Registered No. 02913720

EMR Search and Selection Limited

Annual report and financial statements for the period ended 30 June 2008

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Directors' report
for the period ended 30 June 2008

The directors present their report and the audited financial statements of the company for the six month period ended 30 June 2008.

Principal activity, business review, likely future developments and principal risks

The company's principal activity is the recruitment of people in the human resources and marketing sectors. The company is involved in the placement of both contract and permanent staff primarily in the UK and Europe.

On 1 February 2008, control of the company passed to FiveTen Group Holdings Limited, the majority shareholders in which are funds controlled by Englefield Capital LLP, a private equity fund manager. FiveTen Group Holdings Limited's stated intention is to build a global specialist recruitment business through a combination of strategic acquisitions and organic growth.

Both contractor and permanent income continued to grow in the 6 month period, with turnover at £4.6m (2007 12 months restated: £8.6m) and despite continued pressure on margins, on a pro-rata basis gross profit increased 3.7% to £3.0m (2007 12 months restated: £5.8m). Operating profit at £622,000 (2007 12 months restated: £291,000) on a pro-rata basis rose by 327%.

The company's profit after tax for the financial period amounted to £1,080,000 (2007 12 months restated: £176,000). Net assets at 30 June 2008 were £1,271,000 (31 December 2007 restated: £1,597,000).

The key business risks to the company's performance are increasing competition leading to further pressure on margins, employee retention, and the impact of the weakening global economy on demand for recruitment services. The directors believe that the medium term outlook for the markets in which the company operates remains positive.

Dividends

An interim dividend of £1,853,000 (2007: £nil) was paid in the period. The directors do not recommend the payment of a final dividend for the period (2007: £nil).

Directors

The directors who held office during the period were as follows:

D Bodmer (resigned 31 January 2008)
A Raubitschek
A Rouse (resigned 28 October 2008)
T Gilbert (resigned 31 December 2008)
P Dennis (appointed 31 January 2008)
D Rooney (appointed 31 January 2008)
G J Palfery-Smith (appointed 31 January 2008, resigned 5 August 2008)

Financial instruments

With the exception of the company bank balance and overdraft, the company has no material financial instruments. The company's financing is managed by FiveTen Group Holdings Limited and details of this company and the group's financial instruments can be found in the financial statements of FiveTen Group Holdings Limited.

EMR Search and Selection Limited

In December 2008 the company's ultimate holding company FiveTen Group Holdings Limited completed a recapitalisation and refinancing exercise, which will provide the Group with funding capacity to meet the Group's on-going requirements. See note 19 for further details.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently except as stated in note 1. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 June 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

In the case of each person who was a director at the time this report was signed the following applies:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP were appointed to fill a casual vacancy and have since indicated their willingness to continue in office. A resolution to reappoint them as auditors will be proposed to shareholders as a written resolution of members.

By order of the board

David Rooney
Director

21 Wilson Street
London
EC2M 2SN
23 January 2009

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMR SEARCH AND SELECTION LIMITED

We have audited the financial statements of EMR Search and Selection Limited for the period ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

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

PRICEWATERHOUSECOOPERS

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28th January 2009

EMR Search and Selection Limited

Profit and loss account
for the period ended 30 June 2008

	Notes	**Period ended 30 June 2008**	Year ended 31 Dec 2007
		£'000	£'000
			(restated)
Turnover	2	**4,584**	8,595
Cost of sales		**(1,559)**	(2,761)
Gross profit		**3,025**	5,834
Administrative expenses		**(2,403)**	(5,365)
Administrative expenses – exceptional item		**-**	(178)
Operating profit	3	**622**	291
Interest receivable	7	**15**	58
Loss on the sale of investments		**-**	(107)
Profit on ordinary activities before taxation		**637**	242
Tax on profit on ordinary activities	8	**443**	(66)
Profit for the financial period		**1,080**	176

The profit and loss account relates entirely to continuing operations.

EMR Search and Selection Limited

Statement of Total Recognised Gains and Losses for the period ended 30 June 2008

	Notes	**Period ended 30 June 2008**	Year ended 31 Dec 2007
		£'000	£'000
			(restated)
Total recognised gains and losses for the financial period		**1,080**	176
Prior year adjustment (see note 1)		**299**	
Total recognised gains and losses recognised since the last annual report	15	**1,379**	

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Balance sheet
At 30 June 2008

	Notes	30 June 2008 £'000	31 Dec 2007 £'000 (restated)
Fixed assets			
Tangible assets	9	**46**	161
Current assets			
Debtors	10	**2,583**	1,908
Cash at bank and in hand		**371**	911
		2,954	2,819
Creditors: amounts falling due within one year	11	**(1,551)**	(1,205)
Net current assets		**1,403**	1,614
Total assets less current liabilities		**1,449**	1,775
Provisions for liabilities and charges	12	**(178)**	(178)
Net assets		**1,271**	1,597
Capital and reserves			
Share capital	14	-	-
Capital redemption reserve	15	-	-
Share premium account	15	**453**	30
Share based payment reserve	15	-	91
Profit and loss account	15	**818**	1,476
Shareholders' funds	16	**1,271**	1,597

The financial statements on pages 5 to 18 were approved by the board of directors on 23 January 2009 and were signed on its behalf by:

P A Dennis

Phil Dennis
Director

EMR Search and Selection Limited

Notes to the financial statements for the period ended 30 June 2008

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. The financial statements have been prepared under the historical cost accounting rules.

Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of FiveTen Group Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of FiveTen Group Holdings Limited, within which this company is included, can be obtained from the address given in note 18.

Change in accounting policy

A change has been made to the method of recognition of turnover. Previously permanent placement fee income was recognised upon start date of the candidate. It is now recognised when the candidate accepts the placement. As a result, comparative figures for the year ended 31 December 2007 have been adjusted to reflect this change. There was no impact on the profit and loss account for the year ended 31 December 2007. Trade debtors have been increased by £336,000, and Corporation tax liability has been increased by £37,000. This resulted in an increase in net assets of £299,000. The cumulative adjustment to opening reserves was £299,000 (see note 16).

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful lives on the following basis:

Software	33%	straight line
Computers and office equipment	33%	straight line
Furniture and fittings	20%	straight line

These depreciation rates have changed in the year in order to fall into line with new group rates. The change in rates has not had a material impact on the charge for the year.

Turnover

Turnover, which excludes value added tax and trade discounts, represents contract revenue and permanent placement fees. Contract revenue is recognised based upon hours worked by contractors at agreed hourly rates. Revenue not invoiced at year end is recorded in accrued income. Permanent placement fees are recognised on the acceptance of an offer by a candidate. A provision is made for drop outs based on historical trends.

Deferred taxation

Deferred taxation is provided in full on an undiscounted basis, on all 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 tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

Share based payments

The company recognises the fair value of share-based payment awards granted to its employees as an expense in the profit and loss account over the vesting period of the instruments concerned. Equity-settled awards over a parent company's shares are recognised as a cost in the company's profit and loss account as required by UITF44.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

Turnover is wholly attributable to the principal activity of the company, being the recruitment of staff into permanent and temporary positions within the marketing and human resources industry sectors. Turnover is wholly generated within the United Kingdom.

3 Operating profit

	Period ended 30 June 2008	Year ended 31 Dec 2007
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
- Owned assets	**16**	247
Operating lease charges		
- Land and buildings	**54**	108
Auditors' remuneration		
- Audit	**10**	14

In the year ended 31 December 2007 the company incurred exceptional costs in respect of lease dilapidations of £178,000.

4 Directors' emoluments

	Period ended 30 June 2008	Year ended 31 Dec 2007
	£'000	£'000
Aggregate emoluments in respect of qualifying services	**89**	716
Pension contributions	**9**	381
	98	1,097

5 Employees

The average weekly number of persons (including directors) employed by the company during the period was:

	Period ended 30 June 2008	Year ended 31 Dec 2007
	Number	Number
By activity		
Sales and administration	**42**	37
	42	37

Employment costs of all employees including executive directors, included above:

	Period ended 30 June 2008	Year ended 31 Dec 2007
	£'000	£'000
Salaries	**1,506**	3,225
Social security costs	**163**	413
Contributions to money purchase pension arrangements	**64**	406
Share based payment expense	**93**	38
Total employee costs	**1,826**	4,082

The company operates a defined contribution pension scheme. The Company makes contributions to this scheme on a variable scale up to a maximum of 10% for members who contribute a rate of 5%. The rates contributed by the employee and Company depend on an employee's role. The pension costs charged to the profit and loss account represent amounts payable into this scheme by the Company in respect of the accounting period.

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6 Share-based payments

In respect of the period until 31 January 2008

During the years ended 31 December 2004 to 2007 various grants of share options were made under EMI option arrangements. There were no grants of share options prior to these periods.

All option exercises are settled by the allotment of shares. Options lapse on the 10^{th} anniversary of grant, if the employee ceases employment with the company or dies. There are no service conditions other than the employee remaining in the employment of the company. The options vest and become capable of exercise on the sale of the business or the listing of the company.

Options granted to employees in the year ended:	Grant date	No of options granted
31 December 2004	30 June 2004	2,100
31 December 2005	30 June 2005	400
31 December 2006	31 October 2006	500
31 December 2007	20 May 2007	100
	19 June 2007	50

Fair value of options and assumptions

Grant date:	30 June 2004	30 June 2005	31 Oct 2006	20 May 2007	19 June 2007
Fair value at measurement date (£ per option)	35	26	52	41	36
Share value at grant date (£)	100	112.5	250	285	285
Exercise price (£)	100	112.5	250	285	285
Expected volatility (%)	35	35	30	30	25
Option life (years)	4	4	2	1	1
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (%)	5.02	4.04	4.78	5.37	5.64

The expected volatility is based on the historic volatility of listed shares in the same industry sector (calculated based on the weighted average remaining life of the share options) adjusted for any expected changes to future volatility.

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted. The estimates of fair value of the services received is measured based on the Black Scholes model. All share-based payment costs are borne through the company. For the period ended 30 June 2008 the total equity-settled share option expense in respect of these share options in the period was £24,000 (year ended 31 December 2007 £38,000).

6 Share-based payments (continued)

The number and weighted average exercise prices of equity-settled share options are as follows:

	2008		2007	
	No of options	**Wtd ave exercise price**	No of options	Wtd ave exercise price
Outstanding at beginning of period	**3,150**	**134**	3,000	127
Granted during period	**-**	**-**	150	285
Exercised during period	**(3,150)**	**134**	-	-
Outstanding at end of period	**-**	**-**	3,150	134
Exercisable at end of period	**-**	**-**	-	-

3,150 share options were exercised in the period ended 30 June 2008. The weighted average share price at the date of exercise of the share options exercised during the period ended 30 June 2008 was £134. There were no share options exercised in the year ended 31 December 2007. There were no options outstanding at 30 June 2008.

In respect of the period since 1 February 2008

During the period, certain employees were issued with 35,114 C shares in an intermediate parent company, FiveTen Group Limited. The weighted average fair value of each C share issued was £15.79.

The fair value of the C shares was derived from the enterprise value of the Group on each date of issue of shares.

The Articles of Association of FiveTen Group Limited contain 'lock-in' clauses that require the employee shareholders to remain in employment until a change in control of the Group in order to gain access to the full fair value in the share. Should they leave prior to this date, the Group has a stated policy of repurchasing the shares of leavers. Accordingly, the share-based payment arrangement will be cash-settled in respect of leavers and equity-settled in respect of shares that fully vest. At this time the Group expects all shares giving rise to a FRS 20 charge to vest in full and hence be equity settled and therefore in accordance with UITF 44, the Company has reflected this charge in its financial statements.

The charge for the period is £69,000, but has not been credited to equity as FiveTen Group Limited has imposed a cash inter-company charge equal to the FRS 20 expense and hence the credit has been reflected in amounts owed to FiveTen Group Limited.

7 Interest receivable and similar income

	Period ended 30 June 2008	Year ended 31 Dec 2007
	£'000	£'000
Bank interest	**15**	58
	15	58

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8 Tax on profit on ordinary activities

Analysis of credit in the period:

	Period ended 30 June 2008 £'000	Year ended 31 Dec 2007 £'000
Current taxation:		
United Kingdom Corporation at 29% (2007: 30%)	**-**	120
Adjustments in respect of previous years	**(120)**	(4)
	(120)	116
Deferred taxation:		
Origination and reversal of timing differences	**(325)**	**(50)**
Adjustments in respect of previous periods	**2**	-
Tax on profit on ordinary activities	**(443)**	66

Factors explaining the tax credit for the year are explained below:

	Period ended 30 June 2008 £'000	Year ended 31 Dec 2007 £'000
Profit on ordinary activities before taxation	**637**	242
Tax at 29% (2007: 30%)	**185**	73
Effects of:		
Expenses not deductible for tax purposes	**23**	5
Deduction for share based payment	**(714)**	-
Fixed asset timing differences	**(17)**	-
Other short-term timing differences	**382**	61
Differences due to change in tax rate	**21**	-
Losses carried back to earlier periods	**120**	-
Differences between depreciation and capital allowances	**-**	7
Marginal rate relief	**-**	(26)
Adjustments in respect of previous years	**(120)**	(4)
Current tax credit for the year	**(120)**	116

There are no factors believed to impact future tax changes except for deferred tax as disclosed in note 13.

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9 Tangible fixed assets

	Leasehold improvements	Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2008	221	605	171	997
Disposals	-	(5)	(171)	(176)
Additions	-	1	-	1
At 30 June 2008	**221**	**601**	**-**	**822**
Depreciation				
At 1 January 2008	221	545	70	836
Disposals	-	(2)	(74)	(76)
Charge for year	-	12	4	16
At 30 June 2008	**221**	**555**	**-**	**776**
Net book value				
At 30 June 2008	**-**	**46**	**-**	**46**
At 30 December 2007	-	60	101	161

10 Debtors

	30 June 2008	31 December 2007
	£'000	£'000
		(restated)
Amounts falling due within one year		
Trade debtors	**1,276**	1,498
Other debtors	**29**	45
Amounts due from group/parent undertaking	**11**	-
Deferred tax (note 13)	**389**	66
Prepayments and accrued income	**878**	299
	2,583	1,908

11 Creditors: amounts falling due within one year

	30 June 2008	31 December 2007
	£'000	£'000
		(restated)
Trade creditors	**130**	135
Corporation tax	**-**	214
Amounts owed to group undertakings	**189**	-
Other taxation and social security	**423**	353
Accruals and deferred income	**557**	358
Other creditors	**252**	145
	1,551	1,262

12 Provisions for liabilities and charges

	30 June 2008	31 December 2007
	£'000	£'000
Dilapidations provision	**178**	178

		Dilapidations
	£'000	£'000
At 1 January 2008	**178**	-
Provided in the period	**-**	178
At 30 June 2008	**178**	178

The dilapidations provision relates to the directors estimate of the company's liability to make good its leasehold premises in accordance with the terms of its lease. The provision is expected to be utilised within the next financial year.

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13 Deferred taxation

The deferred tax asset comprises:

	30 June 2008 £'000	31 December 2007 £'000
Other short-term timing differences	**-**	27
Differences between capital allowances and depreciation	**20**	39
Tax losses carried forward	**369**	-
	389	66

	30 June 2008 £'000	31 December 2007 £'000
Opening deferred tax asset at 1 January 2008	**66**	16
Origination and reversal of timing differences	**325**	50
Adjustment in respect of previous periods	**(2)**	-
Closing deferred tax asset at 30 June 2008	**389**	66

14 Called up share capital

	30 June 2008 £	31 December 2007 £
Authorised		
10,000,000 (2007:10,000,000) ordinary shares of 1p each	**100,000**	100,000
Allotted, called up and fully paid		
11,650 (2007:8,500) ordinary shares of 1p each	**116**	85

On 27 April 2007 the company purchased 1,500 1p ordinary shares for the sum of £700,000. The £15 nominal value of these shares has been transferred from share capital to a capital redemption reserve. The £700,000 paid for the shares was reflected as a movement in the profit and loss account within equity.

During the period share options were exercised which resulted in the issue of 3,150 ordinary shares for proceeds of £422,765, of which £422,734 was taken to the share premium reserve.

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15 Reserves

	Share premium £'000	Share based payment £'000	Profit and loss £'000 *(restated)*
Balance at 1 January 2008 – as previously reported	30	91	1,177
Prior period adjustment – see note 1	-	-	299
Balance at 1 January 2008 – as restated	30	91	1,476
Issue of shares	423	-	-
Share based payment expense	-	24	-
Exercise of share options		(115)	115
Dividend paid	-	-	(1,853)
Profit for the financial period	-	-	1,080
Balance at 30 June 2008	**453**	**-**	**818**

16 Reconciliation of movements in shareholders' funds

	30 June 2008 £'000	31 December 2007 £'000 *(restated)*
Profit for the financial period	**1,080**	176
Dividend paid	**(1,853)**	-
Share based payment expense	**24**	38
Purchase of own shares	**-**	(700)
Issue of shares	**423**	-
Net addition reduction in shareholders' funds	**(326)**	(486)
Opening shareholders' funds (originally £1,298,000 before prior year adjustment of £299,000 relating to revenue recognition – see note 1)	**1,597**	2,083
Closing shareholders' funds	**1,271**	1,597

17 Financial commitments

At 30 June 2008 the company had annual commitments under non-cancellable operating leases expiring as follows:

	30 June 2008	31 December 2007
	£'000	£'000
Land and buildings:		
Expiring within one year	**-**	23
Expiring in two to five years	**-**	20
Expiring in more than five years	**97**	-
	97	43

18 Ultimate and immediate parent and controlling parties

Throughout the year ended 31 December 2007 the company was under the control of D Bodmer, a director and majority shareholder of the company.

On 31 January 2008 the entire share capital of the company was sold to a group headed by FiveTen Group Holdings Limited.

At the period end the directors considered FiveTen Acquisition Limited to be the immediate parent company and FiveTen Group Holdings Limited the ultimate holding company. Copies of the consolidated financial statements of FiveTen Group Holdings Limited can be obtained from the company's registered office 5th Floor, 21 Wilson Street, London EC2M 2SN.

The majority shareholders of FiveTen Group Holdings Limited are funds controlled by Englefield Capital LLP and accordingly the directors consider Englefield Capital LLP to be the ultimate controlling party.

19 Post balance sheet events

During the period from October 2008 to December 2008 Englefield Capital LLP contributed incremental funding to the Group headed by FiveTen Group Holdings Limited, some of which was used on 23 December 2008 for the partial repayment of the Group's term loan facility. At the same time, a revised bank facility was agreed for the Group comprising a term loan facility of £16.0 million and ancillary facilities up to a maximum principal amount of £16.0 million, with the repayment profile of the term loan facility extended to December 2015.

20 Contingent liabilities

The company has provided a guarantee to Clydesdale Bank PLC of the Group's financing arrangements are set out in the accounts of FiveTen Group Holdings Limited.