2	–	–
Purchase of businesses		–	–	(1,677)
Net cash outflow from acquisitions and disposals		(438)	–	(1,677)
Equity dividends paid		–	–	(37)
Net cash outflow before financing		(656)	(330)	(398)
Financing				
Issue of new loan stock		–	35	35
Raising of long term loan		–	–	1,200
Repayment of loan		–	–	(197)
(Decrease)/increase in factoring balances		421	419	(304)
Capital elements of hire purchase contracts		(8)	(13)	(15)
Net cash inflow from financing		413	441	719
Increase/(decrease) in cash in the year	2	(243)	111	321

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2002 £'000	2003 £'000
Operating profit	732	709	817
Depreciation of tangible assets	295	259	235
Loss on disposal of tangible fixed assets	21	–	3
Loss on disposal of intangible fixed assets	–	–	17
Amortisation of goodwill	14	84	273
Write off of goodwill	(219)	–	–
(Increase)/decrease in debtors	(1,186)	(1,000)	83
Increase in creditors	734	189	569
Net cash inflow from operating activities	<u>391</u>	<u>241</u>	<u>1,997</u>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £'000	2002 £'000	2003 £'000
(Decrease)/increase in cash in the year	(243)	111	321
Cash inflow from increase in debt	(413)	(441)	(719)
Change in net debt resulting from cash flows	(656)	(330)	(398)
Conversion and cancellation of loan stock	–	149	97
Movement in net debt	(656)	(181)	(301)
Opening net debt	(148)	(804)	(985)
Closing net debt	<u>(804)</u>	<u>(985)</u>	<u>(1,286)</u>

3. ANALYSIS OF NET DEBT

	<i>1 January</i> 2003 £'000	<i>Cash flow</i> £'000	<i>Other non-cash changes</i> £'000	<i>31 December</i> 2003 £'000
Cash at bank and in hand	2,187	(1,179)	–	1,008
Overdraft	(1,500)	1,500	–	–
	<u>687</u>	<u>321</u>	<u>–</u>	<u>1,008</u>
Amounts owed to factors	(1,561)	304	–	(1,257)
Loan stock	(94)	(35)	97	(32)
Finance leases	(17)	15	–	(2)
Long term loans	–	(1,003)	–	(1,003)
	<u>(985)</u>	<u>(398)</u>	<u>97</u>	<u>(1,286)</u>

3. ANALYSIS OF NET DEBT (continued)

	<i>1 January</i> <i>2002</i> <i>£'000</i>	<i>Cash flow</i> <i>£'000</i>	<i>Other</i> <i>non-cash</i> <i>changes</i> <i>£'000</i>	<i>31 December</i> <i>2002</i> <i>£'000</i>
Cash at bank and in hand	576	1,611	–	2,187
Overdraft	–	(1,500)	–	(1,500)
	<u>576</u>	<u>111</u>	<u>–</u>	<u>687</u>
Amounts owed to factors	(1,142)	(419)	–	(1,561)
Loan stock	(208)	(35)	149	(94)
Finance leases	(30)	13	–	(17)
	<u>(804)</u>	<u>(330)</u>	<u>149</u>	<u>(985)</u>

	<i>1 January</i> <i>2001</i> <i>£'000</i>	<i>Cash flow</i> <i>£'000</i>	<i>Other</i> <i>non-cash</i> <i>changes</i> <i>£'000</i>	<i>31 December</i> <i>2001</i> <i>£'000</i>
Net cash:				
Cash at bank and in hand	819	(243)	–	576
Amounts owed to factors	(721)	(421)	–	(1,142)
Loan stock	(252)	44	–	(208)
Finance leases	(9)	8	(29)	(30)
	<u>(163)</u>	<u>(612)</u>	<u>(29)</u>	<u>(804)</u>

4. ACQUISITIONS

Acquisitions during the year ended 31 December 2003 contributed £194,000 to the Group's net operating cash flows, paid £73,000 in respect of returns on investments and servicing of finance and utilised £15,000 for capital expenditure.

Acquisitions during the year ended 31 December 2001 reduced the Group's net operating cash flows by £21,000, paid £23,000 in respect of returns on investments and servicing of finance and utilised £9,000 for capital expenditure.

5. NON-CASH TRANSACTIONS

During the year ended 31 December 2002, the Group increased its holding in two subsidiary companies, Mansion House Executive Limited and Greycoat Placements Limited. Consideration for the acquisitions was the issue of shares in Empresaria Group plc (see note 17).

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2003, 2002 and 2001. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group transactions and profits are eliminated fully on consolidation.

Turnover

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

Goodwill

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

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold property	over the term of the lease
Fixtures, fittings and equipment	over 1 to 2 years
Motor vehicles	over 5 years

Investments

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

Deferred taxation

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

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

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

1. ACCOUNTING POLICIES (continued)

Pension costs

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

2. TURNOVER

The turnover and pre-tax profit of the Group, all of which arises in the United Kingdom, is attributable to one activity.

3. ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS

	2001	2001	2001	2002	2002	2002	2003	2003	2003
	<i>Continuing</i>	<i>Discont.</i>	<i>Total</i>	<i>Continuing</i>	<i>Discont.</i>	<i>Total</i>	<i>Continuing</i>	<i>Discont.</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	17,827	1,111	18,938	21,845	1,057	22,902	28,534	833	29,367
Cost of sales	(10,285)	(380)	(10,665)	(13,952)	(347)	(14,299)	(18,299)	(479)	(18,778)
Gross profit	7,542	731	8,273	7,893	710	8,603	10,235	354	10,589
Administrative expenses	(6,674)	(867)	(7,541)	(7,120)	(774)	(7,894)	(9,368)	(404)	(9,772)
Operating profit/(loss)	868	(136)	732	773	(64)	709	867	(50)	817

The amounts for 2003 for continuing operations include the following amounts in relation to acquisitions: turnover £1,402,000, cost of sales £nil, administrative expenses £1,231,000 and operating profit £171,000.

The amounts for 2001 for continuing operations include the following amounts in relation to acquisitions: turnover £1,602,000, cost of sales £1,039,000, administrative expenses £480,000 and operating profit £83,000.

4. ACQUISITIONS

On 1 January 2003 the Group, through a subsidiary company, acquired the McCall business. The following table sets out the assets acquired. No fair value adjustments were necessary following a review of the assets acquired.

	£'000
Tangible fixed assets	40
Goodwill	1,460
	<hr/>
	1,500
	<hr/>
Satisfied by – cash consideration	1,500

Due to the fact that the McCall business was included in a partnership which did not prepare statutory accounts, it is not possible to disclose the summarised profit and loss account for the year ended 31 December 2002.

Also, on 1 November 2003 the Group, through a subsidiary company, acquired the Hadleigh Sales Link business. The Group acquired goodwill of £75,000 for cash consideration of £60,000 and deferred consideration recorded as £15,000, but which could be up to £30,000 depending on the performance of the business. No fair value adjustments have been made. The business achieved a profit after taxation and minority interests of £84,000 for the year ended 31 October 2003 (2002 – £24,000).

On 1 July 2001 the Group acquired MC² Management Consulting Limited. The following table sets out the assets and liabilities acquired. No fair value adjustments were necessary following a review of the assets acquired.

4. ACQUISITIONS (continued)

	<i>£'000</i>
Intangible fixed assets	432
Fixed assets	90
Debtors	605
Creditors	(788)
Bank overdraft	(148)
Loans and finance leases	(29)
	<hr/>
	162
Goodwill on acquisition	137
Minority share of net assets on acquisition	(69)
	<hr/>
	230
Satisfied by – cash consideration	226
– shares issued	4
	<hr/>
	230

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Directors' remuneration			
Emoluments for qualifying services	161	187	196
Company pension contributions to money purchase scheme	4	8	8
	<hr/>	<hr/>	<hr/>
	165	195	204

The number of directors accruing benefits under money purchase pension scheme arrangements was 2 (2002 – 2, 2001 – 2).

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Average monthly number of persons employed (including directors)			
Sales and distribution	129	154	161
	<hr/>	<hr/>	<hr/>
	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs during the year (including directors)			
Wages and salaries	5,236	6,544	7,841
Social security costs	466	573	606
Pension costs	24	37	20
	<hr/>	<hr/>	<hr/>
	5,726	7,154	8,467

6. OPERATING PROFIT

	2001 £'000	2002 £'000	2003 £'000
Operating profit is after charging:			
Depreciation of tangible assets – owned assets	295	259	235
Loss on sale of tangible fixed assets	21	–	3
Loss on sale of intangible fixed assets	–	–	17
Operating lease charges – land and buildings	567	534	615
Amortisation of goodwill	14	84	273
Exceptional write back of negative goodwill	(219)	–	–
Exceptional legal and professional costs	–	134	45
Exceptional redundancy costs	–	–	99
Auditors' remuneration			
Audit fees	35	50	48
Other services	13	15	26
	<u> </u>	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £'000	2002 £'000	2003 £'000
Bank interest	101	55	62
	<u> </u>	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2002 £'000	2003 £'000
On amounts payable to factors	105	149	90
Bank loans and overdrafts	23	–	92
Finance leases and hire purchase contracts	6	3	1
Exceptional loss arising on the deemed partial disposal of subsidiaries following conversion of convertible debt	–	100	13
	<u> </u>	<u> </u>	<u> </u>
	134	252	196

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

	2001 £'000	2002 £'000	2003 £'000
Current tax			
United Kingdom corporation tax at 30% (2002 – 30%, 2001 – 30%) based on the profit for the year	199	284	307
Adjustments in respect of prior periods	(20)	(60)	(2)
Total current tax	<u>179</u>	<u>224</u>	<u>305</u>
Deferred tax			
Timing differences, origination and reversal	(21)	(16)	(59)
	<u>158</u>	<u>208</u>	<u>246</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher/lower than that resulting from applying the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2001 £'000	2002 £'000	2003 £'000
Profit on ordinary activities before taxation	<u>692</u>	<u>512</u>	<u>683</u>
Tax on profit on ordinary activities at standard rate	208	154	205
Effects of:			
Disallowed expenses and non-taxable income	(47)	90	90
Capital allowances in excess of depreciation	40	27	3
Utilisation of tax losses	(20)	(5)	14
Movement in short term timing differences	2	(2)	–
Deferred tax asset not recognised in respect of losses	7	20	–
Other	9	–	(5)
Adjustments to tax charge in respect of previous periods	(20)	(60)	(2)
Total actual amount of current tax	<u>179</u>	<u>224</u>	<u>305</u>

As at 31 December 2003, trading losses available to carry forward in subsidiary undertakings total £106,000.

10. EQUITY DIVIDENDS PROPOSED

	<i>2001</i> £'000	<i>2002</i> £'000	<i>2003</i> £'000
Final proposed – 0.15p per ordinary share (2002 – 0.1p, 2001 – nil)	–	37	56

11. INTANGIBLE FIXED ASSETS

	<i>Positive goodwill</i> £'000	<i>Negative goodwill</i> £'000	<i>Total</i> £'000
Cost			
At 1 January 2001	674	(401)	273
Additions	583	–	583
At 31 December 2001	1,257	(401)	856
Additions	585	–	585
At 31 December 2002	1,842	(401)	1,441
Additions	1,760	–	1,760
Disposals	(20)	–	(20)
At 31 December 2003	3,582	(401)	3,181
Amortisation			
At 1 January 2001	55	(37)	18
Charge for the year	37	(23)	14
Goodwill written off	122	(341)	(219)
At 31 December 2001	214	(401)	(187)
Charge for the year	84	–	84
At 31 December 2002	298	(401)	(103)
Charge for the year	273	–	273
Disposal	(3)	–	(3)
At 31 December 2003	568	(401)	167
Net book value			
At 31 December 2003	3,014	–	3,014
At 31 December 2002	1,544	–	1,544
At 31 December 2001	1,043	–	1,043

12. TANGIBLE FIXED ASSETS

	<i>Leasehold property £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost				
At 1 January 2001	15	531	36	582
Additions	25	374	–	399
Disposals	–	(36)	–	(36)
At 31 December 2001	40	869	36	945
Additions	–	198	–	198
At 31 December 2002	40	1,067	36	1,143
Acquisitions (see note 4)	–	40	–	40
Additions	–	224	–	224
Disposals	–	(25)	(34)	(59)
At 31 December 2003	40	1,306	2	1,348
Accumulated depreciation				
At 1 January 2001	11	332	3	346
On disposal	–	(14)	–	(14)
Charge for the year	2	287	6	295
At 31 December 2001	13	605	9	627
Additions	4	243	12	259
Disposals				
At 31 December 2002	17	848	21	886
Charge for the year	2	222	11	235
Disposals	–	(24)	(32)	(56)
At 31 December 2003	19	1,046	–	1,065
Net book value				
At 31 December 2003	21	260	2	283
At 31 December 2002	23	219	15	257
At 31 December 2001	27	264	27	318

13. INVESTMENTS HELD AS FIXED ASSETS

As at 31 December 2003, the Company held shares in the following principal subsidiary companies:

<i>Company</i>	<i>Share held Class</i>	<i>%</i>	<i>Nature of business</i>
Financial Service Sector			
Mansion House Executive Limited	"A&B" Ordinary	100	Recruitment consultants
Lindsey Morgan Associates Limited	"A" Ordinary	54	Recruitment consultants
Lime Street Recruitment Limited	"A" Ordinary	58	Recruitment consultants
Supply Chain Sector			
DriveLink (South East) Limited	"A&B" Ordinary	56	Recruitment consultants
DriveLink (London) Limited	"A" Ordinary	63	Recruitment consultants
MVP (Search & Selection) Limited	"A" Ordinary	67	Recruitment consultants
Drivelink (Midlands) Limited	"A&B" Ordinary	72	Recruitment consultants
Construction and Property Services Sector			
Technical and Management Resources Limited	"A&B" Ordinary	81	Recruitment consultants
TMR Bristol Limited	"A&B" Ordinary	100	Recruitment consultants
TMR Midlands Limited	"A" Ordinary	65	Recruitment consultants
Teamsales Limited	"A&B" Ordinary	80	Recruitment consultants
MC ² Management Consulting Limited	"A" Ordinary	78	Recruitment consultants
Public Services Sector			
Healthcare First Limited	"A" Ordinary	54	Recruitment consultants
Social Work Associates Limited	"A" Ordinary	59	Recruitment consultants
Specialist Brands Sector			
Alanti Limited	"A&B" Ordinary	100	Recruitment consultants
Greycoat Placements Limited	"A&B" Ordinary	91	Recruitment consultants
McCall Limited	"A&B" Ordinary	58	Recruitment consultants

All companies are incorporated in Great Britain and are registered in England and Wales. All companies operate in the United Kingdom.

14. DEBTORS

	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Trade debtors	3,582	4,371	4,038
Other debtors	363	532	723
Prepayments and accrued income	316	358	471
	<u>4,261</u>	<u>5,261</u>	<u>5,232</u>

The trade debtors balance above includes factored debts of £3,370,000 (2002 – £3,708,000, 2001 – £2,949,000).

Included in other debtors is a deferred tax asset of £122,000 (2002 – £68,000, 2001 – £52,000) for the Group. This comprises £88,000 (2002 – £66,000, 2001 – £52,000) in respect of timing differences arising on the excess of depreciation over capital allowances, and £34,000 (2002 – £2,000, 2001 – £nil) in respect of trading losses and other short term timing differences.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans and overdrafts (note 16)	–	1,500	225
Amounts owed to factors	1,142	1,561	1,257
Net obligations under finance lease and hire			
purchase contracts	19	12	2
Trade creditors	72	114	373
Current corporation tax	165	130	149
Other taxes and social security	1,089	1,201	1,436
Other creditors	88	230	181
Accruals and deferred income	708	577	691
Proposed dividend	–	37	56
	<u>3,283</u>	<u>5,362</u>	<u>4,370</u>

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

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans	–	–	778
Net obligations under finance lease and hire			
purchase contracts	11	5	–
Loan stock	208	94	32
	<u>219</u>	<u>99</u>	<u>810</u>

The bank loan is secured by a first fixed charge over all book and other debts given by the Company and its subsidiaries.

The loan stock is convertible, redeemable, interest free and unsecured. It may be converted at the holder's option into fully paid "B" ordinary shares of 1p each in subsidiary companies at times between 1 January 2008 to 31 December 2012. If the loan stock is not converted it will be redeemable at par at times between 1 January 2008 to 31 December 2012.

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance lease and hire			
purchase contracts			
Repayable within one year	19	12	2
Repayable between one and five years	11	5	–
	<u>30</u>	<u>17</u>	<u>2</u>
Bank loan			
Repayable within one year	–	–	225
Repayable between one and two years	–	–	238
Repayable between two and five years	–	–	540
	<u>–</u>	<u>–</u>	<u>1,003</u>

17. CALLED UP SHARE CAPITAL

	2001 £'000	2002 £'000	2003 £'000
Authorised			
75,000,000 ordinary shares of 2p each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Called up, allotted and fully paid			
37,537,892 ordinary shares of 2p each (2002 – 36,713,143, 2001 – 33,604,923)	<u>672</u>	<u>734</u>	<u>751</u>

During the year ended 31 December 2003, 824,749 ordinary shares of 2p each were issued for 17.5p each as consideration for an additional 18.9% investment in Technical and Management Resources Limited.

During the year ended 31 December 2002, 1,545,440 ordinary shares of 2p each were issued for 29.5p each as consideration for the remaining minority interest in Mansion House Executive Limited, and 1,562,780 ordinary shares of 2p each were issued for 29.5p each as consideration for an additional 40.2% investment in Greycoat Placements Limited.

During the year ended 31 December 2001, 6,732 ordinary shares of 2p each were issued for 59.4p each as part of the consideration for the acquisition of MC² Management Consulting Limited.

18. STATEMENT OF MOVEMENT ON RESERVES

	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>
Balance at 1 January 2001	682	280
Retained profit for the year	–	356
On issue of shares in the year (note 17)	4	–
Balance as at 31 December 2001	<u>686</u>	<u>636</u>
Balance at 1 January 2002	686	636
Retained profit for the year	–	112
On issue of shares in the year (note 17)	854	–
Balance at 31 December 2002	<u>1,540</u>	<u>748</u>
Balance at 1 January 2003	1,540	748
Retained profit for the year	–	218
On issue of shares in the year (note 17)	128	–
Balance at 31 December 2003	<u>1,668</u>	<u>966</u>

Included in share premium account is an amount of £854,000 (2002 – £854,000, 2001 – £nil) regarding premiums arising on shares issued subject to the provisions of section 131 of the Companies Act 1985.

19. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2001	2002	2003
	£'000	£'000	£'000
Profit for the financial year	356	149	274
Equity dividends proposed	–	(37)	(56)
Net proceeds from issue of shares	4	916	145
Net addition to equity shareholders' funds	360	1,028	363
Opening equity shareholders' funds	1,634	1,994	3,022
Closing equity shareholders' funds	1,994	3,022	3,385

20. FINANCIAL COMMITMENTS

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

	<i>Land and buildings</i>		
	2001	2002	2003
	£'000	£'000	£'000
Leases which expire:			
Within one year	311	456	160
Within one to two years	–	–	154
Within two to five years	83	–	117
After more than five years	–	–	88
	<u>394</u>	<u>456</u>	<u>519</u>

21. CONTINGENT LIABILITIES

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies. The Company and various of its subsidiaries are, from time to time, parties to claims and legal proceedings which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims, will have a material adverse effect upon the Group's financial position.

22. BASIC EARNINGS PER SHARE

	2001	2002	2003
	No.	No.	No.
Ordinary shares of 2p each (weighted average)	33,601,562	35,159,026	37,125,518
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Profit for the financial year	356	149	274

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

23. RELATED PARTY TRANSACTIONS

Intra group management charges and net interest charges, which have been removed on consolidation, amounted to £570,000 during the year ended 31 December 2003 (2002 – £540,000, 2001 – £464,348) and £173,000 during the year ended 31 December 2003 (2002 – £46,000, 2001 – £27,580) respectively.

The Group has made sales to and been charged costs (including non-executive director's fees) by Sheffield Haworth Limited, which was a shareholder in the Company at 31 December 2001, 2002 and 2003, in which a director also holds a substantial interest, as follows:

	2001	2002	2003
	£	£	£
Sales to related party	22	4,000	2,000
Purchases from related party	20,493	10,083	11,744

No amounts were owed to or by the related party at 31 December 2001, 2002 or 2003.

24. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

Details of the bank loans and loan stock are given in note 16 to the financial information and bank overdrafts and amounts advanced under factoring agreements are detailed in note 15 to the financial information. There are no material differences between the carrying and fair values of the Group's financial instruments.

At 31 December 2003, 31 December 2002 and 31 December 2001, the Company had no currency exposure. At 31 December 2003, the Group had undrawn committed borrowing facilities (expiring within one year) of £1,000,000 (2002 – £187,000, 2001 – £1,000,000).

The levels of undrawn available facilities were reduced at the year ended 31 December 2002 as a result of the placing of £1,500,000 on deposit with the Company's solicitors prior to the acquisition of McCall on 1 January 2003. Following the completion of the acquisition, the undrawn available facilities have returned to more normal levels.

During 2001, the Group did not have any derivatives, the only other financial instruments within the balance sheet (short term debtors and creditors are excluded) are bank loans and overdrafts, and loan stock.

25. POST BALANCE SHEET EVENTS

On 6 February 2004, the Group completed its 66% acquisition of FastTrack Management Services Limited for consideration made up of cash of £1million, shares of £100,000 and deferred consideration up to a maximum of £880,000.

Also on 6 February 2004 the Group acquired 66% of Bar 2 Limited for nominal consideration.

On 1 August 2004, the Group acquired the trade and assets of Reflex HR, an unincorporated entity, through its 90 per cent. owned subsidiary, Reflex HR Limited. The maximum consideration payable is £900,000 of which £168,000 is payable in shares dependent on future performance.

On 29 September 2004, the Group announced its intention to invest in a Japanese entity through a 50 per cent. owned UK subsidiary. The Group's investment will be capped at £300,000.

26. DIRECTORS' INTERESTS

In addition to the shareholdings in the Company disclosed in the directors' report, N C Hall-Palmer had the following interests in subsidiary companies as at 31 December:

	<i>Ordinary 'B' shares</i>			<i>Deferred shares</i>		
	<i>of £1 each</i>	<i>of 1p each</i>		<i>of £1 each</i>		
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Lindsey Morgan Associates Limited	1,500	1,500	1,500	–	500	500
Drivelink (South East) Limited	400	400	400	–	400	400
MVP (Search & Selection) Limited	–	1,000	1,011	–	–	–
TMR Bristol Limited	233	233	–	–	233	–
TMR Midlands Limited	–	–	500	–	–	–
Healthcare First Limited	–	–	485	–	–	–
MDA Recruitment Limited	250	250	276	–	250	250
Social Work Associates Limited	–	–	250	–	–	–

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

B. ACCOUNTANTS' REPORT ON FASTTRACK

Saffery Champness
CHARTERED ACCOUNTANTS

Saffery Champness
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WC1R 4GB

The Directors
Empresaria Group plc
1 Peveril Court
6-8 London Road
Crawley
West Sussex
RH10 8JE

The Directors
Robert W. Baird Limited
Mint House
77 Mansell Street
London
E1 8AF

28 October 2004

Dear Sirs

FastTrack Management Services (Central) Limited (“the Company”)

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the Prospectus (“the Investment Circular”) dated 28 October 2004 relating to the proposed admission to AiM of Empresaria Group plc.

Basis of preparation

The financial information set out in this report, which has been prepared in accordance with applicable United Kingdom generally accepted accounting principles, is based on the audited financial statements of the Company for the three years ended 31 December 2003 to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of Empresaria Group plc who approved their issue.

The directors of Empresaria Group plc are responsible for the contents of the Investment Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by Mercer & Hole, who audited the financial statements for the years ended 31 December 2001 and 31 December 2002 and by us relating to the audit of the financial statements for the year

ended 31 December 2003, which together comprise the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits for the years then ended.

We consent to the inclusion in the Investment Circular of this report and accept responsibility for this report for the purposes of paragraph 45 (1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

PROFIT AND LOSS ACCOUNT

		<i>Year ended 31 December</i>		
	<i>Note</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
TURNOVER	2	12,104	10,929	12,544
Cost of sales		(11,137)	(10,021)	(11,353)
GROSS PROFIT		<u>967</u>	<u>908</u>	<u>1,191</u>
Administrative expenses		(834)	(733)	(984)
OPERATING PROFIT	4	<u>133</u>	<u>175</u>	<u>207</u>
Interest payable and similar charges	5	(45)	(50)	(67)
PROFIT ON ORDINARY ACTIVITIES				
BEFORE TAXATION		88	125	140
Tax on profit on ordinary activities	6	(34)	(21)	(41)
PROFIT FOR THE FINANCIAL YEAR	13	<u>54</u>	<u>104</u>	<u>99</u>

There were no recognised gains and losses for any of the three years other than as stated above. There were no acquired or discontinued operations in any of the three years.

BALANCE SHEET

		<i>As at 31 December</i>		
	<i>Note</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
FIXED ASSETS				
Intangible assets	7	158	135	112
Tangible assets	8	27	15	15
		<u>185</u>	<u>150</u>	<u>127</u>
CURRENT ASSETS				
Debtors	9	820	1,768	1,868
Cash at bank and in hand		36	2	–
		<u>856</u>	<u>1,770</u>	<u>1,868</u>
CREDITORS: amounts falling due within one year	10	(900)	(1,678)	(1,653)
NET CURRENT (LIABILITIES)/ASSETS		<u>(44)</u>	<u>92</u>	<u>215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>141</u>	<u>242</u>	<u>342</u>
CREDITORS: amounts falling due after more than one year	11	(3)	–	(1)
NET ASSETS		<u>138</u>	<u>242</u>	<u>341</u>
CAPITAL AND RESERVES				
Called up share capital	12	–	–	–
Profit and loss account	13	138	242	341
EQUITY SHAREHOLDERS' FUNDS	14	<u>138</u>	<u>242</u>	<u>341</u>

CASH FLOW STATEMENT

	<i>Note</i>	<i>Year ended 31 December</i>		
		<i>2001</i>	<i>2002</i>	<i>2003</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash inflow from operating activities	1	103	8	137
Returns on investments and servicing of finance				
Interest paid		(45)	(50)	(67)
Taxation – tax paid		(14)	(25)	(35)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(5)	(7)	(11)
Receipts from sales of tangible assets		–	–	5
Net cash outflow for capital expenditure		<u>(5)</u>	<u>(7)</u>	<u>(6)</u>
Net cash inflow/(outflow) before financing		39	(74)	29
Financing				
Capital elements of hire purchase contracts		<u>(4)</u>	<u>(3)</u>	<u>(4)</u>
Increase/(decrease) in cash in the year		<u>35</u>	<u>(77)</u>	<u>25</u>

NOTES TO THE CASH FLOW STATEMENTS

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2002 £'000	2003 £'000
Operating profit	133	175	207
Depreciation of tangible assets	17	19	8
Loss on disposal of tangible fixed assets	–	–	–
Amortisation of goodwill	23	23	23
Decrease/(increase) in debtors	792	(948)	(100)
(Decrease)/increase in creditors	(862)	739	(1)
Net cash inflow from operating activities	<u>103</u>	<u>8</u>	<u>137</u>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £'000	2002 £'000	2003 £'000
Increase/(decrease) in cash in the year	35	(77)	25
Cash outflow from decrease in debt and lease financing	4	3	4
Change in net debt resulting from cash flows	39	(74)	29
New finance lease	–	–	(2)
Movement in net debt in year	39	(74)	27
Opening net (debt)/funds	(22)	17	(57)
Closing net funds/(debt)	<u>17</u>	<u>(57)</u>	<u>(30)</u>

3. ANALYSIS OF NET DEBT

	<i>1 January</i> 2003 £'000	<i>Cash flow</i> £'000	<i>Other non-cash changes</i> £'000	<i>31 December</i> 2003 £'000
Cash at bank and in hand	2	(2)	–	–
Overdraft	(56)	27	–	(29)
	<u>(54)</u>	<u>25</u>	<u>–</u>	<u>(29)</u>
Finance leases	(3)	4	(2)	(1)
	<u>(57)</u>	<u>29</u>	<u>(2)</u>	<u>(30)</u>

	<i>1 January</i> 2002 £'000	<i>Cash flow</i> £'000	<i>Other non-cash changes</i> £'000	<i>31 December</i> 2002 £'000
Cash at bank and in hand	36	(34)	–	2
Overdraft	(13)	(43)	–	(56)
	<u>23</u>	<u>(77)</u>	<u>–</u>	<u>(54)</u>
Finance leases	(6)	3	–	(3)
	<u>17</u>	<u>(74)</u>	<u>–</u>	<u>(57)</u>

3. ANALYSIS OF NET DEBT (continued)

	<i>1 January</i> <i>2001</i> <i>£'000</i>	<i>Cash flow</i> <i>£'000</i>	<i>Other</i> <i>non-cash</i> <i>changes</i> <i>£'000</i>	<i>31 December</i> <i>2001</i> <i>£'000</i>
Cash at bank and in hand	40	(4)	–	36
Overdraft	(52)	39	–	(13)
	<u>(12)</u>	<u>35</u>	<u>–</u>	<u>23</u>
Finance leases	(10)	4	–	(6)
	<u>(22)</u>	<u>39</u>	<u>–</u>	<u>17</u>

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

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

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which in the opinion of the director is ten years.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to leasehold property	straight line over the life of the lease (3 years)
Computer equipment	50% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

Deferred taxation

In accordance with FRS 19 deferred taxation is provided in full in respect of timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their estimated useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Average monthly number of persons employed			
Salaried staff	11	8	14
Sub-contractors	–	4	4
	<u>11</u>	<u>12</u>	<u>18</u>
	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs during the year (including directors)			
Wages and salaries	195	159	278
	<u>195</u>	<u>159</u>	<u>278</u>

4. OPERATING PROFIT

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating profit is after charging:			
Depreciation of tangible assets	17	19	8
Loss on sale of tangible fixed assets	–	–	–
Operating lease charges – land and buildings	16	21	22
Amortisation of goodwill	23	23	23
Auditors' remuneration – audit	3	3	6
– other services	7	2	–
	<u>76</u>	<u>78</u>	<u>59</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
On amounts payable to factors	45	50	67
	<u>45</u>	<u>50</u>	<u>67</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current tax			
United Kingdom corporation tax at 30% (2002 – 30%, 2001 – 28%) based on the profit for the year	35	31	38
Adjustments in respect of prior periods	(1)	(10)	3
Total current tax	<u>34</u>	<u>21</u>	<u>41</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK (30 per cent. for 2003 and 2002, 28 per cent. for 2001). The differences are explained below:

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit on ordinary activities before taxation	<u>88</u>	<u>125</u>	<u>140</u>
Tax on profit on ordinary activities at standard rate	25	38	42
Effects of:			
Disallowed expenses and non-taxable income	2	3	5
Capital allowances in excess of depreciation	8	9	7
Other	–	(19)	(16)
Adjustments to tax charge in respect of previous periods	(1)	(10)	3
Total actual amount of current tax	<u>34</u>	<u>21</u>	<u>41</u>

7. INTANGIBLE FIXED ASSETS

	<i>Positive goodwill £'000</i>
Cost	
At 1 January 2001 and at 31 December 2001, 2002 and 2003	233
Amortisation	
At 1 January 2001	52
Charge for the year	23
At 31 December 2001	75
Charge for the year	23
At 31 December 2002	98
Charge for the year	23
At 31 December 2003	121
Net book value	
At 31 December 2003	112
At 31 December 2002	135
At 31 December 2001	158

8. TANGIBLE FIXED ASSETS

	<i>Improvements to leasehold property £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
At 1 January 2001	–	40	5	13	58
Additions	–	4	1	–	5
At 31 December 2001	–	44	6	13	63
Additions	3	4	–	–	7
At 31 December 2002	3	48	6	13	70
Additions	3	7	3	–	13
Disposals	–	–	–	(13)	(13)
At 31 December 2003	6	55	9	–	70
Accumulated depreciation					
At 1 January 2001	–	16	3	–	19
Charge for the year	–	13	1	3	17
At 31 December 2001	–	29	4	3	36
Charge for the year	–	14	1	4	19
At 31 December 2002	–	43	5	7	55
Charge for the year	1	5	1	1	8
Disposals	–	–	–	(8)	(8)
At 31 December 2003	1	48	6	–	55
Net book value					
At 31 December 2003	5	7	3	–	15
At 31 December 2002	3	5	1	6	15
At 31 December 2001	–	15	2	10	27

The net book value of tangible fixed assets includes £1,000 (2002: £6,000; 2001: £10,000) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £1,000 (2002: £4,000; 2001: £2,000) for the year.

9. DEBTORS

	2001	2002	2003
	£'000	£'000	£'000
Trade debtors	812	1,717	1,823
Other debtors	8	51	45
	<u>820</u>	<u>1,768</u>	<u>1,868</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2002	2003
	£'000	£'000	£'000
Bank loans and overdrafts	13	56	29
Net obligations under finance lease and hire purchase contracts	3	3	–
Trade creditors	1	7	9
Current corporation tax	35	32	38
Other taxes and social security	333	233	98
Other creditors	515	1,325	1,376
Accruals and deferred income	–	22	103
	<u>900</u>	<u>1,678</u>	<u>1,653</u>

Bank overdrafts amounting to £29,000 (2002: £56,000; 2001: £13,000) are secured by way of an all asset debenture which utilises a fixed charge on all assets of the company.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001	2002	2003
	£'000	£'000	£'000
Net obligations under finance lease and hire purchase contracts	3	–	1
	<u>3</u>	<u>–</u>	<u>1</u>
	2001	2002	2003
	£'000	£'000	£'000
Net obligations under finance lease and hire purchase contracts			
Repayable within one year	3	3	–
Repayable between one and five years	3	–	1
	<u>6</u>	<u>3</u>	<u>1</u>

12. CALLED UP SHARE CAPITAL

	2001	2002	2003
	£	£	£
Authorised			
120 ordinary shares of £1 each	120	120	120
Called up, allotted and fully paid			
120 ordinary shares of £1 each	<u>120</u>	<u>120</u>	<u>120</u>

13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £'000</i>
Balance at 1 January 2001	84
Retained profit for the year	54
Balance as at 31 December 2001	<u>138</u>
Balance at 1 January 2002	138
Retained profit for the year	104
Balance at 31 December 2002	<u>242</u>
Balance at 1 January 2003	242
Retained profit for the year	99
Balance at 31 December 2003	<u>341</u>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Profit for the financial year	54	104	99
Opening equity shareholders' funds	84	138	242
Closing equity shareholders' funds	<u>138</u>	<u>242</u>	<u>341</u>

15. FINANCIAL COMMITMENTS

As at 31 December the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		
	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Leases which expire:			
Within one year	16	25	–
Within two to five years	–	30	35
	<u>16</u>	<u>55</u>	<u>35</u>
		<i>Other</i>	
	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Leases which expire:			
Within two to five years	2	19	16
	<u>2</u>	<u>19</u>	<u>16</u>

16. RELATED PARTY TRANSACTIONS

S C North, who is a director and a shareholder of the company is also a director of C & L Management Services Limited which for the year ended 31 December 2003 received £123,000 (2002: £106,000; 2001: £100,000) for consultancy services rendered. No amounts were outstanding at 31 December 2001, 2002 and 2003.

Yours faithfully

Saffery Champness
Chartered Accountants

C. ACCOUNTANTS' REPORT ON REFLEX HR

Deloitte.

Deloitte & Touche LLP
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

The Directors
Empresaria Group plc
1 Peveril Court
6-8 London Road
Crawley
RH10 8JE

The Directors
Robert W. Baird Limited
Mint House
77 Mansell Street
London
E1 8AF

28 October 2004

Dear Sirs

LINDY WOOD TRADING AS REFLEX HR (“REFLEX”)

We report on the financial information of Reflex set out below. This financial information has been prepared for inclusion in the Prospectus (“the Investment Circular”) dated 28 October 2004 relating to the proposed admission to AiM of Empresaria Group plc.

Basis of preparation

Reflex has not prepared audited financial statements since commencing trading, there being no statutory requirement for it to do so.

The financial information set out in this report, which has been prepared in accordance with United Kingdom generally accepted accounting principles, is based on the financial statements of Reflex which were previously prepared for management purposes only and were not published or placed on the public record.

Responsibility

The financial statements are the responsibility of the directors of Empresaria Group plc.

The directors of Empresaria Group plc are responsible for the contents of the Investment Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by the reviewing and compiling accountants of Reflex. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial

information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of Reflex as at the dates stated and of its profits for the years then ended.

We consent to the inclusion in the Investment Circular of this report and accept responsibility for this report for the purposes of paragraph 45(2)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

PROFIT AND LOSS ACCOUNTS

	<i>Note</i>	<i>Year ended 31 May</i>		
		<i>2002</i> £'000	<i>2003</i> £'000	<i>2004</i> £'000
TURNOVER (Continuing operations)	1	1,376	2,721	2,937
Cost of sales		(954)	(2,075)	(2,243)
GROSS PROFIT		422	646	694
Administrative expenses		(266)	(342)	(358)
OPERATING PROFIT	3	156	304	336
Interest receivable and similar income	4	1	2	6
Interest payable and similar charges	5	(1)	–	(1)
PROFIT ON ORDINARY ACTIVITIES		156	306	341
Profit for the year transferred to capital account	10	156	306	341

There were no recognised gains and losses for any of the three years other than as stated above.

BALANCE SHEETS

	<i>Note</i>	<i>As at 31 May</i>		
		<i>2002</i> £'000	<i>2003</i> £'000	<i>2004</i> £'000
FIXED ASSETS				
Tangible assets	6	32	26	34
CURRENT ASSETS				
Work in progress		20	50	2
Debtors	7	131	327	396
Cash at bank and in hand		124	316	215
		275	693	613
CREDITORS: amounts falling due within one year	8	(109)	(340)	(217)
NET CURRENT ASSETS		166	353	396
TOTAL ASSETS LESS CURRENT LIABILITIES		198	379	430
CREDITORS: amounts falling due after more than one year	9	–	–	(13)
NET ASSETS		198	379	417
Capital account	10	198	379	417
OWNER'S FUNDS		198	379	417

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

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

Tangible fixed assets

Depreciation on plant and machinery is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rate of depreciation is over 3 years.

Depreciation on the remaining assets is provided over their estimated useful lives, using the reducing-balance method on the following bases:

Office equipment over 3 years

Motor vehicles over 4 years

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.

2. INFORMATION REGARDING EMPLOYEES

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Average monthly number of persons employed			
Sales and distribution	63	76	79
	<hr/>	<hr/>	<hr/>
	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs during the year			
Wages and salaries	150	206	227
Social security costs	13	21	23
Pension costs	2	2	3
	<hr/>	<hr/>	<hr/>
	165	229	253
	<hr/>	<hr/>	<hr/>

3. OPERATING PROFIT

	2002 £'000	2003 £'000	2004 £'000
Operating profit is after charging:			
Depreciation of tangible assets	18	15	11
(Profit)/loss on sale of tangible fixed assets	1	–	(1)
Operating lease charges – land and buildings	12	12	12
	<u> </u>	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2003 £'000	2004 £'000
Bank interest	1	2	6
	<u> </u>	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2003 £'000	2004 £'000
Bank loans and overdrafts	1	–	1
	<u> </u>	<u> </u>	<u> </u>

6. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £'000	<i>Office equipment</i> £'000	<i>Motor vehicles</i> £'000	<i>Total</i> £'000
Cost				
At 1 June 2001	22	16	42	80
Additions	–	6	–	6
Disposals	–	–	(18)	(18)
At 31 May 2002	<u>22</u>	<u>22</u>	<u>24</u>	<u>68</u>
Additions	3	6	–	9
At 31 May 2003	<u>25</u>	<u>28</u>	<u>24</u>	<u>77</u>
Additions	1	1	30	32
Disposals	–	–	(25)	(25)
At 31 May 2004	<u>26</u>	<u>29</u>	<u>29</u>	<u>84</u>
Accumulated depreciation				
At 1 June 2001	10	8	8	26
Charge for the year	6	3	9	18
Disposals	–	–	(8)	(8)
At 31 May 2002	<u>16</u>	<u>11</u>	<u>9</u>	<u>36</u>
Charge for the year	6	5	4	15
At 31 May 2003	<u>22</u>	<u>16</u>	<u>13</u>	<u>51</u>
Charge for the year	1	4	6	11
Disposals	–	–	(12)	(12)
At 31 May 2004	<u>23</u>	<u>20</u>	<u>7</u>	<u>50</u>
Net book value				
At 31 May 2004	<u>3</u>	<u>9</u>	<u>22</u>	<u>34</u>
At 31 May 2003	<u>3</u>	<u>12</u>	<u>11</u>	<u>26</u>
At 31 May 2002	<u>6</u>	<u>11</u>	<u>15</u>	<u>32</u>

7. DEBTORS

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	130	322	396
Prepayments	1	5	–
	<u>131</u>	<u>327</u>	<u>396</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance lease and hire purchase contracts	–	–	8
Trade creditors	7	81	71
Other taxes and social security	73	167	97
Other creditors	11	19	2
Accruals and deferred income	18	73	39
	<u>109</u>	<u>340</u>	<u>217</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance lease and hire purchase contracts	–	–	13
	<u>–</u>	<u>–</u>	<u>13</u>
	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance lease and hire purchase contracts			
Repayable within one year	–	–	8
Repayable between one and five years	–	–	13
	<u>–</u>	<u>–</u>	<u>21</u>

10. MOVEMENT ON CAPITAL ACCOUNT

	<i>Capital account £'000</i>
Balance at 1 June 2001	56
Introduction of capital	84
Profit for the year	156
Drawings	(98)
Balance as at 31 May 2002	<u>198</u>
Balance at 1 June 2002	198
Profit for the year	306
Drawings	(125)
Balance at 31 May 2003	<u>379</u>
Balance at 1 June 2003	379
Profit for the year	341
Drawings	(303)
Balance at 31 May 2004	<u>417</u>

11. RELATED PARTY TRANSACTIONS

During the year, Reflex HR supplied services to E-squared generating total revenue of £33,000 (2003: £30,000, 2002: £nil). E-squared is owned by the husband of Lindy Wood, the former owner of Reflex HR.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

PART IV

Unaudited Interim Results of the Group for the Six Months ended 30 June 2004

Set out below is the full text of the Group's unaudited interim results for the six months ended 30 June 2004, which was released on 29 September 2004. The Directors are responsible for the unaudited interim results and they have confirmed that they have been properly prepared in accordance with the law applicable to the Group. The Directors consent to the inclusion of the unaudited interim results in this document and accept responsibility for them.

“Empresaria Group plc

Chairman and Chief Executive's joint report on the unaudited interim results for the six months ended 30 June 2004

Empresaria Group plc (“Empresaria” or “the Group”) is pleased to announce its unaudited interim results for the six months ended 30 June 2004.

Financial highlights

<i>£000's</i>	<i>6 months ended 30 June</i>		<i>Year ended 31 December</i>
	<i>2004</i>	<i>2003</i>	<i>2003</i>
Turnover	20,917	13,450	29,367
Operating profit	440	360	817
Adjusted operating profit*	591	560	1,234
Adjusted profit before tax*	440	510	1,113
Adjusted earnings per share (pence)*	0.48	0.69	1.55

*Figures based on underlying profits, adjusted for goodwill amortisation and exceptional costs. See notes 4 and 5.

Operating highlights

- Continued development of existing operations and branch networks fuelling organic growth.
- FastTrack acquisition integrating well.
- Appointment of Tony Martin as Chairman provides increased international staffing expertise and knowledge.
- Refinement of strategic focus with emphasis on contract and temporary staffing and investment in high growth markets overseas.
- Investment in Japanese staffing sector.
- Incorporation of two new start-up companies in the UK.
- Acquisition of Reflex HR.
- Intended transfer to AiM announced.

Chairman and Chief Executive's Joint Statement

Results

In the six month period ended 30 June 2004 the Group produced another set of excellent results with turnover up 56 per cent. to £20.9m (2003: £13.5m). Gross profit, or net fee income, increased 18 per cent. to £6.2m (2003: £5.3m). This produced profit before tax, excluding amortisation of goodwill and exceptional items, of £440,000 (2003: £510,000) which was consistent with the Board's expectations and reflects the substantial investment made in the period in developing the Group's existing operations and branch networks.

Group development

There are three strands to our growth. First, we seek to increase the capacity and, as a consequence, the profitability of our existing businesses. To this end we have added to our existing DriveLink (contract HGV drivers) branch network during the period, developed new offices for our insurance, contract social worker and property services recruitment businesses and added new fee earning staff where market conditions are favourable. The total investment in organic growth during the period is in excess of £400,000. It is expected that the benefits of this investment activity will begin to be experienced in the second half of the year and, more significantly, during 2005.

The second strand to our growth strategy is the investment in start up companies, backing teams of proven managers and recruitment consultants and co-investing in new businesses with them. We announce today the incorporation of two new companies. The first is FastTrack Management Services (International) Limited, a contract recruitment company complementing our existing Construction, Property Services and Engineering businesses and focusing on providing engineering staff to the oil and gas sector in the UK and overseas. The second is Second City Resourcing Limited, a specialist contract PR and Marketing staffing company based in the Midlands. These investments will result in start up costs being absorbed, reducing the Group's profit growth in the short term.

The third strand is the strategic acquisition of businesses that complement existing group operations or extend the Group's coverage into new specialist staffing market sectors. In February this year we announced the acquisition of FastTrack Management Services Limited ("FastTrack"), a provider of contract recruitment services to the construction industry. The integration process of FastTrack within the Group is well under way. The Group's existing contract construction businesses have been re-branded from TMR to FastTrack and they are working to provide a co-ordinated service offering across a national network.

In July we announced the acquisition of the goodwill and fixed assets of Reflex HR Limited, a specialist building services staffing business. This acquisition increases the capabilities of the Group in the construction and property services markets.

Management equity philosophy

We continue to take a balanced approach to growth, combining all three of our growth strands; organic growth, start ups, and acquisitions. Each investment made by the Group is underpinned by the pre-condition that there is a meaningful equity stake acquired or retained by the relevant management team. This approach, combined with the decentralised structure of the Group, has created an entrepreneurial yet stable culture.

Management and Board

In April we reported our intention to identify and appoint a new Chairman. On 9 July 2004, we were pleased to announce the appointment of Tony Martin as our new Chairman.

Prior to joining Empresaria, Tony served as Chairman and Chief Executive of Select Appointments (Holdings) PLC from 1992 to 1999, which he and his team built into a global recruitment business before agreeing to sell the company to Vedior NV, one of the largest recruitment companies in the world, for £1.1 billion in cash in 1999. In August 2000, Tony was appointed Chairman and Chief Executive of Vedior NV until his retirement in February 2004.

Tony has acquired 2,815,225 shares in the Company (being approximately 7.0 per cent. of the Company's issued share capital).

It is our intention to appoint an independent non-executive director to the Board in due course.

Strategy development

We have developed and refined our positioning strategy since the last report to shareholders in April of this year.

Empresaria has demonstrated strong growth over the last five years, a period of some turbulence in the UK staffing sector. Our objective has been to deliver growth at the same time as managing business risk and

maintaining stability of earnings. To this end we have taken a balanced approach to how we grow (organic as well as acquisitive growth) and a balanced approach to where we grow (developing a diversified portfolio of companies in individual specialist staffing sectors). Further, each year we have reduced our exposure to the more volatile permanent recruitment operations. In the period to 30 June 2004 contract recruitment revenue accounted for 85 per cent. of turnover. In the same period in 2003 and 2002, it accounted for 78 per cent. and 70 per cent. respectively.

As the Group develops into a larger staffing business our ability to manage business risk through the “portfolio” effect is impacted by our exposure to the wider UK economic and regulatory environment. Further, our research suggests that there are inherently higher growth rates in a number of staffing markets outside of the UK. We are therefore giving increased attention to opportunities in overseas markets with a view to creating a broader, international, high growth specialist staffing company focusing predominantly on contract and temporary staffing.

Tony Martin, our new Chairman, brings with him over ten years’ experience growing successful international staffing businesses. This has enabled the Group to give immediate consideration to opportunities overseas and we announce today that we are making our first investment overseas, developing a new IT contract recruitment company in Japan focusing on the financial services sector in Tokyo. The Japanese staffing sector is currently experiencing development as a consequence of the introduction of more flexible working practices and regulatory framework following the 1990’s economic downturn.

The investment is being made through a UK company with Empresaria providing 50 per cent. of the UK investment for a 50 per cent. equity stake. The total financial commitment for Empresaria is capped at £300,000. A further £300,000 for the remaining 50 per cent. equity stake is being provided by Tony Martin. The UK company will own 90 per cent. of the Japanese operating company and the balance will be held by Mark Smith, the president of the Japanese operating company, who is co-investing in the business.

Transfer to AiM

On 20 September we announced our intention to move from OFEX to AiM. OFEX has been useful in creating a market in Empresaria shares and providing the management team with exposure to reporting and compliance disciplines that will stand the Group in good stead as a quoted company on AiM. It is the view of the Board, however, that in light of the number of opportunities already identified both in the UK and overseas, we should seek access to capital markets and that AiM provides a more appropriate platform from which to achieve this.

We anticipate making an application to have the Company’s shares admitted to AiM towards the end of October.

Prospects

The outlook for the staffing industry in the UK for the rest of the year is positive. The banking recruitment upturn experienced since the end of the last financial year has created a strong momentum maintained into the third quarter of 2004. The driving and construction/property services markets have been less buoyant during the second and third quarters of the year but are now both showing signs of increased activity suggesting that they should expect a stronger final quarter.

We continue to invest in people and infrastructure and to assess opportunities for both start-ups and acquisitions.

The Board expects this year to be one of continued good progress and it remains confident in Empresaria’s future prospects.

Tony Martin
Chairman

Miles Hunt
Chief Executive

28 September 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 6 months to 30 June 2004

	6 months ended 30 June		Year ended 31 December
	2004	2003	2003
	£000's (unaudited)	£000's (unaudited)	£000's (audited)
Turnover			
Existing operations	14,207	12,877	28,534
Acquisitions	6,710	–	–
	20,917	12,877	28,534
Continuing operations	20,917	12,877	28,534
Discontinued operations	–	573	833
	20,917	13,450	29,367
Total turnover	20,917	13,450	29,367
Cost of sales	(14,708)	(8,200)	(18,778)
	6,209	5,250	10,589
Gross profit	6,209	5,250	10,589
Administrative expenses	(5,736)	(4,780)	(9,628)
Exceptional administrative expenses	(33)	(110)	(144)
	(5,769)	(4,890)	(9,772)
Total administrative expenses	(5,769)	(4,890)	(9,772)
Operating profit			
Existing operations	212	404	867
Acquisitions	228	–	–
	440	404	867
Continuing operations	440	404	867
Discontinued operations	–	(44)	(50)
	440	360	817
Total operating profit	440	360	817
Interest receivable and similar income	33	–	62
Interest payable and similar charges	(169)	(50)	(196)
	304	310	683
Profit on ordinary activities before taxation	304	310	683
Tax on profit on ordinary activities	(119)	(100)	(246)
	185	210	437
Profit on ordinary activities after taxation	185	210	437
Minority equity interests	(92)	(60)	(163)
	93	150	274
Profit on ordinary activities attributable to the members of Empresaria Group plc	93	150	274
Equity dividends proposed	–	–	(56)
	93	150	218
Retained profit for the period	93	150	218
Earnings per share (pence)	0.25	0.42	0.74

CONSOLIDATED BALANCE SHEET

As at 30 June 2004

	30 June 2004 £000's (unaudited)	31 December 2003 £000's (audited)
Fixed assets		
Intangible assets	4,122	3,014
Tangible assets	297	283
	<u>4,419</u>	<u>3,297</u>
Current assets		
Trade and other debtors	7,926	5,232
Cash	–	1,008
	<u>7,926</u>	<u>6,240</u>
Creditors:		
Amounts falling due within one year	(5,845)	(4,370)
Net current assets	<u>2,081</u>	<u>1,870</u>
Creditors:		
Amounts falling due after more than one year	(1,828)	(810)
Total net assets	<u>4,672</u>	<u>4,357</u>
Capital and reserves		
Called up share capital	759	751
Share premium	1,760	1,668
Profit and loss account	1,058	966
Equity shareholders' funds	<u>3,577</u>	<u>3,385</u>
Minority interests	1,095	972
	<u>4,672</u>	<u>4,357</u>

CONSOLIDATED CASH FLOW STATEMENT

For the 6 months ended 30 June 2004

	<i>Note</i>	<i>6 months ended 30 June 2004 £000's (unaudited)</i>	<i>Year ended 31 December 2003 £000's (audited)</i>
Net cash (outflow)/inflow from operating activities	1	(288)	1,997
Returns on investments and servicing of finance			
Interest received		18	12
Interest paid		(169)	(183)
Net cash outflow for returns on investments and servicing of finance		(151)	(171)
Taxation – Corporation Tax Paid		(38)	(286)
Capital expenditure and financial investment			
Payments to acquire tangible assets		(140)	(224)
Net cash outflow for capital expenditure		(140)	(224)
Acquisitions and disposals			
Purchase of businesses		(1,181)	(1,677)
Net cash outflow for acquisitions and disposals		(1,181)	(1,677)
Equity dividends paid		–	(37)
Net cash outflow before financing		(1,798)	(398)
Financing			
Issue of shares		10	–
Issue of loan stock		–	35
Raising of long term loan		1,000	1,200
Repayment of loan		(94)	(197)
Decrease in factoring balances		(437)	(304)
Capital elements of hire purchase contracts		(2)	(15)
Net cash inflow from financing		477	719
(Decrease)/increase in cash in the period	3	(1,321)	321

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	<i>6 months ended 30 June 2004 £000's</i>	<i>Year ended 31 December 2003 £000's</i>
Operating profit	440	817
Depreciation of tangible assets	142	235
Loss on disposal of tangible fixed assets	–	3
Loss on disposal of intangible fixed assets	–	17
Amortisation of goodwill	118	273
(Increase)/decrease in debtors	(602)	83
(Decrease)/increase in creditors	(386)	569
Net cash (outflow)/inflow from operating activities	<u>(288)</u>	<u>1,997</u>

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

	<i>6 months ended 30 June 2004 £000's</i>	<i>Year ended 31 December 2003 £000's</i>
(Decrease)/increase in cash in the period	(1,321)	321
Cash inflow from increase in debt	(467)	(719)
Change in net debt resulting from cash flows	<u>(1,788)</u>	<u>(398)</u>
Conversion and cancellation of loan stock	32	97
Factoring debt acquired	(1,376)	–
Opening net debt	<u>(1,286)</u>	<u>(985)</u>
Closing net debt	<u>(4,418)</u>	<u>(1,286)</u>

3. Analysis of net debt

	<i>31 December 2003 £000's</i>	<i>Cash flow £000's</i>	<i>Other non-cash changes £000's</i>	<i>30 June 2004 £000's</i>
Net cash:				
Cash at bank and in hand	1,008	(1,008)	–	–
Overdraft	–	(313)	–	(313)
	<u>1,008</u>	<u>(1,321)</u>	<u>–</u>	<u>(313)</u>
Amounts owed to factors	(1,257)	437	(1,376)	(2,196)
Loan stock	(32)	–	32	–
Finance leases	(2)	2	–	–
Long term loans	(1,003)	(906)	–	(1,909)
	<u>(1,286)</u>	<u>(1,788)</u>	<u>(1,344)</u>	<u>(4,418)</u>

4. Acquisitions

Acquisitions during the year contributed £262,000 to the Group's net operating cash flow and paid £45,000 in respect of returns on investments.

NOTES TO INTERIM REPORT

1. Basis of preparation

The interim financial information has been prepared on the basis of accounting policies consistent with those adopted for the year ended 31 December 2003. The interim financial information has not been audited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The comparative results for this period present an abridged version of the full accounts for the year ended 31 December 2003, which received an unqualified audit report, and which have been filed with the Registrar of Companies.

The interim financial statements comprise the following:

- Profit and loss account for the 6 months ended 30 June 2004 with comparative information for the year ended 31 December 2003 and for the 6 months ended 30 June 2003;
- Balance sheet at 30 June 2004 with comparative information at 31 December 2003;
- Cash flow statement for the 6 months ended 30 June 2004 with comparative information for the year ended 31 December 2003.

2. Dividend

The directors do not propose the payment of a dividend for the period.

3. Earnings per share

Basic earnings per share for each period are calculated by dividing the retained profit for each period by the average number of shares in issue, 37,812,239. (December 2003: 37,125,518; June 2003: 36,713,128).

4. Recalculation of basic to adjusted EPS

	<i>6 months ended 30 June 2004 (pence)</i>	<i>6 months ended 30 June 2003 (pence)</i>	<i>Year ended 31 December 2003 (pence)</i>
Basic EPS	0.25	0.42	0.74
Effect of goodwill amortisation	0.22	0.15	0.61
Effect of exceptional items	0.01	0.12	0.20
Adjusted EPS	<u>0.48</u>	<u>0.69</u>	<u>1.55</u>

5. Reconciliation of adjusted profits

	<i>6 months ended 30 June 2004 £000's</i>	<i>6 months ended 30 June 2003 £000's</i>	<i>Year ended 31 December 2003 £000's</i>
Operating profit	440	360	817
Profit before tax	<u>304</u>	<u>310</u>	<u>683</u>
Goodwill amortisation	118	90	273
Exceptional operating items	33	110	144
Operating items	<u>151</u>	<u>200</u>	<u>417</u>
Exceptional non-operating items	(15)	–	13
Adjusted operating profit	<u>591</u>	<u>560</u>	<u>1,234</u>
Adjusted profit before tax	<u>440</u>	<u>510</u>	<u>1,113</u>

PART V

Pro Forma Statement of Net Assets

The pro forma statement of net assets of the Group following the Placing, as set out below, has been prepared for illustrative purposes only and, because of its nature, cannot give a complete picture of the financial position of the Group. It is derived from the unaudited consolidated balance sheet of Empresaria, as at 30 June 2004, which has been extracted, without adjustment, from the unaudited interim results set out in Part IV of this document and has been adjusted as referred to in the notes below:

	<i>Empresaria</i> <i>as at</i> <i>30 June</i> <i>2004</i> <i>£'000</i> <i>(see note 1)</i>	<i>Adjustments</i>			<i>Pro forma</i> <i>net assets of</i> <i>the Group</i> <i>£'000</i>
	<i>Reflex HR</i> <i>£'000</i> <i>(see note 2(a))</i>	<i>July 2004</i> <i>share issue</i> <i>£'000</i> <i>(see note 2(b))</i>	<i>Placing</i> <i>£'000</i> <i>(see note 2(c))</i>	<i>£'000</i>	
Fixed assets					
Intangible assets	4,122	782	–	–	4,904
Tangible assets	297	10	–	–	307
	4,419	792	–	–	5,211
Current assets					
Debtors	7,926	–	–	–	7,926
Cash at bank and in hand	–	50	–	1,875	1,925
	7,926	50	–	1,875	9,851
Creditors: amounts falling due within one year	(5,845)	(842)	504	–	(6,183)
Net current assets	2,081	(792)	504	1,875	3,668
Total assets less current liabilities	6,500	–	504	1,875	8,879
Creditors: amounts falling due after more than one year	(1,828)	–	–	–	(1,828)
Net assets	4,672	–	504	1,875	7,051

Notes

1. The net assets of Empresaria as at 30 June 2004 have been extracted, without adjustment, from the announcement of the Group's interim results for the six months ended 30 June 2004, as set out in Part IV of this document.
2. The adjustments reflect:
 - (a) the acquisition on 1 August 2004 of Reflex HR. The consideration paid by Empresaria for a 90 per cent. stake was £732,000 in cash for the business and fixed assets with a book value of £10,000, all other assets and liabilities being retained by the vendor. Of the cash consideration, £50,000 was loaned back to the company by the vendor. Acquisition costs of £60,000 were capitalised. No allowance for deferred consideration has been made as the Directors do not expect the conditions for payment to be met;
 - (b) the issue, on 9 July 2004, of 1,800,000 Old Shares to Tony Martin, the Group's Chairman, for proceeds of £504,000. These proceeds were used to fund part of the cash consideration for Reflex HR; and
 - (c) the receipt of the net proceeds of the Placing of £1,875,000 (after expenses of £625,000).
3. No account has been taken of trading or changes in the working capital of the Group since 30 June 2004.

PART VI

Additional Information

1. The Company

- 1.1 The Company was incorporated and registered as a public limited company in England and Wales under the Act on 25 March 1999 with the name Empresaria Group plc and with registered number 03743194.
- 1.2 The liability of the members is limited.
- 1.3 The head and registered office of the Company is at 1 Peveril Court, 6-8 London Road, Crawley, West Sussex, RH10 8JE.
- 1.4 The principal activity of the Company is that of a holding company.

2. Share capital and loan capital

- 2.1 The following changes have occurred in the share capital of the Company:
 - (a) on incorporation, the authorised share capital of the Company was £1,500,000 divided into 75,000,000 Old Shares, of which two such shares were issued for cash at par to the subscribers to the Memorandum of Association;
 - (b) on 22 April 1999, the Company issued 25,600,000 Old Shares for cash at par;
 - (c) on 26 May 1999, the Company issued 3,998,183 Old Shares for cash at a premium of 8p per share;
 - (d) on 5 July 1999, the Company issued 4,000,000 Old Shares for cash at a premium of 10p per share;
 - (e) on 8 October 2001, the Company issued 6,723 Old Shares at a premium of 57.5p per share to Malcolm Evans as deferred consideration for the acquisition by the Company of part of the issued share capital of MC² Management Consulting Limited (since renamed TeamSales Limited);
 - (f) on 20 June 2002, the Company issued an aggregate of 3,108,220 Old Shares at a premium of 27.5p per share, of which 1,562,780 such shares were issued to the former holders of minority shareholdings in Greycoat Placements Limited and 1,545,440 such shares were issued to the former holders of minority shareholdings in Mansion House Executives Limited in each case as consideration for the acquisition by the Company of those minority holdings;
 - (g) on 19 June 2003, the Company issued an aggregate of 824,749 Old Shares at a premium of 15.5p per share to Richard Lee, Frances Fleeting and Stephen Rose as consideration for the acquisition by the Company of 50 per cent. of the minority shareholdings in the capital of FastTrack Management Services (South East) Limited;
 - (h) on 6 February 2004, the Company issued an aggregate of 411,520 Old Shares at a premium of 22.3p per share to Steven North, Philip Toussaint and Kenneth Taylor as part of the consideration payable on the acquisition by the Company of 66 per cent. of the issued share capital of FastTrack Management Services (Central) Limited, further details of which are set out in paragraph 9(b) below;
 - (i) on 8 July 2004, the Company issued 1,800,000 Old Shares for cash at a premium of 26p per share to Tony Martin, the Chairman of the Company; and
 - (j) On 6 August 2004, the Company issued an aggregate of 465,493 Old Shares at a premium of 29.5p per share to Ian Holford, Andrew Ogden and Nick Hall-Palmer as initial consideration for the acquisition by the Company of all of the minority shareholdings in DriveLink (South East) Limited, further details of which are set out in paragraph 10.1 below.

- (k) on 27 October 2004, resolutions of the Company were passed to the following effect:
- (i) every five Old Shares were consolidated into and redesignated as two Ordinary Shares; and
 - (ii) conditional on Admission becoming effective on or before 31 December 2004:
 - (A) the Directors are generally and unconditionally authorised pursuant to section 80 of the Act to allot up to 8,000,000 Ordinary Shares in connection with the Placing at any time up to and including 31 December 2004, and were empowered pursuant to section 95 of the Act to allot such shares for cash as if section 89(1) of the Act (which contains statutory pre-emption procedures in favour of existing shareholders which will otherwise apply in the case of new issues of shares for cash) did not apply to such allotment;
 - (B) the authorised share capital of the Company was increased from £1,500,000 to £3,000,000 by the creation of 30,000,000 Ordinary Shares;
 - (C) the Directors are generally and unconditionally authorised pursuant to section 80 of the Act, in addition to the authority referred to in sub-paragraph (A) above but in substitution for any other existing such authorities, to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of £400,000 provided that, following the issue of the New Ordinary Shares, such authority is then limited to one-third in nominal value of the ordinary share capital of the Company in issue immediately following the Placing, such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2005 and the Directors may during that period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period; and
 - (D) the Directors are empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority referred to in sub-paragraph (C) above for the duration of such authority, as if the provisions of section 89(1) of the Act (which contains statutory pre-emption procedures in favour of existing shareholders which would otherwise apply in the case of new issues of shares for cash) did not apply in respect of:
 - (aa) rights issues or other offers of equity securities by way of pre-emption offers; and
 - (bb) the allotment of Ordinary Shares for cash (other than pursuant to the power referred to in sub-paragraph (aa) above) having a nominal value of up to £60,000, representing approximately five per cent. of the nominal value of the ordinary capital of the Company in issue immediately following the Placing.

2.2 The authorised and issued share capital of the Company, of which all of the issued shares are fully paid up, as at the date of publication of this document is as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
75,000,000	£1,500,000	Old Shares	40,214,890	£804,297.80

2.3 On Admission it is anticipated that 3,846,153 new Ordinary Shares will be issued to subscribers (or to Baird as underwriters) at the Placing Price pursuant to the Placing.

2.4 The authorised and issued share capital of the Company, of which all of the issued shares are expected to be fully paid up on or before Admission, as it is expected to be immediately following Admission and completion of the Placing is as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
60,000,000	£3,000,000	Ordinary Shares	19,932,109	£996,605.45

- 2.5 Of the balance of the authorised but unissued share capital of the Company immediately following Admission, amounting to 40,067,891 Ordinary Shares:
- (a) 1,360,000 Ordinary Shares will be reserved for issue under the arrangements referred to in paragraph 10 (earn-outs and minority interests) below;
 - (b) 6,644,036 Ordinary Shares, representing one third of the issued share capital of the Company immediately following the Placing, will remain unissued and unreserved which the Directors will be authorised to allot pursuant to the authority referred to in paragraph 2.1(k)(ii)(C) above; and
 - (c) 32,063,855 Ordinary Shares will remain unissued and unreserved which the Directors will not be authorised to allot.
- 2.6 On 27 October 2004, awards over matching shares in the form of nil cost options were made to Tony Martin, Miles Hunt and Nicholas Hall-Palmer under the EEPP. These awards will vest subject to the achievement of performance criteria over a three-year period. Further details in relation to these awards, including the performance criteria, are contained in the summary of the main features of the EEPP set out in paragraph 6.3 below.
- 2.7 The provisions of section 89(1) of the Act (to the extent not disapplied pursuant to section 95 of the Act) confer on the Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions are intended to be disapplied to the extent referred to in paragraph 2.1(k)(ii)(D) above.
- 2.8 Save as mentioned in this paragraph 2:
- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (b) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.
- 2.9 Other than pursuant to the Placing, none of the Ordinary Shares have been sold or made available to the public in conjunction with the application for Admission.
- 2.10 The Ordinary Shares are in registered form and capable of being held in uncertificated form, and the Ordinary Shares are enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those shareholders who have requested the issue of Ordinary Shares in certificated form by 10 November 2004.
- 2.11 The Placing Price of 65p per Ordinary Share represents a premium of 60p over the nominal value of 5p per Ordinary Share and is payable in full on Admission under the terms of the Placing.

3. Subsidiary undertakings

- 3.1 The Company is a holding company, with a number of trading subsidiaries, details of which are set out below.

<i>Name</i>	<i>Registration Number</i>	<i>Business</i>	<i>Percentage of issued ordinary share capital owned by the Company</i>
Alanti Limited	04462329	Provision of information technology workers	100
Bar 2 Limited	04154134	Provision of payroll services	66.0
DriveLink (London) Limited	03914681	Provision of labour recruitment/ commercial drivers	63.0
DriveLink (Midlands) Limited	04923496	Provision of commercial drivers	71.8
DriveLink (South East) Limited	03570249	Provision of labour recruitment/ commercial drivers	100
FastTrack Management Services (Central) Limited	03491808	Provision of property and construction workers	66.0

<i>Name</i>	<i>Registration Number</i>	<i>Business</i>	<i>Percentage of issued ordinary share capital owned by the Company</i>
FastTrack Management Services (International) Limited	05245332	Provision of property, construction and engineering workers	100
FastTrack Management Services (Midlands) Limited	04479993	Provision of property and construction workers	65.0
FastTrack Management Services (South East) Limited	03476023	Provision of property and construction workers	95.7
Greycoat Placements Limited	03218896	Provision of labour recruitment/ domestic services/workers	77.0
HealthCare First Limited	04315029	Provision of labour recruitment/ allied healthcare professionals	53.8
Lime Street Recruitment Limited	03833178	Provision of labour recruitment services	58.6
Lindsey Morgan Associates Limited	03714048	Provision of labour recruitment/ banking services	54.4
Mansion House Executive Limited	03276279	Provision of labour recruitment/ insurance services/workers	100
MC ² Management Consulting Limited	04819545	Provision of labour recruitment/property and construction services/workers	51.0
McCall Limited	04605123	Provision of labour recruitment/ recruitment to recruitment services	57.8
M.V.P. Search & Selection Limited	03873828	Provision of labour recruitment/ supply chain services/workers	67.5
Reflex HR Limited	05150663	Provision of labour recruitment/ building services industry services	90.0
Second City Resourcing Limited	05232086	Provision of marketing and public relations workers	100
Social Work Associates Limited	03884341	Provision of labour recruitment services/ social workers	59.3
TeamSales Ltd	03693098	Provision of labour recruitment/ property services	80.3

3.2 Further information regarding the basis on which the Company may be able to acquire the minority interests in the subsidiaries referred to in paragraph 3.1 above are set out in paragraph 10.2 below.

3.3 The Company also has six non-trading subsidiaries.

4. Summary of the Memorandum and Articles of Association of the Company

4.1 Memorandum of Association

The Memorandum of Association of the Company provides that the principal objects of the Company are, *inter alia*, to acquire and hold controlling and other interests in the capital of any company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

4.2 Articles of Association

The Articles contain, *inter alia*, provisions to the following effect:

(a) Voting rights

Subject to the provisions of the Act and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative has one vote, and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder.

(b) *Transfer of shares*

Save for in the case of shares which have become participating securities for the purposes of the Uncertificated Securities Regulations 2001, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of certificated shares unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of a share on which the Company has no lien;
- (iii) it is in respect of only one class of share;
- (iv) it is in favour of a single transferee or not more than four joint transferees;
- (v) it is duly stamped (if required); and
- (vi) it is lodged at the registered office together with the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,

provided that the Board may not exercise such discretion in such a way as to prevent dealing from taking place on an open and proper basis.

The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the Uncertificated Securities Regulations 2001 (subject to any relevant requirements of the London Stock Exchange).

If the Board refuses to register a transfer it must, within 2 months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The registration of transfers may be suspended by the Board for any period (not exceeding 30 days) in any year.

(c) *Failure to disclose interests in shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 212 of the Act and has failed in relation to any shares (“the default shares”) to give the Company the information thereby required within the prescribed period from the date of the notice, the following sanctions shall apply:

- (i) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
 - (A) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
 - (B) no transfer, other than an approved transfer as defined in the Articles pursuant to a takeover offer of the Company or a *bona fide* sale to an unconnected third party, of any shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required and the member proves to the

satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise).

In respect of any default shares which are in uncertificated form the Board may require their holder to change them from uncertificated form into certificated form within a period specified in a written notice given to such holder and then to hold such default shares in certificated form for so long as the default subsists. Additionally, the Board may appoint any other person to take any steps in the name of such holder as may be required to change such shares from uncertificated form into certificated form.

(d) *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. All dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company. Unless otherwise provided by the rights attached to any share, no dividends in respect of a share shall bear interest. The Board may, with the prior authority of an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend.

Any dividend unclaimed after a period of 12 years from its due date of payment shall (if the Board so resolves) be forfeited and cease to remain owing by the Company and shall thereafter belong to the Company absolutely.

(e) *Distribution of assets on liquidation*

Subject to any rights or restrictions attached to any class of shares, on a winding-up of the Company, the surplus of assets available for distribution shall be divided among the members in proportion to the amounts paid up on their respective shares at the commencement of the winding-up, or, with the sanction of an extraordinary resolution of the Company, be divided amongst the members *in specie* in such manner as shall be determined by the liquidator.

(f) *Changes in share capital*

The Company may alter its share capital as follows:

- (i) it may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts;
- (ii) subject to any consent required by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner; and
- (iii) subject to the provisions of the Act and to any rights for the time being attached to any shares it may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(g) *Variation of rights*

Subject to the provisions of the Act and of the Articles, the special rights attached to any class of share in the Company may be varied or abrogated either with the consent in writing of the holders

of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation. The quorum for such separate general meeting of the holders of the shares of the class shall be at least two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the relevant class.

(h) *Directors' interests in contracts*

Save as provided below, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board in respect of any contract, arrangement, transaction or any proposal whatsoever in which he has any material interest or duty which conflicts with the interests of the Company. A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution at such meeting if his duty or interest arises only because the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) or two or more Directors, such proposals may be divided and a separate resolution considered in relation to each Director. In each case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(i) *Directors*

The aggregate fees which the Directors shall be entitled to receive for their services in the office of director shall not exceed £200,000 per annum, or such other sum as may from time to time be determined by an ordinary resolution of the Company. Such sum (unless otherwise directed by the resolution of the Company by which it is approved) shall be divided among the Directors in such

proportions and in such manner as the Board may determine or, in default of such determination, equally.

All the Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors. If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration which may be by a lump sum or by way of salary, commission, participation in profits or otherwise as the Board may determine.

No Director is to retire from office pursuant to section 293 of the Act by reason of the fact that he has attained the age of 70 or any other age and section 293 of the Act does not apply to the Company.

(j) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertakings, property, assets (present or future) and uncalled capital and, subject to the provisions of the Act, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate principal amount for the time being outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed the greater of £20 million or an amount equal to two and a half times the aggregate of:

- (i) the amount paid up (or credited as paid up) on the issued share capital of the Company; and
- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries (including any share premium account, capital redemption reserve fund and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any credit or debit balance on the profit and loss account,

all as shown in the then latest published audited consolidated balance sheet of the Company and its subsidiaries but after adjustments as set out in the Articles.

5. Directors' and other interests

5.1 The Directors of the Company and their respective functions are set out in paragraph 4.1 of Part I of this document.

5.2 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member, in addition to their directorships of the Company and its subsidiary undertakings, are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Tony Martin	Evergreen Recruitment Limited Interim Management International Limited Loophold Limited	1109288 Ontario Limited Abraxas plc Accountancy Personnel Ltd Accountants Inc Ltd Accountants Inc Services Albermarle Interim Management Plc Andrews Partners Recruitment Australia Ltd Andrews Partners Recruitment.Ltd Fairplace Consulting Japan Co.Ltd Evergreen Recruitment Ltd

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Tony Martin (continued)		Hughes Castell (Hong Kong) Ltd Human Resources International Ltd Human Solutions SA Kelter Recruitment Ltd Kinsey Craig Ltd Legal Opportunities Ltd Link Recruitment Group Pty Ltd MVM Recruitment Ltd New Boston Select Group Inc New Boston Select UK Ltd Niscom Services Inc Only the best Ltd Parkhouse Personnel Ltd Partner Job SA Probanking Recruitment Consultants Ltd Recruitment Finance Ltd Reliance Resources Group Canada Ltd Select 1 Ltd Select 2 Ltd Select 5 Ltd Select Appointments (Holdings) Ltd Select Appointments (Holdings) Pty Ltd Select Appointments BV Select Appointments International Ltd Select Appointments Ltd Select Appointments Plc Select Australasia (Holdings) Pty Ltd Select Disposals Ltd Select Education Plc Select Education Australasia Pty Ltd Select Healthcare Holdings Pty Ltd Select Interservices SA Select Italia Stl Select IT Holdings Pty Ltd Select KFT Select NZ Ltd Select Recursos Humanos Lda Select SA Select Staff Pty Ltd Selpro Travail Temporaire SA Sesa Internacional SA Sicom Interim SA Skillco Ltd Skillmind SL Speakman & Associates Pty Ltd St chting Administratiekantoor van gewone aandelen Vedior St chting Administratiekantoor van preferente aandelen A en B Vedior St chting Administratiekantoor van preferente aandelen C Vedior

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Tony Martin (continued)		Swiss Jobs SA Telebest Holdings (Pty) Ltd Teleresources Norge AS Teleresources Inc Teleresources Pty Ltd Trading SA Trinet Group Inc Vedior Holding Netherland BV Vedior North America.Llc Vedior NV
Miles Hunt	Crowborough Warren Road Company Limited Interim Management International Limited Prosearch Services Limited Tribal Holdings Limited Tyzack Estates Limited W.C. Management Ltd	D.C. Capital plc Jetaire (DC) Limited Medisource Limited* Tribal Group plc Turner Hargreaves Limited VPS Limited
Nick Hall-Palmer	Interim Management International Limited	Medisource Limited* VPS Limited
Timothy Sheffield	Sheffield Haworth Limited Sheffield Haworth (HK) Limited Sheffield Haworth Inc	Aldrich Recruitment Limited Navigating Change (UK) Limited (Dissolved) Sheffield Haworth (Europe) Limited Sheffield Haworth EURL Sheffield Haworth GmbH

* Miles Hunt and Nick Hall-Palmer were directors of Medisource Limited until July 2000 when the company was acquired by Healthxchange.com Limited. Medisource Limited subsequently went into liquidation in May 2001, leaving unpaid creditors of approximately £130,000.

- 5.3 Save as disclosed above, at the date of this document none of the Directors named in this document:
- has any unspent convictions in relation to indictable offences;
 - has been declared bankrupt or has entered into an individual voluntary arrangement;
 - was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
 - was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
 - has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
 - has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- 5.4 The interests of the Directors (including the interests of persons connected with them which would, if the connected person were a Director, be required to be disclosed, and the existence of which is known to, or could with reasonable diligence be ascertained by that Director within the meaning of section 346 of the Act) in the issued share capital of the Company which are required to be notified by each Director to the Company pursuant to section 324 or 328 of the Act or are required to be entered in the register of Directors' interests referred to in section 325 of the Act (all of which, save where stated otherwise in the notes below, are beneficial interests) as at the date of this document and as they are expected to be prior to and immediately following Admission are or will be as follows:

<i>Director</i>	<i>As at 28 October 2004</i>		<i>On Admission</i>	
	<i>Number of Old Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Tony Martin	2,815,225	7.0	1,126,090	5.6
Miles Hunt ⁽¹⁾	6,993,923	17.4	2,637,569	13.2
Nicholas Hall-Palmer	515,016	1.3	196,006	1.0
Timothy Sheffield	6,970,770	17.3	2,254,308	11.3

(1) Of these, 1,116,751 Old Shares are held by Miles Hunt's wife.

- 5.5 The interests of the Directors in the Executive Equity Participation Plan are as follows:

	<i>Number of investment shares</i>	<i>Date from when awards over matching shares are exercisable</i>	<i>Expiry date for exercise of awards</i>
Tony Martin	23,076	1 January 2008	27 October 2014
Miles Hunt	96,153	1 January 2008	27 October 2014
Nicholas Hall-Palmer	69,230	1 January 2008	27 October 2014

- 5.6 Save as disclosed above, none of the Directors nor any member of his immediate family or any person connected with him holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 5.7 In addition to the interests of the Directors set out above, as at the date of this document, insofar as is known to the Company, the following persons are, directly or indirectly, interested (within the meaning of Part VI of the Act) in three per cent. or more of the issued share capital of the Company as follows:

<i>Name</i>	<i>As at 28 October 2004</i>		<i>On Admission</i>	
	<i>Number of Old Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Cannon Nominees ⁽¹⁾	2,947,926	7.3	1,179,170	5.9
HSBC Global Custody Nominee (UK) Limited	2,333,333	5.8	933,333	4.7
Patrick D. Morrissey ⁽¹⁾	1,489,248	3.7	535,699	2.7
The Cayzer Trust Company Limited	1,250,000	3.1	500,000	2.5

(1) The Ordinary Shares held by Cannon Nominees and Patrick D. Morrissey are subject to the orderly marketing arrangements referred to in paragraph 8 of Part I of this document.

- 5.8 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.

5.9 There are no outstanding loans or guarantees provided by the Company or any of its subsidiary undertakings to or for the benefit of any of the Directors.

5.10 The Company has, conditional upon Admission, entered into the following service agreements dated 27 October 2004 with the Executive Directors (the "Executive Service Agreements"):

<i>Name</i>	<i>Position</i>	<i>Annual salary (£)</i>
Miles Hunt	Chief Executive	125,000
Nick Hall-Palmer	Group Finance Director	90,000

- (a) The Executive Service Agreements are terminable, in the case of both Miles Hunt and Nick Hall-Palmer, on not less than 12 months' written notice by either party.
- (b) Under the terms of the Executive Service Agreements, Nick Hall-Palmer is entitled to a car allowance of £8,550 per annum and Miles Hunt is entitled to a car allowance of £10,000 per annum.
- (c) Each of the Executive Directors is entitled to private medical expenses insurance providing cover for the Executive Directors their spouses and dependent children and death in service benefit equivalent to four times basic salary.
- (d) The Company is obliged to make contributions equivalent to five per cent. of each of the Executive Director's basic annual salaries into personal pension plans of the Executive Directors' choice.
- (e) Each of the Executive Directors may, at the discretion of the Board, participate in any bonus scheme applicable to employees of the Executive Directors' status. The current applicable scheme provides that Miles Hunt and Nick Hall-Palmer will be entitled to be paid the sums of £10,000 and £7,500 respectively for the successful admission of the Company to AiM. In addition, Miles Hunt and Nick Hall-Palmer will be entitled to be paid an annual bonus of up to £16,000 and £10,000 respectively calculated by reference to the Company's EPS growth.
- (f) The Company has in place key man insurance in respect of Miles Hunt for £121,550. The policy is renewed annually and covers death and permanent disability.

5.11 The Company has, conditional upon Admission, entered into a service agreement dated 27 October 2004 with the Chairman, Tony Martin, on the following terms:

- (a) the agreement is for a fixed term expiring on the anniversary of Admission, subject to renewal by mutual agreement;
- (b) Tony Martin is required to perform his duties for a minimum of 25 days per annum; and
- (c) the Company will pay Tony Martin an annual salary of £35,000 and provide him with access to a stakeholder pension.

5.12 Timothy Sheffield has entered into an agreement with the Company dated 27 October 2004, governing the terms of his appointment as a non-executive Director on the following terms:

- (a) an annual fee is payable for the provision of his services as a non-executive Director which is currently £12,000 plus VAT; and
- (b) his appointment is terminable on not less than three months' written notice by either party.

5.13 Save as disclosed in this document, there are no service agreements or agreements for the provision of services, existing or proposed, between the Directors and the Company or any of its subsidiaries or subsidiary undertakings.

5.14 In the financial year ended 31 December 2003, the aggregate remuneration paid including pension contributions and benefits in kind granted to the Directors was £204,000.

5.15 On the basis of the arrangements in force at the date of this document, it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind to be granted to the Directors for the year ending 31 December 2004 will be £291,000.

6. Share incentive plan

6.1 The Company received approval from Shareholders at its annual general meeting on 8 July 2004 to introduce the Executive Equity Participation Plan, a summary of which is set out in paragraph 6.3 below. The Company intends to make awards under the EEPP on Admission, details of which are set out in paragraph 5.5 above.

6.2 The Company has no other share option schemes in place, although it intends to introduce a 'Save As You Earn' option scheme for all employees in due course.

6.3 *EEPP Scheme*

The following is a summary of the principal features of the EEPP:

(a) *General*

The EEPP is designed to encourage senior executives to acquire and hold shares in the Company. Participants will be invited to contribute shares ("Investment Shares") to the EEPP. In return, the Company will make awards over matching shares ("Matching Shares"). The Investment Shares must normally be held in the EEPP for a defined period ("Holding Period"). The number of Matching Shares to be acquired by participants under their awards will be based upon the Company's performance.

(b) *Employee benefit trust*

Investment Shares will be held on behalf of participants in a specially constituted employee benefit trust ("EBT"). The EBT will be administered by an independent professional trustee company.

(c) *Eligibility*

At the discretion of the Remuneration Committee ("Committee"), all directors and employees of the Company and its subsidiaries who are required to devote to their duties the whole or substantially the whole of their working time, or any other director or employee if the Committee determines that it is necessary, in unusual circumstances, to facilitate the recruitment and retention of that individual through their participation in the EEPP, will be eligible to participate in the EEPP. In practice, participation will be extended to only a limited number of senior directors.

(d) *Investment Shares*

At the invitation of the Committee those who are eligible will be invited to contribute Investment Shares to the EEPP. Such Investment Shares will be held in the EBT until the end of the applicable Holding Period on behalf of the participants. Participants may contribute Investment Shares to the EEPP by acquiring them for this purpose using their own funds (including net of tax bonuses) or by lodging them in the EEPP out of a pool of shares they already hold.

Participants will retain full beneficial rights over their Investment Shares, including dividend and voting rights. Participants may remove their Investment Shares from the EEPP at any time. If they do so before the end of the Holding Period, any related awards of Matching Shares shall immediately lapse and be forfeited.

A participant may contribute Investment Shares of a value not exceeding 1.5 times his annual remuneration (excluding benefits) in any period of 12 months subject to a lesser limit being specified by the Committee.

(e) *Awards over Matching Shares*

The Committee will make awards to participants who contribute Investment Shares to the EEPP in the form of nil cost options over Matching Shares. No awards will be made to an individual who is within two years of normal retirement date.

The number of Matching Shares that will be made the subject of an award will be determined by the Committee, but in any event may not exceed a maximum limit of six times the number of Investment Shares contributed to the EEPP by a participant.

Awards of Matching Shares will be personal to a participant and, except on death, may not be transferred.

(f) *Performance targets*

Awards over Matching Shares will vest subject to achievement of the following performance targets.

Total shareholder return (“TSR”) target:

The Company’s TSR performance over the 3 year period (“the Holding Period”) commencing on 1 January 2005 and ending on 31 December 2007 must place the Company at or above the median TSR position relative to the performance over the same period of companies in the FTSE Support Services Sector.

Earnings per share (“EPS”) target:

Subject to achieving the TSR target, the extent of vesting of the Matching Shares will depend on the level of growth in the Company’s adjusted headline diluted EPS over the 3 year Holding Period. Such growth in the EPS will be measured against thresholds expressed in terms of the aggregate simple percentage growth in the Retail Prices Index over the same period, plus the compound growth in a specified fixed percentage. The following table indicates the number of Matching Shares that will be acquired by participants at each of the various threshold levels of performance:

<i>Annual EPS growth target percentage</i>	<i>Holding Period EPS growth target percentage</i>	<i>No. of Matching Shares that will vest</i>
10%	RPI + 33.1%	–
15%	RPI + 52.1%	1.50
20%	RPI + 72.8%	2.25
25%	RPI + 95.3%	3.00
30%	RPI + 119.7%	4.50
35%	RPI + 146.0%	6.00

For performance between thresholds, the number of Matching Shares vesting will be pro-rated on a straight-line basis.

The Committee shall keep the performance targets under regular review, and may in their discretion subsequently amend or waive the targets if events happen which cause the Committee reasonably to consider that it would be appropriate so to amend or waive them to ensure that they achieve their original purpose, provided that having been amended they are no more difficult to achieve than those previously imposed.

(g) *Early vesting, lapse and exchange of awards*

In the event that a participant ceases to hold any employment or office before the end of the Holding Period the relevant Investment Shares will be transferred out of the EEPP to the participant. Awards over Matching Shares will normally lapse when a participant ceases to hold any employment or office. However, if such cessation is for specified good leaver reasons, including ill-health, redundancy and retirement, awards of Matching Shares may, subject to the discretion of the Committee, vest early and become exercisable for a period of six months from the date of cessation (subject to meeting performance targets in the case of retirement). If the cessation is in the event of the death of the participant, the Matching Shares may become exercisable by the participant’s personal representatives for a period of twelve months from the date of cessation. At the discretion of the Committee, early vesting of awards over Matching Shares is also permitted if a participant ceases to hold any employment or office for any other reason.

In the event of a change of control or winding-up of the Company, Investment Shares will be transferred out of the EEPP to participants. Additionally, in such circumstances, early vesting of

awards over Matching Shares will be permitted subject to the discretion of the Committee, who will take into account the Company's performance, the time elapsed since the award was made, and any other factors the Committee considers relevant. On a demerger, dividend-in-specie or other such event, which the Committee determines will materially affect the value of awards, the Committee may again permit early vesting.

The EEPP contains provisions for the exchange of awards over Matching Shares as an alternative to exercising the nil cost options comprised in such awards where there is a change of control. This will be subject to the approval of the bidding company.

(h) *Limit on equity dilution*

The shares required to satisfy awards over Matching Shares will either be issued by the Company or purchased in the market. No award which is to be satisfied by the issue of new shares may be made on any date if the number of shares to which it relates, when aggregated with the number of shares issued or remaining issuable by virtue of awards or other rights made or granted in the preceding 10 years under the EEPP and any other employee share scheme adopted by the Company, would exceed 10 per cent. of the issued share capital at that time.

(i) *Adjustments*

The number of shares comprised in any award of Matching Shares may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction, consolidation or other variation of the Company's share capital occurs.

(j) *Rights attaching to shares*

If shares are to be allotted and issued to a participant pursuant to the exercise of the nil cost option comprised in any award over Matching Shares, the Company will apply for such shares to be admitted to trading on AiM (or any other exchange or market on which the Company's shares may be listed in the future). Such shares will rank *pari passu* with all other issued shares of the Company except for any rights determined by reference to a date preceding the date the nil cost option is exercised.

(k) *Amendments and general*

The Committee may at any time amend the rules of the EEPP, provided that the prior approval of Shareholders must be obtained for amendments to the material advantage of participants in respect of provisions relating to eligibility, the equity dilution limit, maximum entitlements and the basis for determining and adjusting a participant's entitlement. The prior approval of Shareholders will not be required in relation to any amendment which is of a minor administrative nature, is made to comply with the provisions of any existing or proposed legislation or to maintain favourable taxation treatment of any participating company or any participant.

No amendment may be made to the EEPP that would adversely affect the subsisting rights of a participant unless the consent of a 75 per cent. majority of the participants to the making of such amendment is obtained.

To ensure compliance with the requirements for making deductions under the PAYE system, any income tax and employee Class 1 national insurance contributions (or the equivalent in any foreign jurisdiction) payable on gains made on the exercise of the nil cost option comprised in awards of Matching Shares must either be paid to the relevant employing company by the participant or, in default of such payment being made, the Company may make the necessary deduction out of the net proceeds of sale of the shares acquired on exercise of the awards. Any sums collected in this manner will be paid to the Inland Revenue.

The rules of the EEPP also make provision for the employer Class 1 national insurance contributions arising on the exercise of nil cost options comprised in awards over Matching Shares to be paid by the participant and collected in this manner (normally pursuant to an election made

in the prescribed form) if and to the extent that, when the award is made, the Committee imposes such an obligation on the participant.

Benefits received under the EPPP will not be pensionable.

7. Taxation

The following paragraphs include advice received by the Directors about the current taxation position of Shareholders who are resident or ordinarily resident or domiciled in the UK for taxation purposes in respect of their holdings of Ordinary Shares, who hold their Ordinary Shares as investments and who are the absolute beneficial owners of those shares. The statements below are intended only as a general guide and do not constitute advice to any Shareholder on his or her personal tax position and may not apply to certain classes of investor (such as dealers, charities or pension providers) or investors who acquired their shareholding by reason of a directorship or employment. The comments are based on current legislation and published Inland Revenue practice. Levels of taxation may change from time to time. **Any investor who is in doubt as to his or her tax position, or who may be subject to tax in any other jurisdiction, should consult his or her professional advisor.**

(a) *Taxation of dividends*

There is no UK withholding tax on dividends.

A dividend paid to a non-corporate Shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. A dividend of £90 would therefore have an accompanying tax credit of £10. The gross dividend will be included in calculating an individual's Shareholder's total income and will be regarded as the top slice of the individual's income and therefore taxed accordingly. Individual Shareholders whose taxable income is within the lowest or basic rate bands will be liable to income tax at 10 per cent. on the aggregate of the dividend and the tax credit. The tax credit will therefore satisfy their income tax liability on the dividend. Individual Shareholders who are liable to income tax at the higher rate will be charged to income tax at 32.5 per cent. on the aggregate of the dividend with the accompanying tax credit. The 10 per cent. tax credit is set against the income tax liability of 32.5 per cent. leaving an additional income tax liability of 22.5 per cent. This additional 22.5 per cent. tax liability equates to an effective rate of income tax on the dividend actually received of 25 per cent.

The same procedure applies to UK resident trustees of discretionary or accumulation trusts. From 6 April 2004, the rate applicable to trusts is 32.5 per cent. (previously it was 25 per cent.) so that trustees will have a further liability to UK income tax of 25 per cent.

Subject to certain exceptions for certain insurance companies which hold shares as trading stock, a UK corporate Shareholder receiving a dividend paid by the Company will not be taxable on the dividend. In these circumstances the tax credit is purely notional and is only used to determine the appropriate rate of corporation tax payable. Since April 1999 pension providers have not been entitled to payment of tax credits by the Inland Revenue. However, certain charities and other bodies entitled to special exceptions can continue to claim credits, or a portion thereof, in respect of dividends paid to 6 April 2004.

The ability of Shareholders who are not resident in the UK to claim repayment for any part of the tax credit will largely depend on the existence and terms of any double tax treaty between the UK and their country of residence. It should be noted that since April 1999 most shareholders who had previously been able to claim repayment of the tax credit have either ceased to be able to obtain such repayment or the amounts repayable are significantly reduced. Non UK resident Shareholders should consult their own tax advisers on the taxation of any dividends received, whether they can benefit from all or part of any tax credit and what relief or credit they may be entitled to in the jurisdiction in which they are resident.

(b) *Taxation of chargeable gains*

If a Shareholder disposes of all or any of the Ordinary Shares acquired in the Placing he or she may, depending on the Shareholder's particular circumstances, incur a liability to taxation on chargeable gains. Individuals, personal representatives and trustees, may be entitled to an annual exemption and taper relief, which will serve to reduce the chargeable gain. Companies are not entitled to taper relief but are due indexation allowance, which may also reduce the chargeable gain.

(c) *Stamp duty and stamp duty reserve tax*

- (i) Generally, no stamp duty or stamp duty reserve tax ("SDRT") will be payable by cash subscribers on the issue to them of new Ordinary Shares pursuant to the Placing.
- (ii) Any subsequent transfer or sale of Ordinary Shares will generally give rise to a liability on the purchaser to *ad valorem* stamp duty currently at a rate of 0.5 per cent. of the stampable consideration paid rounded up to the nearest £5. An unconditional agreement to transfer such Ordinary Shares will be subject to SDRT at the same rate of the consideration payable in money or moneys worth (in pursuance of the agreement which gave rise to the charge to SDRT). However, when an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement the SDRT liability will be extinguished.
- (iii) There will be no stamp duty or SDRT on a transfer of Ordinary Shares into CREST where such a transfer is made for no consideration. A transfer of Ordinary Shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable in money or money's worth. CREST is obliged to collect SDRT on relevant transactions settled within the system.
- (iv) Special rules apply to agreements made by market makers in the ordinary course of their business, broker-dealers and certain other persons. Agreements to the transfer of Ordinary Shares to charities will not give rise to SDRT or stamp duty.
- (v) Special rules also apply where the shares are transferred or held by a depository or clearance system.

8. Premises

The Group operates from over 30 offices across England, all of which are either leasehold or held under licence. The term of each of such lease is typically between three and six years from the start of the lease, and the aggregate annual rent payable under all such leases and licences is approximately £644,000.

9. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group (i) within the period of two years immediately preceding the date of this document are, or may be, material or (ii) contain a provision under which a member of the Group has an obligation or entitlement which is material to the Group as at the date of this document:

- (a) A business sale agreement dated 31 December 2002 between the sellers, Andrew Beard and Sareena Chinnery, and the buyer, Oval (1781) Limited (since renamed McCall Limited), pursuant to which the buyer acquired the business and assets of the sellers trading as McCall (and various other names) for a consideration of £1,500,000 which was paid in full in cash on completion. The time limit for the bringing of warranty claims under the agreement has now expired.

To fund part of the acquisition costs relating to the acquisition of the McCall business by McCall Limited, the Company entered into a loan facility with HSBC Bank plc dated 17 December 2002. The loan amount is £1,200,000, payable in equal monthly instalments over five years. The loan attracts interest at the rate of 1.6 per cent. above HSBC Bank plc base rate from time to time. The Company has provided ongoing covenants to HSBC Bank plc for the term of the loan.

- (b) A share sale agreement dated 6 February 2004 between the sellers, Steven North, Philip Toussaint and Kenneth Taylor, and the buyer, the Company, pursuant to which the buyer acquired 66 per cent. of the issued share capital of FastTrack Management Services Limited (now renamed FastTrack Management Services (Central) Limited) for an initial consideration of £1,100,000 and an earn-out (if any) of up to a maximum of £880,000. The agreement contains warranties and indemnities (including a tax covenant) from the sellers to the buyer. Any claims relating to such warranties and indemnities can be made, in the case of non-tax warranties, at any time up to the second anniversary of the date of the agreement and, in the case of tax warranties and the tax covenant, at any time up to the seventh anniversary of the date of the agreement.

To fund part of the acquisition costs relating to the share acquisition of FastTrack Management Services (Central) Limited, the Company entered into a loan facility with HSBC Bank plc dated 29 January 2004. The loan amount is £1,000,000, payable in full on the fourth anniversary. The loan attracts interest at the rate of 1.75 per cent. above HSBC Bank plc base rate from time to time or, if the Company selects (provided the sum involved is in excess of £100,000) 1.75 per cent. above LIBOR together with an “Additional Regulatory Cost Rate” calculated by HSBC Bank plc from time to time. The Company has provided ongoing covenants to HSBC Bank plc for the term of the loan.

- (c) A business sale agreement dated 1 August 2004 between the seller, Lindy Wood, and the buyer, Reflex HR, pursuant to which the buyer acquired the business and assets of the seller trading as Reflex HR for a consideration of which £732,000 was paid in cash on completion and an earn-out (if any) of up to a maximum of £168,000. The agreement contains warranties and indemnities from the seller to the buyer. Any claims relating to such warranties and indemnities can be made in the case of non-tax warranties, at any time up to the second anniversary of the date of the agreement and, in the case of tax warranties and indemnities, at any time up to the seventh anniversary of the date of the agreement.
- (d) The Placing Agreement dated 28 October 2004 between Baird, the Company and the Directors pursuant to which Baird has agreed conditionally upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 3 November 2004 (or such later time and/or date as Baird and the Company may agree but in any event not later than 8.00 a.m. on 17 November 2004), to use reasonable endeavours to procure (as agent of the Company) subscribers for the New Ordinary Shares at the Placing Price or, failing which, itself to subscribe for the New Ordinary Shares at the Placing Price.

The Placing Agreement contains an indemnity from the Company and the Executive Directors and warranties from the Company and the Directors in favour of Baird, together with provisions which enable Baird to terminate the Placing Agreement in certain circumstances prior to Admission, including in circumstances where any of the warranties are found not to be true or accurate or in circumstances of *force majeure*.

Under the Placing Agreement, Baird will receive a corporate finance fee together with commission equal to 3.0 per cent. of the aggregate value of the New Ordinary Shares at the Placing Price. The Company will meet all other fees and expenses associated with the Placing and Admission. If Admission does not take place on or before 8.00 a.m. on 3 November 2004, or such later date as the Company and Baird may agree, not being later than 8.00 a.m. on 17 November 2004, then the obligations of Baird will terminate.

Each of the Directors who holds shares in the Company has undertaken to Baird that he will not, and he will procure that persons connected to him who hold shares in the Company will not, subject to certain limited exceptions, dispose of any Ordinary Shares or any interest therein held immediately following the Placing for the period 12 months from Admission (the “Restricted Period”). In addition, each of the Directors has agreed that, for the period of 12 months after the Restricted Period, he and persons connected to him will only dispose of Ordinary Shares which they hold immediately following the Placing through Baird, providing that Baird remains the Company’s broker.

- (e) The Selling Shareholder Agreement dated 28 October 2004 between Baird, the Company and the Selling Shareholders pursuant to which Baird has agreed conditionally upon the Placing Agreement becoming unconditional in all respects by 8.00 a.m. on 3 November 2004 (or such later time and/or

date as Baird and the Company may agree but in any event not later than 8.00 a.m. on 17 November 2004) to use reasonable endeavours to procure (as agent of the Selling Shareholders) purchasers for the Sale Shares at the Placing Price or, failing which, itself to subscribe for the Sale Shares at the Placing Price.

Under the Selling Shareholder Agreement, Baird will receive a commission equal to 3.0 per cent. of the aggregate value of the Sale Shares at the Placing Price (to be paid by the Selling Shareholders in proportion to the Sale Shares placed on their behalf). Each of the Selling Shareholders has agreed to pay the stamp duty and/or stamp duty reserve tax (at the rate of 0.5 per cent.) chargeable by reference to the sale by them of the Sale Shares pursuant to the Placing.

The Selling Shareholders have given certain warranties and indemnities to Baird under the Selling Shareholder Agreement. Baird may terminate the Selling Shareholder Agreement prior to Admission in the event of any breach by the Selling Shareholders of the warranties or of any of the other provisions of the agreement.

- (f) A nominated adviser and nominated broker agreement dated 28 October 2004 between the Company, the Directors and Baird in relation to the appointment (the "Appointment") of Baird as nominated adviser and nominated broker to the Company for the purposes of the AiM Rules conditionally upon Admission occurring. Each of the Company and Baird may terminate the agreement at any time on one month's notice in writing. Baird agrees to provide certain services required by the Company in relation to its ongoing admission to AiM and the Company and the Directors accept certain obligations including, *inter alia*, to consult with Baird in relation to the Company's business and other matters. The agreement contains an indemnity in favour of Baird given by the Company. The Company shall pay to Baird a fee of £30,000 per annum for its services as nominated adviser and nominated broker (increasing to £40,000 per annum (subject to performance) in the second year of the Appointment and thereafter increasing in each successive year of the Appointment in accordance with the annual increase in the retail price index) and will also pay Baird's reasonable out-of-pocket expenses incurred in connection with, or during the course of, the Appointment.

10. Earn-outs and minority interests

10.1 *Earn-outs*

Under each of the agreements referred to in paragraphs 9(b) and (c) above, part of the consideration payable to the sellers referred to in those paragraphs comprises an earn-out. The earn-outs provide for extra payments by way of either cash or the allotment and issue of Ordinary Shares (based on the market value of an Ordinary Share at the relevant earn-out payment date) or a combination thereof to be made to the seller(s) of the relevant company or business depending on the future performance of that company or business. The earn-out provisions contained in each of those agreements are calculated by reference to either "Post Tax Profits" or "Operating Profit", in each such case meaning the post-tax operating profit on ordinary activities of the relevant company or business as shown after making specified adjustments set out in the relevant sale agreement. Under no circumstances shall the amount of any earn-out be a negative figure.

By an agreement entered into on 6 August 2004 between the Company and Ian Holford, Andrew Ogden and Nicholas Hall-Palmer, the Company acquired the remaining minority shareholding in DriveLink (South East) Limited from the minority shareholders. The Company paid an initial consideration on completion of the acquisition of £146,630, which was satisfied by the issue of 465,493 Ordinary Shares. The minority shareholding and the Ordinary Shares were valued in the manner described at paragraph 10.2(a) below. Deferred Consideration of £146,630 will become payable in the event that DriveLink (South East) Limited makes a profit of at least £1 in any future six month financial period between 1 January and 30 June and between 1 July and 31 December. Any deferred consideration which becomes payable will be satisfied by the issue of 465,492 Ordinary Shares within three months of the end of the relevant profitable financial period.

The maximum aggregate amounts payable by the Company, whether in cash or by the allotment and issue of Ordinary Shares, under all of the earn-outs at the date of this document is capped at £1,209,630.

10.2 *Minority interests*

- (a) The Company has entered into arrangements with those persons who hold minority interests in those of the Company's subsidiaries which are not wholly owned and also with those persons who have continued interests in the businesses acquired by the Group (including those referred to in paragraphs 9(b) and (c) above) (all such persons being referred to in this paragraph 10.2 as "Employee Shareholders") by way of shareholders' agreements and the relevant company's articles of association under which Employee Shareholders may offer the Company the opportunity to acquire the minority interests of the Employee Shareholders.

Under these arrangements, an Employee Shareholder may serve a transfer notice on the relevant company offering the shares in question to the Company for purchase by it. If a transfer notice is served by an Employee Shareholder during the periods set out in paragraph 10.2(b) below (the "Good Windows"), which usually commence on the fifth anniversary of the establishment of the business within the Group or the acquisition as the case may be and end on the tenth such anniversary, the price payable by the Company for the shares acquired during the Good Window is the lesser of Profits multiplied by ten or Profits multiplied by 0.5 below the historic price/earnings multiple for the Company. For these purposes, "Profits" are the average annual profits of the relevant company after tax for the two years (or, in more recent cases, three) ending on 31 December immediately preceding the date the transfer notice was served, as shown by the audited accounts. Employee Shareholders are generally not permitted to sell less than 20 per cent. nor, in more recent cases, more than 80 per cent. of their shareholdings in any one notice. Additionally, in most cases there must be a period of at least two years between the serving of a first and second transfer notice, except in the final two years of the Good Window.

If a transfer notice is served by an Employee Shareholder outside the Good Window, the price payable by the Company is likely to be less than the price that it would have paid had the transfer been served within the Good Window.

In any such case, the Company may choose to satisfy the purchase price through either the issue of Ordinary Shares or in cash. If the former, then the value ascribed to the Ordinary Shares is the mid-market price of the Ordinary Shares on the 14th day following the annual general meeting of the Company which last preceded the service of the transfer notice.

- (b) The Good Window in respect of each of those of the Company's subsidiaries which are the subject of the arrangements referred to in paragraph 10.2(a) above is as follows:

<i>Name</i>	<i>Percentage of issued share capital owned by holders of minority interests</i>	<i>Good Window</i>	
		<i>Start date</i>	<i>End date</i>
Bar 2 Limited	34.0	1 January 2008	31 December 2013
DriveLink (London) Limited	37.0	1 January 2006	31 December 2011
DriveLink (Midlands) Limited	28.2	1 January 2009	30 June 2014
FastTrack Management Services (Central) Limited	34.0	1 January 2008	31 December 2013
FastTrack Management Services (Midlands) Limited	35.0	1 January 2008	31 December 2013
FastTrack Management Services (South East) Limited	4.3	1 January 2003	31 December 2008
Greycoat Placements Limited	23.0	31 July 2004	31 July 2009
HealthCare First Limited	46.2	1 January 2007	31 December 2012
Lime Street Recruitment Limited	41.4	31 August 2004	31 August 2009
Lindsey Morgan Associates Limited	45.6	1 February 2004	1 February 2009
MC ² Management Consulting Limited	49.0	1 January 2008	30 June 2013

<i>Name</i>	<i>Percentage of issued share capital owned by holders of minority interests</i>	<i>Good Window</i>	
		<i>Start date</i>	<i>End date</i>
McCall Limited	42.2	1 January 2008	1 January 2013
M.V.P. Search & Selection Limited	32.5	31 December 2004	31 December 2009
Reflex HR Limited	10.0	1 January 2010	31 December 2015
Social Work Associates Limited	40.7	31 December 2004	31 December 2009
TeamSales Limited	19.7	1 January 2006	31 December 2010

10.3 The Company holds a 50 per cent. equity interest in Interim Management International Limited (company number 4067140) (“IMI”), with the remaining 50 per cent. being held by Tony Martin. Neither shareholder has enhanced share voting rights, although Tony Martin has the ability to appoint a majority of the directors to the board of IMI. The sole activity of IMI is as a holding company of Skill House Staffing Solutions (“SSS”), a company incorporated under the laws of Japan. IMI holds 90 per cent. of the issued equity in SSS, with the remaining 10 per cent. being held by the local manager, who holds the title “President”. The arrangements relating to SSS are made under Japanese law, but provide for similar arrangements as described in paragraph 10.2(a), with the “Good Window” commencing on 1 January 2010, but with no end date. The price payable by IMI for any shares in SSS acquired by IMI during such window is the lesser of Profits multiplied by eight or 0.5 below the historic price/earnings multiple for the Company, with any consideration being payable in cash. The arrangements relating to IMI provide that, once SSS has shown a profit for three consecutive months, Tony Martin may serve a transfer notice on the Company offering his shares in IMI to the Company. The consideration to be paid by the Company for Tony Martin’s IMI shares would be either £345,000, if the transfer notice was served on or before 31 December 2005, or £390,000, if the transfer was served between 1 January 2006 and 31 December 2006. Any such acquisition by the Company from Tony Martin (while Tony Martin is a director of the Company) would require the prior approval of shareholders by means of the passing of an ordinary resolution at a general meeting of the Company. The Company may choose to satisfy the purchase price for Tony Martin’s shares through either the issue of Ordinary Shares or in cash. If the former, then the value ascribed to the Ordinary Shares is the average mid-market price of the Ordinary Shares for the five days immediately preceding the date on which the payment is made. If Tony Martin serves a transfer notice and the Company does not accept it, Tony Martin has the option, but not the obligation, to acquire the Company’s shares in IMI at any time thereafter for the sum of £300,000, such amount to be paid in cash. Any such acquisition by Tony Martin (while Tony Martin is a director of the Company) would require the prior approval of shareholders in the same manner referred to above.

11. Working capital

In the opinion of the Directors, having made due and careful enquiry, and taking into account the bank and other facilities available to the Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

12. Litigation

12.1 During September and October 2004, the Company received County Court claims from a former employee Mrs Veasey for £37,723.53 (plus interest and costs), and her husband Mr Veasey for £214,693 (plus interest and costs), together with a request for pre-action disclosure of documents. The Board has received legal advice that the Company has a good defence to the claims made and threatened, and they intend to defend any proceedings against the Company vigorously.

12.2 So far as the Company is aware, there are no legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any other member of the Group which are having or may have a significant effect on the Group's financial position.

13. Consents

13.1 Robert W. Baird Limited of Mint House, 77 Mansell Street, London, E1 8AF, is a member of the London Stock Exchange and is regulated by the Financial Services Authority. Baird has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which it appears.

13.2 Deloitte & Touche LLP, Chartered Accountants, of Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP, have given and have not withdrawn its written consent to the issue of this document with the inclusion of its name and its reports in sections A and C of Part III of this document and the references to such reports and its name, in the form and context in which they appear. Deloitte & Touche LLP have authorised the contents of those parts of this document in which their reports appear for the purposes of Regulation 13(1)(g) of the Public Offers of Securities Regulations 1995.

13.3 Saffery Champness, Chartered Accountants and registered Auditors, of Lion House, Red Lion Street, London, WC1R 4GB, have given and have not withdrawn their written consent to the issue of this document with the inclusion of their name and their report in section B of Part III of this document and the references to such report and their name, in the form and context in which they appear. Saffery Champness have authorised the contents of that part of this document in which their report appears for the purposes of Regulation 13(1)(g) of the Public Offers of Securities Regulations 1995.

14. General

14.1 Significant changes

Save for the acquisitions of FastTrack and Reflex HR on 6 February 2004 and 1 August 2004 respectively and as described in the paragraph headed "Current trading and prospects" in Part I of this document, there has been no significant change in the financial or trading position of the Company since 31 December 2003, being the end of the period to which the latest audited consolidated accounts of the Company relate.

14.2 Expenses

The expenses of or incidental to the Admission and Placing, including the fees and commission payable to Baird referred to in paragraph 9(d) above, the London Stock Exchange fees, professional fees including those payable to the Company's legal advisers, reporting accountants and registrars and the cost of printing and distribution, all of which are payable by the Company, are estimated to amount to approximately £625,000 (exclusive of VAT).

14.3 Application of the proceeds of the Placing

In the Directors' opinion, the minimum amount which must be raised pursuant to the Placing for the purposes set out in paragraph 21(a) of Schedule 1 to the Public Offers of Securities Regulations 1995 is £2,500,000 comprising:

- (a) preliminary expenses and commissions payable in respect of the Admission and Placing of £625,000; and
- (b) working capital for the purposes set out in Part I of this document of £1,875,000.

14.4 AiM Rules, Schedule Two, paragraph (g)

Except as summarised below, no persons (excluding professional advisers otherwise disclosed in this document and trade suppliers) have received, directly or indirectly, from the Company and its subsidiaries within the 12 months preceding the Company's application for Admission, and no persons

have entered into contractual arrangements to receive, directly or indirectly, from the Company or its subsidiaries on or after Admission:

- (i) fees totalling £10,000 or more;
- (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- (iii) any other benefit with a value of £10,000 or more on or at the date of Admission;

Ashling Capital LLP, a partnership of which Karl Monaghan is a partner, has received an aggregate amount of £37,500 plus VAT in return for the provision of consultancy services to the Company during the 12 months prior to the date of this document in relation to the admission of the Company's shares to AiM. Ashling Capital LLP will also receive the sum of £25,000 plus VAT for the successful admission of the Company to AiM.

15. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Osborne Clarke, Hillgate House, 26 Old Bailey, London, EC4M 7HW during normal business hours on any weekday (Saturdays and public holidays excepted) and will remain available for at least one month after Admission.

Dated 28 October 2004

