



**The ReThink
Group plc**

Annual report
& accounts 2008

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The ReThink Group specialises in two areas: Recruitment and Business & IT consulting. The synergies that exist internally within the Group between IT & Business Consulting (Aiimi) and Recruitment (ReThink) allow us to understand our customers' needs to a much higher level. These divisions have benefited from this internal relationship and our clients have been able to draw on this when engaging with us. This model provides our customers with an alternative to the usual offering made by integration and consulting houses.

Highlights

2008 has been a period of continuing development and organic growth for the Group.

+54%

Our revenues have increased by 54% from the previous year.

£12.1m

Gross profit increased to £12.1 million, an increase from £7.9 million in 2007.

Financial highlights

- Revenue of £43.4m (2007: £28.1m).
- Gross profit increased to £12.1m (2007: £7.9m).
- Profit of £916k from operations before exceptional listing costs (2007: £1,307k).
- Profit before tax of £0.19m, (after the deduction of listing costs), compared to £1.07m in the prior year.
- Shareholders' funds increased to £2.07m, from £1.2m in 2007.
- Exceptional listing costs of £414k from move onto AIM in June 2008.
- Basic earnings per share 0.09p (2007: 1.1p).

Operational highlights

- Continued growth in IT recruitment services.
- Strong progress in our business and technology consulting division, Aiimi.
- Lower revenues in construction division.
- Increase in staff numbers to 149 (2007: 84).
- New regional offices opened in Leeds and Exeter.

Chairman's and Managing Director's statement

In our first year as a listed business we are delighted to report that the Group has made good progress.

Our Strategy

Focus on higher value business streams as opposed to high volume low margin business.

Operate a very flexible business model with non-core functions outsourced to third party specialists.

Continue to build on the solid geographic platform.

Retain and attract highly experienced staff who want to adopt the ReThink ethos, values and business model.

On behalf of the Board of The ReThink Group, we are pleased to report the Company's first full year results since we became a public company. The Group listed on the AIM market in June 2008, a move which, we believe supports our strategy in relation to organic growth and future acquisitions. In our first year as a listed business we are delighted to report that the Group has made good progress. We achieved strong organic growth in our core businesses and the acquisition of KeyPower Consultants Limited ("KPC") which was completed in December 2007 was successfully integrated into the Group during the early part of 2008. However we have not been immune to the severe economic climate, which started to impact on the business in the second half of the year.

The development of our construction business, ReBuild, required significant investment during the first half of 2008. Due to the rapidly changing nature of the construction sector we have had to focus our efforts on areas within this market that have been less affected by slowing demand. In doing so, we have had to reduce head count in this division and realign the skills of the team that continues to service this market. In line with our expectations of deteriorating market conditions in the second half of 2008, we have taken swift action to reduce the cost base and focus on cash management of this division. Nevertheless, the results of this division had a significant negative impact on the overall results of the Group for the year.

We have continued to focus on our core markets and strengths, whilst introducing additional revenue streams both organically and through acquisitions.

The Group rebranded ReThink Professional Services Limited as Aiimi Ltd, and a new company called ReThink Professional Services Limited ("RPS") was formed with the intention of providing Recruitment Process Outsourcing ("RPO") and Managed Services for clients. We have secured a large, long term programme of work for RPS with one of the UK's leading retailers, a contract that was awarded in 2008 for three years.

Market Overview

The uncertain macro-economic environment has resulted in more

challenging trading conditions across the UK recruitment market during 2008. Demand for permanent recruitment services has slowed and because of the current economic uncertainty good candidates are not moving onto new positions so readily. The Group is experiencing healthy demand for contractors and as a result our contract numbers have grown.

Strategy

The Group has a committed strategy of organic and acquisitional growth across the whole business.

We will continue to consider expansion into other high value recruitment niches and IT consulting. Research is under way to identify new markets. We have two small teams in place covering the Human Resource markets from our

office in London and a small team has been established in Bristol covering senior grade Finance professionals.

Financial Highlights

Despite extremely challenging conditions the Group continued to invest and grow in 2008. We achieved strong revenue growth, up 54% from 2007, to £43.4m and strong Gross Profit growth to £12.1m from £7.9m in 2007, an increase of 52.6%. Profit from operations before exceptional listing costs was down £0.39m, a decrease of 29.9%. Exceptional costs of £414k relate to the Group's AIM flotation in June 2008. Net assets have increased to £2.07m from £1.16m in the previous year and net cash at the year end was £515k. The Company has renewed its main borrowing facility for a further twelve months at increased levels to cover its predicted working capital requirements.

Key Performance Indicators ("KPIs")

The KPIs relevant to the business are set out below.

KPI	2008	2007	
Revenue	£43,389k	£28,144k	<ul style="list-style-type: none"> Increases in revenue are the result of the Group's investment in additional offices, the addition of KPC and the development of the Group's historical base.
Gross Profit	£12,089k	£7,920k	<ul style="list-style-type: none"> Margin growth is in line with growth in Group revenue.
Gross Profit %	27.9%	28.1%	<ul style="list-style-type: none"> Despite difficult economic conditions towards the end of the year, gross profit levels have been largely maintained.
Conversion rate	7.6%	16.5%	<ul style="list-style-type: none"> Operating profit (as adjusted for listing costs) as a % of gross margin. The fall in conversion partially reflects the investments made in new business operations but also has been impacted by the adverse market conditions towards the end of the year.
Productivity (Gross profit per fee earner)	£92.9k	£110k	<ul style="list-style-type: none"> Productivity levels have been affected by investment in new businesses and the lower level of fee billings in the last quarter of the year.
Fee earner to support staff ratio	87.2%	85.7%	<ul style="list-style-type: none"> Reflects the Group's continued investment in fee earning staff.
Head count	149	84	<ul style="list-style-type: none"> Average head count increase is mainly due to the investments in additional geographical presence together with acquisition of KPC.

Chairman's and Managing Director's statement

continued

In just under four years, ReThink has built a strong national presence with four major hubs in London, Manchester, Bristol and Birmingham all well established.

Review of operations

The Recruitment businesses are ReThink Recruitment Solutions Ltd, KeyPower Consultants Limited, ReBuild Recruitment Services Ltd and Integritas Ltd. Together these recruitment businesses have built a strong national presence in Manchester, London, Bristol, Birmingham, Southend, Leeds and Exeter.

2008 saw growth across all the regions. However, permanent revenues declined across all businesses in the latter part of the year. The Group's business is spread across a variety of sectors, thereby reducing exposure to individual sector pressures.

Aiimi Limited

Our business and consulting division, Aiimi Limited (previously known as ReThink Professional Services Limited) performed well in 2008 and continues to contribute highly profitable revenue to the Group. Aiimi has expanded its reach into its principal long term clients and has successfully added new blue chip companies to its growing customer base, although the second successful major contract is now expected to end in 2009. During the year Aiimi expanded its consulting operation through the development of a Business Transformation practice offering business consulting, change management and education services.

Aiimi's technical consulting practice has established technology partnerships with industry leading software companies including Callidus Software, Merced Systems & Xactly Corporation in Sales Performance Management and IBM (Cognos), Microsoft & Microstrategy in

Business Intelligence. Aiimi is now leveraging the synergies between The ReThink Group's recruitment businesses and its technology and consulting business and is seeing a strong growth in sales pipeline whereby existing customers seek cost savings on technology implementations traditionally delivered by higher cost Tier1 System Integrators and Consulting organisations.

Acquisitions

During the year the Group integrated KPC. KPC is now equipped to offer a greater range of services and has benefited by expanding into the permanent recruitment sector.

The acquisition of Proveya MEA FZCO, a company in the Middle East, was completed after the year end for consideration of up to £230k, in line with our strategic objective of international expansion. This will enable the business to venture further into Middle East markets and we are now billing across the Gulf region. The development of this region has been given to Simon Church, Group Development Director.

Dividend

No dividend is to be proposed for 2008. The dividend policy remains to pay a progressive sustainable dividend at a level that is prudent in light of the cash resources needed by the Group, and when market conditions improve.

Earnings per share

Basic earnings per share declined to 0.09p (2007: 1.1p),

Our Clients

We pride ourselves on our strong

client relationships and have continued to see strong client retention and growth across the Group. Whilst some of our major accounts have experienced reduced activity, we continue to invest in maintaining these relationships and the strength of our client base will position us well for when economic conditions improve.

Our People

The continued progress shown by the Group in 2008 is a function of the efforts from all of the staff throughout the Group. We would like to take this opportunity to thank the fellow members of the Board and all our colleagues for their hard work and commitment throughout 2008. Our key asset is our people; their hard work, expertise and dedication in a challenging environment has been integral to success of the business over the past year.

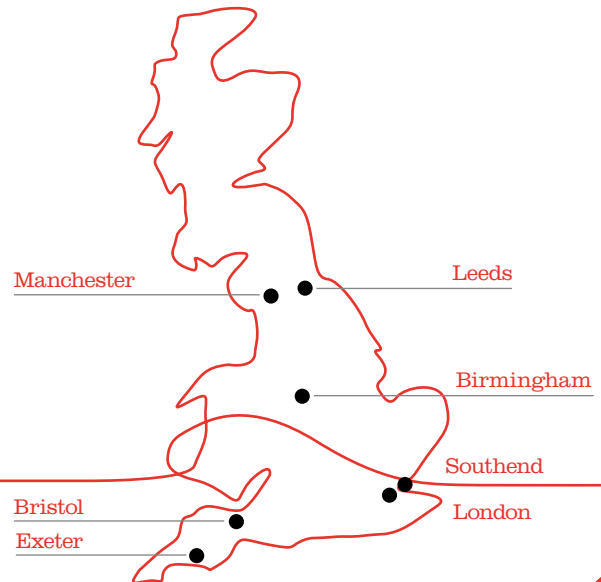
Outlook

We anticipate 2009 will be a difficult year across most industry sectors and our exposure to both recruitment and IT consulting makes it difficult to forecast in the medium term. We remain committed to delivering profitable results whilst also ensuring that we are well positioned to take full advantage when the market recovers. We will maintain tight cost controls without compromising on our high quality service and remain committed to focusing on specialist markets and will continue to follow our strategy of organic growth and adding acquisitions of complementary businesses.

John Sadiq
Chairman

Jon Butterfield
Managing Director

Our achievements



2009

Expansion into Gulf region

The continued progress shown by the Group in 2008 is a function of the efforts from all of the staff throughout the Group.

2008

Integritas and RPS developed.
New office in Leeds opened.

Group income £43.4m
149 employees

2007

Aimi and ReBuild developed
KPC acquired.

Group income £28.1m
84 employees

2005

RRS established in Manchester, London, Bristol
Group income £2.4m

2006

New office in Birmingham opened.

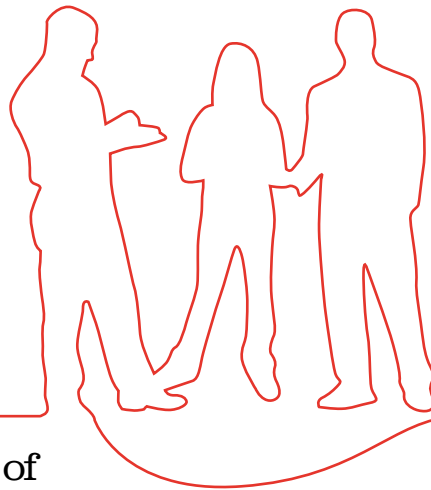
Group income £12.9m



+300

Over 300 clients across the UK.

Directors



Our Directors have 100 years' experience of the staffing and professional service sectors.

John Sadiq Chairman

Jonathan Butterfield Managing Director

Patrick Dundon Finance Director

Michael Bennett Executive Director, London and South East Region

Iain Blair Executive Director, South West Region

Simon Church Group Business Development Director

Andrew Lord Executive Director, North Region

Robert O'Callaghan Executive Director, Midland Region

Stephen Salvin Executive Director, Aiimi

John O'Sullivan Non-Executive Director

George Czasznicki Non-Executive Director

Keith Hirst CBE Non-Executive Director

Report of the Directors

For the year ended 31 December 2008

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2008.

CHANGE OF NAME

The Company changed its name from The Rethink Group Limited to The ReThink Group plc on 6 June 2008.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the provision of recruitment services in respect of permanent and contract staff and Technology Consulting services. The principal activity of the company was that of a holding company.

REVIEW OF BUSINESS

The results for the year and financial position of the Company and the Group are as shown in the attached financial statements, and a detailed review set out in the Chairman and Managing Director's statement on pages two to five.

DIVIDENDS

No dividends were proposed during the year (2007: £99,994).

The Directors who served the Company during the year, together with their interests in the shares of the Company, were as follows:

	Ordinary Shares of 0.1p each		Ordinary A Shares of 0.1p each		Ordinary B Shares of 0.1p each	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
J Butterfield	12,100,000	–	–	12,000,000	–	100,000
J Sadiq	100,000	–	–	–	–	100,000
I P Blair	12,100,000	–	–	12,000,000	–	100,000
J O'Sullivan	6,280,000	–	–	6,000,000	–	280,000
A Lord	12,100,000	–	–	12,000,000	–	100,000
M J Bennett	12,100,000	–	–	12,000,000	–	100,000
P Dundon	700,000	–	–	–	–	700,000
S Church	2,066,666	–	–	833,333	–	1,233,333
R O'Callaghan	2,000,000	–	–	1,500,000	–	500,000
S P Salvin	2,000,000	–	–	1,000,000	–	1,000,000
K Hirst (Appointed 28 July 2008)	100,000	–	–	–	–	–
G Czasznicki (Appointed 28 July 2008)	100,000	–	–	–	–	–

At 31 December 2008 6,000,000 Ordinary A shares of 0.1p each (2007: 6,000,000) were owned by Starwood Strategic Investments Ltd, a company in which family members of J Sadiq had a controlling interest.

No other shareholders have an interest in excess of 3% of the ordinary share capital.

On 30 May 2008, the Ordinary A shares of 0.1p per share and the ordinary B shares of 0.1p per share were converted to Ordinary shares of 0.1p per share.

FINANCIAL INSTRUMENTS

Full details of the Group's financial instruments, including consideration of the main risks to the Group and the policies adopted by the Directors to minimise their effects, are in note 19 to the financial statements.

Report of the Directors continued

For the year ended 31 December 2008

PRINCIPLE RISKS AND UNCERTAINTIES

Market and Economy

Market and economic conditions are considered to be the main risk to the business, where recruitment is significantly reduced as a result. The Group has addressed this by expanding into other recruitment sectors to spread and minimise the risk.

Regulatory change

We track and contribute to, regulation, via our membership of REC. Currently there is no regulatory change that we have sight of that would jeopardise the ReThink Group plc

Credit control

We have invested in and continue to invest in managing our credit risk and credit control processes.

Cash requirements

Business forecasts identifying, in particular, liquidity requirements for the Group are produced regularly. These are reviewed by the Board to ensure that sufficient headroom exists for at least the next 12 month period.

Going concern

The Group's business activities together with the factors which may impact its activities are described on pages two to five and page twenty. The notes to the financial statements fully describe the Group's policies and processes for managing financial risk including details of its financial assets and liabilities.

The Group has committed borrowing facilities until April 2010. After making due enquiry the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have therefore adopted a going concern basis in preparing the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and financial statements which comply with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 1985. The Directors have chosen to prepare financial statements for the Group and the company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"), and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with IFRSs.

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

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

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The responsibility also extends to the ongoing integrity of the financial statements contained therein.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, BDO Stoy Hayward LLP, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Director

Date: 28 April 2009

Corporate governance statement

For the year ended 31 December 2008

The Directors are committed to maintaining high standards of corporate governance.

The Directors have established an Audit Committee and Remuneration Committee each with formally delegated rules and responsibilities.

The Board of Directors

The Board of Directors is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions, and reporting to the shareholders.

John Sadiq's role within the Group is as Chairman. All other Non-Executive Directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Company intends to hold at least 10 Board meetings throughout each year.

The Directors have also established an Audit Committee during the year.

The Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the remuneration of the Executive Directors, and ensuring that the Group's management team are appropriately incentivised to encourage enhanced performance. It meets twice a year and comprises John Sadiq and John O'Sullivan.

Audit Committee

The Audit Committee is chaired by John Sadiq and consists of John O'Sullivan.

The Committee reviews the Group's accounting policies and regular reports from senior management. In addition, it reviews the interim and full year financial statements and results announcements relating to the Group's financial statements, together with any formal announcements relating to the Group's financial performance.

The Audit Committee also has responsibility for making recommendations on the appointment, reappointment and removal of the external auditors, which the Board then puts to the shareholders for approval in a general meeting. The Committee also reviews the annual and interim financial statements before they are submitted to the Board and reviews the scope and effectiveness of the Group's internal control functions.

There is no internal audit function, however, the Audit Committee review this on an annual basis and the current recommendation to the Board is that such a function is not necessary, as the internal controls are currently effectively monitored. This will be reviewed again in the forthcoming year.

Internal Financial Control and Reporting

The Board is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures, which inter alia comprise financial, compliance matters and risk management, are reviewed on an on-going basis. The Board approves the annual budget and performance against budget is monitored and reported by the Board. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time.

Relations with Shareholders

The Company reports to shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 working days before the meeting. Each subsequent separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The chairman of the Audit and Remuneration Committee normally attends the Annual General Meeting and will answer questions which may be relevant to their responsibilities.

Directors Share Dealings

The Company has adopted a model code for Directors' and key employees' share dealings which the Directors believe is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and, in addition, will take all reasonable steps to ensure compliance by the Group's applicable employees (as defined in the AIM rules).

Report of the remuneration committee

For the year ended 31 December 2008

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and sets and reviews the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of shareholders.

In determining the remuneration of the Executive Directors, the Remuneration Committee seeks to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees. No Director is permitted to participate in discussions or decisions concerning his own remuneration. At the date of this document, the Remuneration Committee comprises two Non-Executive Directors and is chaired by Mr John Sadiq. The Remuneration Committee has formal terms of reference.

None of the Committee members has any personal financial interests (other than as shareholders) or conflicts of interest arising from cross-directorships. The Committee has access to professional advice from internal and external advisors where relevant.

This report was approved by the Board of Directors on 28 April 2009 and signed on its behalf by:

John Sadiq

Chairman, Remuneration Committee
28 April 2009

Report of the independent auditor

To the shareholders of The ReThink Group plc

To the shareholders of The Rethink Group plc

We have audited the Group and parent company financial statements (the "financial statements") of The ReThink Group plc for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement, the company balance sheet, the company statement of changes in equity, the company cash flow statement 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' responsibility for preparing the annual report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been 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 those 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 supplied by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's and Managing Directors' Statement, the Report of the Directors, the Corporate Governance Statement and the Report of the Remuneration Committee. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent's affairs as at 31 December 2008;
- 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.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors, Manchester
28 April 2009

Consolidated income statement

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Revenue		43,389,085	28,144,069
Cost of sales		(31,300,077)	(20,223,118)
GROSS PROFIT		12,089,008	7,920,951
Administrative expenses		(11,586,761)	(6,612,972)
Administrative expenses before exceptional listing costs		(11,172,687)	(6,612,972)
Exceptional listing costs	5	(414,074)	–
PROFIT FROM OPERATIONS	5	502,247	1,307,979
Finance costs	4	(341,204)	(249,821)
Finance income	4	27,187	8,815
PROFIT BEFORE TAXATION		188,230	1,066,973
Tax expense	7	(106,488)	(229,601)
PROFIT FOR THE YEAR		81,742	837,372

All the profit for the year is attributable to equity holders of the parent

Earnings per share

		Pence	Pence
Basic	8	0.094	1.1
Diluted	8	0.079	0.9

The notes on pages 19–37 form part of these financial statements

Consolidated statement of changes in equity

For the year ended 31 December 2008

Group	Share Capital £	Retained Earnings £	Share Premium £	Other Reserve £	Merger Reserve £	Total £
At 1 January 2008	81,516	235,893	599,033	24,000	218,300	1,158,742
Profit for the year	–	81,742	–	–	–	81,742
Total recognised income and expense for the year	–	81,742	–	–	–	81,742
Shares issued at flotation	9,390	–	–	–	–	9,390
Recognition of share based payment expense	–	25,651	–	–	–	25,651
Contingent share consideration cancelled	–	–	–	(24,000)	–	(24,000)
Premium on issue of shares	–	–	795,959	–	–	795,959
Premium on share options exercised	–	–	52,650	–	–	52,650
Flotation costs written to share premium	–	–	(26,082)	–	–	(26,082)
At 31 December 2008	90,906	343,286	1,421,560	–	218,300	2,074,052
	Share Capital £	Retained Earnings £	Share Premium £	Other Reserve £	Merger Reserve £	Total £
At 1 January 2007	69,700	(522,787)	356,300	–	–	(96,787)
Profit for the year	–	837,372	–	–	–	837,372
Total recognised income and expense for the year	–	837,372	–	–	–	837,372
Dividends	–	(99,994)	–	–	–	(99,994)
Recognition of share based payment expense	–	21,302	–	–	–	21,302
Shares issued on acquisition of subsidiary	3,700	–	–	24,000	218,300	246,000
Shares issued	8,116	–	–	–	–	8,116
Premium on issue of shares	–	–	242,733	–	–	242,733
At 31 December 2007	81,516	235,893	599,033	24,000	218,300	1,158,742

Share capital

Share capital records the nominal value of shares in issue.

Merger reserve

Amounts subscribed for share capital in excess of nominal value on acquisition of another company.

Other reserve – Deferred share consideration cancelled

Amounts subject to conditions in the acquisition of KeyPower in 2007, no longer required.

Share premium

Amounts subscribed for share capital in excess of nominal value.

Retained Earnings

Cumulative net gains and losses recognised in the Income Statement.

The notes on pages 19–37 form part of these financial statements

Company statement of changes in equity

For the year ended 31 December 2008

Company	Share Capital £	Retained Earnings £	Share Premium £	Other Reserve £	Merger Reserve £	Total £
At 1 January 2008	81,516	(268,143)	599,033	24,000	218,300	654,706
Loss for the year	–	(164,512)	–	–	–	(164,512)
Total recognised income and expense for the year	–	(164,512)	–	–	–	(164,512)
Shares issued at flotation	9,390	–	–	–	–	9,390
Recognition of share based payment expense	–	25,651	–	–	–	25,651
Contingent share consideration cancelled	–	–	–	(24,000)	–	(24,000)
Premium on issue of shares	–	–	795,959	–	–	795,959
Premium on share options exercised	–	–	52,650	–	–	52,650
Flotation costs written to share premium	–	–	(26,082)	–	–	(26,082)
Balance at 31 December 2008	90,906	(407,004)	1,421,560	–	218,300	1,323,762

	Share Capital £	Retained Earnings £	Share Premium £	Other Reserve £	Merger Reserve £	Total £
At 1 January 2007	69,700	(522,787)	356,300	–	–	(96,787)
Profit for the year	–	333,336	–	–	–	333,336
Total recognised income and expense for the year	–	333,336	–	–	–	333,336
Dividends	–	(99,994)	–	–	–	(99,994)
Recognition of share based payment expense	–	21,302	–	–	–	21,302
Shares issued on acquisition of subsidiary	3,700	–	–	24,000	218,300	246,000
Shares issued	8,116	–	–	–	–	8,116
Premium on issue of shares	–	–	242,733	–	–	242,733
At 31 December 2007	81,516	(268,143)	599,033	24,000	218,300	654,706

Share capital

Share capital records the nominal value of shares in issue.

Merger reserve

Amounts subscribed for share capital in excess of nominal value on acquisition of another company.

Other reserve – Deferred share consideration cancelled

Amounts subject to conditions in the acquisition of KeyPower in 2007, no longer required.

Share premium

Amounts subscribed for share capital in excess of nominal value.

Retained Earnings

Cumulative net gains and losses recognised in the Income Statement.

The notes on pages 19–37 form part of these financial statements

Consolidated balance sheet

As at 31 December 2008

	Notes	2008 £	2007 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	678,480	702,480
Property, plant and equipment	12	496,328	208,518
Deferred tax	21	59,335	95,000
TOTAL NON CURRENT ASSETS		1,234,143	1,005,998
CURRENT ASSETS			
Trade receivables	14	10,267,601	7,735,767
Other current assets	14	878,052	608,682
Cash and cash equivalents		514,854	371,052
TOTAL CURRENT ASSETS		11,660,507	8,715,501
TOTAL ASSETS		12,894,650	9,721,499
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(10,232,500)	(7,831,113)
Bank loans and finance leases	16	(187,218)	(176,461)
Tax payable		(112,286)	(229,601)
TOTAL CURRENT LIABILITIES		(10,532,004)	(8,237,175)
NET CURRENT ASSETS		1,128,504	478,326
NON-CURRENT LIABILITIES			
Bank loans and finance leases	16	(288,594)	(325,582)
NET ASSETS		2,074,052	1,158,742
EQUITY			
Share capital	22	90,906	81,516
Share premium account		1,421,560	599,033
Other reserves		–	24,000
Merger reserve		218,300	218,300
Retained earnings		343,286	235,893
Total equity attributable to equity holders of the parent		2,074,052	1,158,742

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2009.

J Butterfield – Director

The notes on pages 19–37 form part of these financial statements

Company balance sheet

As at 31 December 2008

	Notes	2008 £	2007 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,773	5,320
Investments	13	238,241	262,241
Deferred tax	21	–	24,350
TOTAL NON-CURRENT ASSETS		242,014	291,911
CURRENT ASSETS			
Trade receivables	14	4,235	15,430
Amounts owed by Group undertakings	14	1,659,370	1,162,332
Other current assets	14	156,169	241,923
Cash and cash equivalents		271,462	6,575
TOTAL CURRENT ASSETS		2,091,236	1,426,260
TOTAL ASSETS		2,333,250	1,718,171
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(848,109)	(773,114)
Bank loans and finance leases	16	(75,000)	(131,255)
Tax payable		–	(2)
TOTAL CURRENT LIABILITIES		(923,109)	(904,371)
NET CURRENT ASSETS		1,168,127	521,889
NON-CURRENT LIABILITIES			
Bank loans and finance leases	16	(86,379)	(159,094)
NET ASSETS		1,323,762	654,706
EQUITY			
Share capital	22	90,906	81,516
Share premium account		1,421,560	599,033
Other reserves		–	24,000
Merger reserve		218,300	218,300
Retained earnings		(407,004)	(268,143)
Total equity attributable to equity holders of the company		1,323,762	654,706

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2009.

J Butterfield – Director

The notes on pages 19–37 form part of these financial statements

Consolidated cashflow statement

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Cash flows from operating activities			
Profit before tax		188,230	1,066,973
Share based payment charge		25,651	21,302
Depreciation charges		168,533	64,799
Loss on disposal of property, plant and equipment		(276)	6,553
Finance costs		341,204	249,821
Finance income		(27,187)	(8,815)
		696,155	1,400,633
(Increase) in trade and other receivables		(2,785,393)	(2,636,652)
Increase in trade and other payables		2,527,032	1,669,455
Cash generated from operations		437,794	433,436
Finance costs paid		(341,204)	(249,821)
Corporation tax paid		(229,601)	–
Net cash (absorbed by)/generated from operating activities		(133,011)	183,615
Cash flows from investing activities			
Purchase of property, plant and equipment		(153,289)	(201,861)
Proceeds from sale of property, plant and equipment		3,222	39,130
Purchase of subsidiary undertaking inclusive of costs and net of cash acquired		–	97,173
Interest received		27,187	8,815
Net cash absorbed by investing activities		(122,880)	(56,743)
Cash flows from financing activities			
Repayment of long term borrowings		(139,502)	(151,945)
Repayment of finance leases		(152,229)	–
Net proceeds from issue of share capital		831,918	250,849
Repayment of loans		(40,500)	–
Payment of dividend		(99,994)	–
Net cash generated from financing activities		399,693	98,904
Net change in cash and cash equivalents		143,802	225,776
Cash and cash equivalents at start of year	2	371,052	145,276
Cash and cash equivalents at end of year	2	514,854	371,052

The notes on pages 19–37 form part of these financial statements

Company cashflow statement

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Cash flows from operating activities			
(Loss)/Profit before tax		(164,512)	403,988
Share based payment charge		25,651	21,302
Depreciation charges		1,548	18,990
Finance costs		–	103,888
Finance income		–	(9)
		(137,313)	548,159
(Increase)/Decrease in trade and other receivables		(375,741)	2,570,665
Decrease/(Increase) in trade and other payables		74,995	(3,235,365)
Cash absorbed by operations		(438,059)	(116,541)
Finance costs paid		–	(103,888)
Net cash absorbed by operating activities		(438,059)	(220,429)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	44,262
Corporation tax paid		(2)	(16,241)
Interest received		–	9
Net cash (absorbed by)/generated from investing activities		(2)	28,030
Cash flows from financing activities			
Repayment of long term borrowings		(113,215)	(212,906)
Net proceeds from issue of share capital		831,918	250,849
Net cash generated from financing activities		718,703	37,943
Net change in cash and cash equivalents			
Cash and cash equivalents start of year	2	(9,180)	145,276
Cash and cash equivalents at end of year	2	271,462	(9,180)

The notes on pages 19–37 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS's and IFRIC interpretations") issued by the international Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs"), and also, those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous period except as follows:

In preparing the Group financial statements for the current year the Group has adopted the following new IFRSs, amendments to IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, which had no significant effect on the results or net assets of the Group:

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions;

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

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

IFRS 1 (amended) IAS 27 (amended) – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;

IFRS 2 (amended) Share-based Payment – Vesting Conditions and Cancellations;

IFRS 3 (revised 2008) Business Combinations;

IFRS 8 Operating segments;

IAS 1 (revised 2007) Presentation of Financial Statements;

IAS 23 (revised 2007) Borrowing Costs;

IAS 27 (revised 2008) Consolidated and Separate Financial Statements;

IAS 32 (amended) IAS 1 (amended) – Puttable Financial Instruments and Obligations Arising on Liquidation;

IFRIC 12 Service Concession Arrangements;

IFRIC 13 Customer Loyalty Programmes;

IFRIC 15 Agreements for the Construction of Real Estate;

IFRIC 16 Hedges of a Net Investment in a Foreign Operation; and

IFRIC 17 Distributions of Non-cash Assets to Owners.

The Directors anticipate that, other than in respect of required disclosures arising from IFRS 8 and IAS 1, the adoption of the standards and interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions are therefore eliminated in full.

Notes to the financial statements

continued

For the year ended 31 December 2008

1. ACCOUNTING POLICIES continued

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Business combinations that took place prior to 1 May 2006 have not been restated.

Goodwill

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

Revenue

Revenue represents the value of services provided, net of VAT, and discounts given.

Revenue arising from the placement of permanent candidates is recognised at the time the candidate commences full time employment. Provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period.

Revenue from temporary placements is recognised over the period that temporary staff are provided. Where the Company is acting as principal, turnover represents the amounts billed for the services of temporary staff which includes the salary costs of those staff. Where the company is acting as an agent, revenue represents commission receivable relating to the supply of temporary staff and does not include the salary costs of the temporary staff.

Professional consultancy revenue is recognised on a straight line basis under the terms of the contract. Revenue additional to the original contract is recognised in the period the staff or service are provided.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management system are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Share-based payment

Share based payment expenses are included in administrative expenses in the income statement with the credit entry to equity. All share based payments are equity settled.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that actually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Property, Plant and Equipment

The cost of items of property, plant and equipment is its purchase cost, together with any incidental costs of acquisition. Depreciation is provided at the following annual rates in order to write off each asset's cost less estimated residual value over its estimated useful life.

Fixtures and fittings	10%–33% on cost
Computer equipment	10%–33% on cost

Provision is made against the carrying value of items of property, plant and equipment where impairment in value is deemed to have occurred.

1. ACCOUNTING POLICIES continued

Investments

Fixed asset investments within the Company balance sheet are shown at cost less provision for impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the fair value of the shares.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses in respect of goodwill are not reversed.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payments is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

Financial instruments

Financial assets and liabilities are recognised at fair value in the balance sheet when the Group or company becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into loans and receivables (comprising cash and cash equivalents and trade receivables) and other liabilities (comprising bank borrowings and trade payables).

Trade receivables

Trade receivables do not carry any interest, are stated at their nominal value and are reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are split between trade debtors, where the work has been invoiced, and accrued income, where income is recognised, but the invoices not raised at the balance sheet date.

Notes to the financial statements

continued

For the year ended 31 December 2008

1. ACCOUNTING POLICIES continued

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group and company after deducting all of its liabilities.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

Invoice discounting

The Group funds operations by way of an invoice discounting facility. Trade receivables are recognised as the Group retains the significant risks and benefits. The related funding is shown as a financial liability and accounted for under the amortised cost basis.

Equity instruments

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

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are declared and paid to shareholders. In the case of final dividends this is when approved by the shareholders at the Annual General Meeting.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the tax liability accounting method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Pension contributions

Obligations for pension contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. The Group has no defined benefit arrangements in place.

Provisions

Provisions are recognised in the balance sheet when the Group and Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Provisions are reviewed on a regular basis and released to the income statement where changes in circumstances indicate that a provision is no longer required.

1. ACCOUNTING POLICIES continued

Profit from operations

Profit from operations is stated after charging all operating costs including those separately disclosed by virtue of their size or unusual nature or to facilitate a more helpful understanding of the Group and Company's results. It is stated before investment income and finance costs.

Key judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimated and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below.

- **Identification and valuation of intangibles acquired in business combinations**

Identifying and determining the fair value of intangibles acquired in business combinations requires estimation and judgement of the value of the cashflows related to the identified intangibles and a suitable discount rate in order to calculate the present value. As a result of this assessment, no intangibles other than goodwill have been recognised on acquisitions at 31 December 2008.

- **Impairment of goodwill and other intangibles**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires an entity to estimate the future cashflows expected to arise from the cash generating unit and a suitable discount rate in order to calculate net present value. Details of the impairment review are set out in note 11

Any change in estimates could result in an adjustment to recorded amounts.

2. NOTES TO THE CASHFLOW STATEMENTS

Cash and Cash Equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	2008 £	2007 £
Cash available on demand	514,854	386,807
Overdraft	–	(15,755)
	514,854	371,052

Company

Cash and Cash Equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	2008 £	2007 £
Cash available on demand	271,462	6,575
Overdraft	–	(15,755)
	271,462	(9,180)

Notes to the financial statements

continued

For the year ended 31 December 2008

3. EMPLOYEES AND DIRECTORS

Group

	2008 £	2007 £
Wages and salaries	7,313,378	3,823,267
Social security costs	785,562	513,937
Pension costs	285,786	89,656
Share based payment	25,651	21,302
	8,410,377	4,448,162

Company

	2008 £	2007 £
Wages and salaries	–	1,659,220
Social security costs	–	186,513
Pension costs	–	44,070
	–	1,889,803

The costs of Group employees are wholly borne by the subsidiary trading companies.

The average number of employees during the year was as follows:

Group

	2008 Number	2007 Number
Sales	130	72
Administration	11	5
Directors	8	7
	149	84

Company

	2008 Number	2007 Number
Sales	–	27
Administration	10	5
Directors	8	7
	18	39

	2008 £	2007 £
Directors' emoluments	1,054,111	1,029,235

Remuneration in respect of the highest paid Director:

	2008 £	2007 £
Salary and bonuses	129,800	157,748

During 2008 there was one Director in the Company's defined contribution pension scheme, (2007: one).

This scheme is administered by an independent pension provider and the assets of the scheme are separate to those of the Group.

4. FINANCE INCOME AND EXPENSE

	2008 £	2007 £
Finance income:		
Bank interest received	18,633	8,815
Other interest received	8,554	–
	27,187	8,815

	2008 £	2007 £
Finance costs:		
Bank charges and interest	38,264	42,290
Invoice discount charges and interest	302,940	207,531
	341,204	249,821

5. PROFIT FROM OPERATIONS

This is stated after charging:

	2008 £	2007 £
Staff costs (note 3)	8,410,377	4,448,162
Other operating leases – property	263,990	259,794
Depreciation of property, plant and equipment	168,533	64,799
Loss on disposal of property, plant and equipment	–	6,553
Audit fee – parent	14,500	20,000
– subsidiaries	12,000	6,500
Fees paid to the Company's auditors for non-audit services		
– tax services	18,000	5,000
– flotation expenses	92,523	–

Group

During the year the group floated on the Alternative Investment Market. Only costs relating to new share capital issued have been allocated to the share premium account (£26,082) with the remaining £414,074 being classified within administrative expenses in the income statement.

6. SEGMENT INFORMATION

The Group's primary reporting format for reporting segment information is business segments. Management do not consider that the Group has operated in different geographical segments during 2007 and 2008.

2008	Recruitment £	Consultancy £	Unallocated £	Total £
Revenue				
Continuing	40,591,286	2,797,799	–	43,389,085
Listing costs	–	–	(414,074)	(414,074)
Profit from operations	862,633	53,688	(414,074)	502,247
Finance costs less finance income				(314,017)
Profit before tax				188,230
Balance Sheet				
Assets	11,063,669	1,830,981	–	12,894,650
Liabilities	(9,705,846)	(1,114,752)	–	(10,820,598)
Net assets	1,357,823	716,229	–	2,074,052
Other				
Capital expenditure	439,271	20,018	–	459,289
Depreciation	165,854	2,679	–	168,533

Notes to the financial statements

continued

For the year ended 31 December 2008

6. SEGMENT INFORMATION continued

2007	Recruitment £	Consultancy £	Unallocated £	Total £
Revenue				
Continuing	25,758,125	2,385,944	–	28,144,069
Profit from operations	459,312	848,667	–	1,307,979
Finance costs less finance income				(241,006)
Profit before tax				1,066,973
Balance Sheet				
Assets	8,440,379	1,281,120	–	9,721,499
Liabilities	(7,943,909)	(618,848)	–	(8,562,757)
Net assets	496,470	662,272	–	1,158,742
Other				
Capital expenditure	200,483	1,378	–	201,861
Depreciation	64,545	254	–	64,799

7. TAXATION

	2008 £	2007 £
Current tax expense		
UK corporation tax on profits for the year	112,286	229,601
Overpayment in prior years	(41,463)	–
	70,823	–
Deferred tax		
Deferred tax charge (note 21)	35,665	–
Total income tax charge	106,488	229,601

Factors affecting the tax charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2008 £	2007 £
Profit before taxation	188,230	1,066,973
Expected tax charge based on the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	53,645	320,092
Items disallowed for tax	141,487	36,475
Deferred tax not provided	(11,504)	11,306
Marginal relief	(4,505)	(219)
Loss brought forward	(66,837)	(138,053)
Previously recognised deferred tax assets written off in the year	95,000	–
Previously unrecognised deferred tax assets assessed as recoverable at the end of the year	(59,335)	–
Overpayment in prior year	(41,463)	–
Total tax expense	106,488	229,601

8. EARNINGS PER SHARE

	2008 £	2007 £
Numerator		
Profit for the year – used in basic and diluted EPS	81,742	837,372
Denominator		
Weighted average number of shares used in basic EPS	86,602,916	75,565,277
Effects of employee share options	17,477,408	14,633,413
Weighted average number of shares used in diluted EPS	104,080,324	90,198,690

9. (LOSS)/PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's (loss)/profit for the financial year was (£164,512) (2007: £333,336).

10. DIVIDENDS

	2008 £	2007 £
Ordinary Shares of 0.1p each		
Final	–	99,994

The Directors have not proposed a final dividend in 2008 (2007: £99,994).

11. GOODWILL AND IMPAIRMENT

Group

	2008 £	2007 £
Opening net book value and cost	702,480	–
Additions	–	702,480
Revision to contingent consideration	(24,000)	–
Net book value at 31 December 2008	678,480	702,480

Details of goodwill allocated to cash generating units (CGUs) is as follows:

	Goodwill carrying amount	
	At 31 December 2008 £	At 31 December 2007 £
KeyPower Consultants Limited	678,480	702,480

Goodwill has been tested for impairment at 31 December 2008 by reference to the recoverable amount of the cash generating unit ("CGU"). No impairment has been deemed necessary by the Board.

The recoverable amount of the CGU has been determined from value in use calculations based on cashflow projections from formally approved budgets covering a two year period to 31 December 2010 and then extrapolated to 2013.

There are no key assumptions in the approved budgets to which the CGUs recoverable amount is sensitive. Other assumptions in the extrapolated projections are as follows:

	2008 KeyPower %	2007 KeyPower %
Discount rate	10%	7%
Growth rate and inflation	2.5%	2.5%

The discount rate is based on the Group's cost of funding adjusted to reflect management's assessment of specific risks related to the CGU.

The growth rate and inflation have been based on independent economic data.

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For the year ended 31 December 2008

12. PROPERTY, PLANT AND EQUIPMENT

Group	Improvements to property £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Totals £
COST					
At 1 January 2008	44,627	118,329	92,986	–	255,942
Additions	7,738	57,674	350,343	43,534	459,289
Disposals	–	(724)	(4,170)	–	(4,894)
At 31 December 2008	52,365	175,279	439,159	43,534	710,337
DEPRECIATION					
At 1 January 2008	2,459	19,811	25,154	–	47,424
Charge for year	14,253	43,818	110,462	–	168,533
Disposals	–	(282)	(1,666)	–	(1,948)
At 31 December 2008	16,712	63,347	133,950	–	214,009
NET BOOK VALUE					
At 31 December 2008	35,653	111,932	305,209	43,534	496,328
At 31 December 2007	42,168	98,518	67,832	–	208,518

Group	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2007	–	98,361	–	98,361
Additions	44,627	69,599	87,635	201,861
Disposals	–	(90,623)	(2,224)	(92,847)
Acquired through business combinations	–	40,992	7,575	48,567
At 31 December 2007	44,627	118,329	92,986	255,942
DEPRECIATION				
At 1 January 2007	–	29,789	–	29,789
Charge for year	2,459	36,383	25,957	64,799
Disposals	–	(46,361)	(803)	(47,164)
At 31 December 2007	2,459	19,811	25,154	47,424
NET BOOK VALUE				
At 31 December 2007	42,168	98,518	67,832	208,518
At 31 December 2006	–	68,572	–	68,572

The net book value of tangible fixed assets for the Group includes an amount of £306,000 (2007: nil) in respect of assets held under finance leases and hire purchase contracts. All these assets are classified as computer equipment. The Company had no assets held under such leases at either year end.

12. PROPERTY, PLANT AND EQUIPMENT continued

Company

	Fixtures and fittings £
COST	
At 1 January 2008 and 31 December 2008	7,738
DEPRECIATION	
At 1 January 2008	2,418
Charge for year	1,547
At 31 December 2008	3,965
NET BOOK VALUE	
At 31 December 2008	3,773
At 31 December 2007	5,320

Company

	Fixtures and fittings £
COST	
At 1 January 2007	98,361
Disposals	(90,623)
At 31 December 2007	7,738
DEPRECIATION	
At 1 January 2007	29,789
Charge for year	18,990
Disposals	(46,361)
At 31 December 2007	2,418
NET BOOK VALUE	
At 31 December 2007	5,320
At 31 December 2006	68,572

Notes to the financial statements

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For the year ended 31 December 2008

13. INVESTMENTS

Company

	Shares in Group undertakings £
COST	
At 1 January 2008	262,241
Revision to contingent consideration	(24,000)
At 31 December 2008	238,241
NET BOOK VALUE	
At 31 December 2008	238,241
At 31 December 2007	262,241

The principal subsidiaries of The ReThink Group plc, all of which have been included in the consolidated financial statements are as follows.

Name	Nature of Business	Country of Incorporation	Proportion of ownership interest and ordinary share capital held
ReThink Professional Services Ltd	Managed Services	England	100%
ReThink Recruitment Solutions Ltd	Recruitment Services	England	100%
ReBuild Recruitment Services Ltd	Recruitment Services	England	100%
KeyPower Consultants Ltd	Recruitment Services	England	100%
KeyPower Consultants Wireless Solutions Ltd	Recruitment Services	England	100%
Aiimi Ltd	Consultancy Services	England	100%
Integritas Ltd	Recruitment Services	England	100%

14. TRADE AND OTHER RECEIVABLES

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Trade receivables	10,267,601	7,735,767	4,235	15,430
Amounts owed by Group undertakings	–	–	1,659,370	1,162,332
Other receivables	260,063	427,365	131,986	177,646
VAT	–	–	21,433	14,427
Prepayments and accrued income	617,989	181,317	2,750	49,850
	11,145,653	8,344,449	1,819,774	1,419,685

Included within Group trade receivables is an amount of £9,007,494 (2007: £4,559,138) subject to invoice discounting.

Included within company trade receivables is an amount of £4,235 (2007: £15,430) subject to invoice discounting.

15. TRADE AND OTHER PAYABLES

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Trade payables	2,504,124	2,601,545	72,656	101,825
Obligations under finance leases	51,258	–	–	–
Amounts owed to Group undertakings	–	–	615,481	272,514
Social security and other taxes	926,325	991,191	53,783	145,754
Other payables	85,519	590,800	95,308	123,373
Advances on invoice discounting facility	5,884,930	2,978,214	–	3,953
Accruals	780,344	669,363	10,881	125,695
	10,232,500	7,831,113	848,109	773,114

15. TRADE AND OTHER PAYABLES continued

Trade receivables subject to invoice discounting are recognised as the Group retains the significant risks and benefits. Payments received from invoice discounting providers are presented as other payables.

Included within other payables is £nil of dividends payable (2007: £99,994)

16. FINANCIAL LIABILITIES – BANK LOANS AND FINANCE LEASES

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Current:				
Bank overdrafts	–	–	–	15,755
Bank loans	135,961	135,961	75,000	75,000
Other loans (note 25)	–	40,500	–	40,500
Finance lease	51,257	–	–	–
	187,218	176,461	75,000	131,255
Non-current:				
Bank loans	186,080	325,582	86,379	159,094
Finance lease	102,514	–	–	–
	288,594	325,582	86,379	159,094

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 20.

17. OPERATING LEASING AGREEMENTS

The Group leases its properties. The terms of property leases vary from location to location, although they all tend to be tenant repairing with rent reviews every two to five years, and typically have break clauses.

The total future minimum lease payments are due as follows:

Group

	Non-cancellable operating leases	
	2008 £	2007 £
Not later than one year	225,874	228,392
Later than one year and not later than five years	505,632	649,480
Later than five years	–	–
	731,506	877,872

Company

	2008	2007
	£	£
Not later than one year	225,874	228,392
Later than one year and not later than five years	505,632	649,480
Later than five years	–	–
	731,506	877,872

Notes to the financial statements

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For the year ended 31 December 2008

18. SHARE BASED PAYMENT

The Group operates a share option scheme for employees, being an Enterprise Management Incentive Scheme ("EMI"). Under the EMI, the options vest as set out below.

The EMI options are subject to the employee being employed at the vesting qualification point.

	31 December 2008		31 December 2007	
	Weighted Average Exercise price £	Number	Weighted Average Exercise Price £	Number
Outstanding at beginning of year	0.045	19,841,666	0.04	6,900,000
Granted during the year	0.08	3,400,000	0.048	15,841,666
Exercised during the year	0.04	(1,350,000)	–	–
Lapsed during the year	0.048	(3,850,000)	0.048	(2,900,000)
Outstanding at end of year	0.048	18,041,666	0.045	19,841,666

The exercise price of options outstanding at the end of the year ranged between 4p and 8p (2007: ranged between 4p and 8p).

All options vest as follows:

50% of options 12 months after flotation, with any options not exercised within three years, to lapse.

50% of options 24 months after flotation, with any options not exercised, within three years to lapse.

The weighted average fair value of each option granted during the year was £0.0047 (2007: £0.0097).

The following information is relevant in determination of the fair value of the options granted during the year.

	2008	2007
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price at grant date (£)	0.08	0.04
Weighted average exercise price (£)	0.08	0.04
Weighted average volatility	31%	31%
Dividend growth	0.5%	0%
Weighted risk free interest rate	4.5%	4.1%

Volatility is based on management's best estimate having reviewed the average weekly share price of quoted comparable companies.

The Group did not enter into any share based payment transactions with parties other than employees during 2008 or 2007.

A share based payment has been charged to the income statement (Group and Company) of £25,651 (2007: £21,302).

19. FINANCIAL INSTRUMENTS – RISK EXPOSURE AND MANAGEMENT

The Group is exposed through its operations to one or more of the following financial risks that arise from its use of financial instruments.

- Market risk
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board following recommendations from the Finance Director. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the Board. The policy for each risk is described in more detail below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate (interest rate risk).

19. FINANCIAL INSTRUMENTS – RISK EXPOSURE AND MANAGEMENT continued

Interest Rate Risk

The Group's external borrowings at the balance sheet date comprise of a short term overdraft, and a bank loan. The Group does not seek to fix interest on this borrowing, as the Board consider the exposure to interest rate risk acceptable.

Foreign Currency Risk

Foreign exchange risk arises due to contractors and/or clients being based in countries whose functional currency is not the same as the Group's primary functional currency (sterling). Transactions involving overseas contractors and clients are exposed to currency risk giving rise to gains or losses on translation into sterling. Only in exceptional circumstances will the Group consider hedging its currency risk, as it does not consider the minimal exposure of the Group to be warranted.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity risk is managed centrally by the finance function. Budgets are set locally and centrally, and are agreed by the Board annually in advance, enabling the Group's cashflow requirements to be anticipated. Where facilities of Group entities need to be increased, approval of the Finance Director must be sought. When the amount of the facility is above a certain level the agreement of the Board is needed.

Credit Risk

The Group is mainly exposed to credit risk from invoiced sales where cash is not received at the balance sheet date, however the Group reduces its risk through appropriate use of credit insurance.

The Group also maintains invoice discounting facilities which enable its debts to be factored.

At the balance sheet date £572,880 (2007: £262,205) of trade receivables was considered overdue but not impaired. Debt is covered by credit insurance, with a maximum insured balance per individual claim of £750k.

Debt risk

Where customers exceed their credit insured limit, management look at the exposure on an individual basis giving consideration to the quality of, and the history of the relationship with, the customer together with the extent of any exposure. There is no significant concentration of credit risk on a single customer and the quality of debtors is viewed as high. The Group's total exposure to credit risk is trade debtors and cash totalling £10,782,455 (2007: £8,106,819). Cash is held in UK high street banks.

Regular management review is made to assess the recoverability of gross revenues, and provision made accordingly. At 31 December 2008, there was considered to be requirement for £24,306 (2007: £nil) of provision against receivables or other current assets.

At the year end, the company was owed £1,659,370 (2007: £1,162,332) by its subsidiaries in respect of management charges.

Capital Disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders commensurate with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheets, book value approximates to fair value at 31 December 2008 and 2007.

20. FINANCIAL ASSETS AND LIABILITIES – OTHER DISCLOSURES

Maturity of financial liabilities

The following table illustrates the contractual maturity of the Group's financial liabilities, excluding bank borrowing and finance leases, that must be settled gross, based where relevant, on balance sheet interest rates and exchange rates prevailing at the balance sheet date.

	At 31 December 2008 £	At 31 December 2007 £
In less than one year	9,254,917	6,839,922

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For the year ended 31 December 2008

20. FINANCIAL ASSETS AND LIABILITIES – NUMERICAL INFORMATION continued

Maturity of bank balances is shown below.

Borrowing facilities

The Group has undrawn committed borrowing facilities available at 31 December 2008 for which all conditions have been met. The borrowings are secured by fixed and floating charges in favour of the Group's bankers. All bank borrowings are on a floating rate fixed above base rate. The carrying value of assets pledged as security at 31 December is £12,894,650 (2007: £9,721,499).

Subject to the above, the invoice discounting facility takes first security over the trade receivables.

	At 31 December 2008 £	At 31 December 2007 £
Overdraft – expiry within one year	100,000	100,000
Invoice discounting – expiry within one year	2,115,071	761,260
	2,215,071	861,260

Invoice discounting is available with an overall limit of £10m but is further restricted by conditions including total value of sales invoices raised, (90%), and specific debt exclusion.

Interest rate risk

The interest profile of the Group's financial assets and liabilities are as follows:

Invoice discounting liabilities are payable at 1.75% (2007: 1.5%) above base rate.

Overdraft facilities are payable at 2.0% (2007: 2.0%) above base rate.

If during the year base rates had been 0.5% higher, interest charges would have been £27k higher in 2008; (2007: £22k)

21. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2007: 30%)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

Details of the deferred tax asset, amounts charged to the consolidated income statement and amounts charged to reserves are as follows;

Group

	31 December 2008 £	31 December 2007 £
Balance brought forward	95,000	95,000
Previously recognised deferred tax assets written off in the year	(95,000)	–
Previously unrecognised deferred tax assets assessed as recoverable at the end of the year	59,335	–
Balance carried forward	59,335	95,000

Company

	31 December 2008 £	31 December 2007 £
Balance brought forward	24,350	95,000
Previously recognised deferred tax assets written off in the year	(24,350)	(70,650)
Balance carried forward	–	24,350

All deferred tax assets relate to tax losses.

22. SHARE CAPITAL

Authorised

	At 31 December 2008		At 31 December 2007	
	Number	£	Number	£
Ordinary	145,000,000	145,000	–	–
Ordinary A shares	–	–	87,000,000	87,000
Ordinary B shares	–	–	23,000,000	23,000
	145,000,000	145,000	110,000,000	110,000

Issued Ordinary A shares of 0.1p each

	At 31 December 2008		At 31 December 2007	
	Number	£	Number	£
At the beginning of the year	63,333,333	63,333	60,000,000	60,000
Issued during the year	–	–	3,333,333	3,333
Transferred to Ordinary shares	(63,333,333)	(63,333)	–	–
At the end of the year	–	–	63,333,333	63,333

Issued Ordinary B shares of 0.1p each

	At 31 December 2008		At 31 December 2007	
	Number	£	Number	£
At the beginning of the year	18,183,333	18,183	9,700,000	9,700
Issued during the year	–	–	4,783,333	4,783
Acquisition of subsidiary	–	–	3,700,000	3,700
Transferred to Ordinary shares	(18,183,333)	(18,183)	–	–
At the end of the year	–	–	18,183,333	18,183

Issued Ordinary shares of 0.1p each

	At 31 December 2008		At 31 December 2007	
	Number	£	Number	£
At the beginning of the year	–	–	–	–
Issued during the year – flotation	8,040,000	8,040	–	–
Share options exercised	1,350,000	1,350	–	–
Transferred from Ordinary A shares	63,333,333	63,333	–	–
Transferred from Ordinary B shares	18,183,333	18,183	–	–
At the end of the year	90,906,666	90,906	–	–

Allotted, issued and fully paid

	At 31 December 2008		At 31 December 2007	
	Number	£	Number	£
Ordinary shares of 0.1p	90,906,666	90,906	–	–
Ordinary A shares of 0.1p	–	–	63,333,333	63,333
Ordinary B shares of 0.1p	–	–	18,183,333	18,183
	90,906,666	90,906	81,516,666	81,516

During the year all Ordinary A and Ordinary B shares were converted to Ordinary shares.

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For the year ended 31 December 2008

23. RELATED PARTY DISCLOSURES

Details of Directors' emoluments are given in note 3. Directors are considered to be the only key management personnel.

Options over shares in the Company held or granted to the Directors serving at the year end were as follows:

	Grant date	Option price	Options at 31/12/08
R O'Callaghan	06 February 2007	4.00p	1,500,000
A Lord	30 April 2007	4.00p	500,000
I P Blair	30 April 2007	4.00p	500,000
J Butterfield	30 April 2007	4.00p	500,000
M J Bennett	30 April 2007	4.00p	500,000
P Dundon	29 September 2006 and 30 April 2007	4.00p 4.00p	375,000 500,000
S P Salvin	8 June 2007 and 13 August 2007	4.00p 4.00p	500,000 750,000
S Church	15 January 2007 and 13 August 2007	4.00p 4.00p	1,666,666 275,000
			7,566,666

The above options vest in two tranches, 50% on the first anniversary of flotation, exercisable over a period of 36 months, and the balance on the second anniversary, exercisable over a period of 36 months.

Included within payables due after more than one year are other loans totalling £nil (2007: £40,500) of which £nil (2007: £30,500) is due to the shareholders and Directors:

	2008 £	2007 £
A Lord (director)	–	500
J Butterfield (director)	–	10,000
M J Bennett (director)	–	10,000
J O'Sullivan (director)	–	5,000
Starwood Strategic Investments (shareholder)	–	5,000

These balances are secured, and subject to interest at 2% over the Bank of England base rate. During the year interest of £8,553 was charged (2007: £7,569). All balances were repaid during the year.

During the year personal guarantees of Directors and shareholders of the Company in respect of the bank loan were cancelled. At 31 December 2007 these totalled £400,000.

There are no trading transactions between the parent and subsidiaries other than recharges of costs incurred. Amounts outstanding at 31 December 2008 and 2007 are disclosed within notes 14 and 15.

24. ULTIMATE CONTROLLING PARTY

The Directors do not consider any one party to exercise ultimate control over the Group.

25. POST BALANCE SHEET EVENTS

The Company has bought the entire share capital of, ReThink MEA (formally known as Proveya MEA), a trading company based in Dubai for a sum of up to £230,000, which will include up to £252,000 of goodwill. The transaction was completed on the 31 March 2009.

Details of the acquisition are set out below:

	ReThink MEA 2009 (provisional) £
Assets	
Plant and equipment	–
Trade receivables	20,229
Cash and cash equivalents	–
Liabilities	
Trade and other payables	–
	20,229
Goodwill	251,749
Costs of acquisition	(41,978)
Consideration	230,000

26. ACQUISITIONS

KPC LIMITED

In the prior year the company acquired the entire share capital of KeyPower Consultants Limited (KPC). The consideration was £246,000 to be satisfied in shares. £222,000 was paid (by share issue of 3,700,000 shares) at the point of purchase, with deferred consideration of £24,000 (by issue of 400,000 shares) dependent on certain conditions being met within time constraints.

The following table sets out the book values of the identifiable assets and liabilities acquired and their values to the Group.

	Book Value £	Fair Value to the Group £
Assets		
Plant and equipment	48,567	48,567
Trade receivables	1,717,447	1,717,447
Cash and cash equivalents	113,414	113,414
Liabilities		
Trade and other payables	(2,319,667)	(2,319,667)
Net Liabilities	(440,239)	(440,239)
Goodwill		702,480
Costs of Acquisition		(16,241)
Consideration		246,000

The goodwill is attributable to synergies expected to arise from integration of the business with that of the Group and those intangibles such as the consultants in situ which are not recognised separately.

From the acquisition date to 31 December 2007 the contribution of KPC group profit has not been significant. If the acquisition had occurred on 1 January 2007, Group turnover would have been £38.2m and the profit for the year would have been £695,329.

The fair value of the shares was determined by reference to a recent purchase of shares such that this was determined to be a market value.

During 2008, the £24,000 deferred consideration was no longer payable due to conditions not being met and goodwill has been reduced accordingly.

Company information

For the year ended 31 December 2008

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