

## HEALTHCARE LOCUMS PLC NEWS ANNOUNCEMENT

### Healthcare Locums - Final Results

RNS Number:2289S  
Healthcare Locums PLC  
14 April 2008

Healthcare Locums plc  
( 'HCL' or the 'Company' )

Final results for the year ended 31 December 2007

#### Financial Highlights

- \* Market leader in each of our three divisions, Allied Health, Doctors and Social Care
- \* Maiden dividend of 1p per share to be declared by the Board
- \* 108% sales growth to £135m in 2007 (2006: £65m)
- \* Run rate turnover\* now over £160m and run rate gross margin\*\* now over £36m
- \* Strong organic like-for-like gross profit growth rate of 21% (2006: 16%)
- \* Top management team further strengthened with the appointment of Mo Dedat as Commercial Director effective from 14 April 2008
- \* Rapidly growing international placement division with significant contracts being won in the Middle East and North America
- \* Successful acquisition of JCJ Locums in April 2007 marks the end of the HCL acquisition strategy
- \* Integration of all businesses now complete
- \* Trading in the first quarter of 2008 is ahead of budget

#### Financial Highlights

- \* Revenue increased by 108% to £135m (2006: £65m)
- \* Adjusted operating profit\*\*\* increased by 81%, £14.7m (2006: £8.1m)
- \* Operating profit increased by 108%, £10.2m (2006: £4.9m)
- \* Adjusted profit before tax\*\*\*\* increased by 87% to £11.8m (2006: £6.3m)
- \* Profit before tax increased by 135% to £7.3m (2006: £3.1m)
- \* Basic earnings per share increased by 69% to 5.4 pence (2006: 3.2 pence)
- \* Adjusted earnings per share\*\*\*\*\* increased by 28% to 8.6 pence (2006: 6.7 pence)

All comparative data for the year ended 31 December 2006 has been restated to take into account the effects of adopted International Financial Reporting Standards.

\* Run rate turnover refers to February 2008 turnover extrapolated to an annual basis

\*\* Run rate gross margin refers to February 2008 gross margin extrapolated to an annual basis

\*\*\* Adjusted operating profit refers to operating profit before reorganisation charges, amortisation of intangibles and share scheme charges as shown in the Results Summary in the Chairman's Statement

\*\*\*\* Adjusted profit before tax refers to profit before tax before reorganisation charges, amortisation of intangibles and share scheme charges as shown in the Results Summary in the Chairman's Statement

\*\*\*\*\* Adjusted earnings per share refers to earnings per share before reorganisation charges, amortisation of intangibles and share scheme charges as shown in the Results Summary in the Chairman's Statement

Kate Bleasdale, Chief Executive Officer, said:

'We have had a very successful 2007 with all key targets and objectives being met. 2008 has seen a strong start to trading in the first quarter, in both our UK and international divisions, and we expect this trend to continue throughout 2008 and beyond. We are pleased to announce significant new contracts in our international placement division, including partnerships with Emaar Healthcare and Bumrungrad International in the Middle East, as well as a number of contracts in North America. We expect more of these to come to fruition during 2008 and beyond.'

Chairman's Statement for the year ended 31 December 2007

## BUSINESS OVERVIEW

I am delighted to announce the full year results for Healthcare Locums plc (HCL) for 2007 which are in line with our expectations.

Last year saw a significant amount of change, consolidation, restructuring and growth within the Group, following the completion of our acquisition strategy with the purchase of JCJ Group Ltd (JCJ Locums) in April 2007. The focus in the second half of 2007 has been on delivering strong organic like-for-like growth in each of our three divisions, Allied Health, Doctors, and Social Care. We have continued to develop our international permanent placement division, and have opened offices in Dubai and North America to enable HCL to capitalise on the significant opportunities created by world wide healthcare staffing shortages. There are estimated to be currently over 4 million vacancies for healthcare staff throughout the world (WHO 2006), and it is estimated that this market is worth approximately £8bn.

We are delighted to announce today a major partnership with one of the leading hospital builders in the Middle East - Emaar Healthcare. Their current building programme of 20 hospitals is being supported by HCL, who are contracted to provide staff for these hospitals as they open. This will bring a significant and steady stream of income for our international placement division. Over 40,000 staff will be required over the next 5 years for this client alone.

We are also pleased to announce a similar agreement with Bumrungrad International for the supply of all types of Clinical staff to its new flagship hospital in Dubai which is already under construction. Bumrungrad is a premium provider of quality healthcare in South East Asia with over 1 million patients each year, including over 360,000 international patients from 140 countries.

In addition to this agreement we have secured a number of contracts with hospital providers in North America, where the number of healthcare vacancies is expected to rise to over 1m by 2012.

The UK staffing market remains buoyant, and we have seen significant growth in all of our divisions over the last three years. Importantly our organic like-for-like gross profit growth rates have increased from 16% in 2006 to over 21% in 2007, and our current trading would indicate that this trend is expected to continue during 2008 and beyond. Our challenge now is in meeting the level of demand for our highly specialised staff, and our significant international coverage allows us to source talent from all over the globe.

These are the first results the Group has prepared under International Financial Reporting Standards as adopted by the EU (adopted IFRS) and the comparative financial information for the year ended 31 December 2006 has been restated accordingly.

## RESULTS SUMMARY

	Year Ended 31 December 2007 £'m	Year Ended 31 December 2006 £'m
Business performance		
Revenue	134.9	64.6
Adjusted operating profit*	14.7	8.1
Reorganisation charges	3.7	2.9
Amortisation of intangibles	0.7	0.2
Share scheme charges	0.1	0.1
Operating profit	10.2	4.9
Net finance costs	2.9	1.8
Adjusted profit before tax*	11.8	6.3
Profit before tax	7.3	3.1
Basic earnings per share - pence	5.4p	3.2p
Adjusted basic earnings per share - pence	8.6p	6.7p

\* Adjusted operating profit and adjusted profit before tax are shown before reorganisation charges, amortisation of intangibles and share scheme charges

Adjusted operating profit, being operating profit before reorganisation charges,

amortisation of intangibles and share scheme charges, is a non-GAAP measure that the Group's management believes assists the users of the financial statements in understanding the Group's profit generating performance from the running of the ongoing business. It is the key profit measure used by the Board.

#### BORROWINGS

Net borrowings at the end of the year were £35.3m (2006: £22.8m), a gearing ratio of 75% (2006: 61%). Net borrowings comprise bank loans, liabilities under invoice discounting facilities and liabilities under finance leases less cash balances. At the end of March 2008, net borrowings have fallen by £3.6m to £31.7m.

#### Earnings per share

Basic earnings per share is 5.4p and it is the Boards' intention to pay its maiden final dividend of 1.0p per share. This will be approved at the Annual General Meeting on 25 June 2008.

#### Acquisitions

Following the acquisition of JCJ Locums in April 2007, HCL has concluded its acquisition strategy. All acquisitions are now fully integrated.

#### Board

We are delighted to welcome Mo Dedat onto the Board as Commercial Director effective from 14 April 2008. As the former UK Finance Director of Adecco UK he has extensive experience in the staffing sector, and this knowledge will be invaluable in shaping the future of our rapidly growing company. Mo's key responsibilities will be to oversee the ongoing development of our systems and processes throughout the group to enable HCL as a fast growing company to meet the challenges of growth head on. His invaluable experience at a senior level within one of the largest staffing companies in the world strengthens the HCL management team and we are pleased to have secured this vital appointment.

#### Outlook

We have started 2008 with strong trading in all of our divisions, and we expect this trend to continue throughout this year and beyond. We look forward with great confidence to another successful year in the development and growth of HCL.

Alan Walker  
Chairman  
11 April 2008

Chief Executive's Statement for the year ended 31 December 2007

#### OVERVIEW

2007 has seen another year of development, change and significant growth for HCL. From a start up business in 2003, HCL has grown to become the leading provider of specialist health and social care staffing services in the UK. The completion of 13 acquisitions and their successful integration into the business has enabled HCL to fulfill its objective of being the market leader in each of its three divisions, the focus is now on delivering strong organic like-for-like growth. Over the last few years, we have brought together the best managers in the industry and created a company with a cohesive management structure, and with a dynamic and unique perspective on the market places in which we operate.

This team has delivered in 2007, an impressive 21% like-for-like gross profit organic growth rate.

This team has also enabled HCL to develop and expand into new markets in both

the UK and abroad. HCL is now in a position to continue to push forward in all of its markets, and to maintain and improve on what has been achieved so far.

The markets in which we operate are driven by two key factors, firstly we have an ageing population, and secondly, we do not have enough specialised health and

social care workers to meet the increasing health and social care needs, not only of the UK population, but worldwide. With an estimated 4 million vacancies for healthcare staff, the international market for recruitment of specialist healthcare workers is a significant opportunity for HCL, and one on which we will continue to capitalise.

In 2007, we have opened two international offices, one in Dubai, and one in North America. Both offices are already contributing to the 'bottom line', and are outperforming our expectations.

#### FINANCIAL PERFORMANCE

All financial targets for 2007 have been achieved. Trading in the first quarter of 2008 is ahead of budget.

Revenue growth is up by 108% to £135m, and run rate turnover is now over £160m. An organic like-for-like gross profit growth rate of 21% outstrips all of our competitors, and we see this trend continuing in 2008.

The Board intends to declare its maiden dividend, our capital investment programme is almost complete, and our reorganisation costs going forward will be minimal.

#### Integration

Following the acquisition of JCJ Locums medical locum agency in April 2007, HCL has completely restructured its operating divisions, and its central support services. We now have three distinct operating divisions that run from three call centres. Our Doctors Division is run from our call centre in Skipton, our Social Care Division is run from London, and our Allied Health Division is run from Essex.

All three divisions have their own managing director, reporting to the Board of HCL. Our back office functions (payroll, credit control, accounts) are all run from our office in Essex. Our international division, head office, and marketing department are all run from our small head office in the Haymarket (central London).

Further restructuring of the back office function in 2008 will release further savings to the company, at minimal investment costs, and we are delighted to announce that Mo Dedat, who has extensive industry knowledge, will be joining the Board of HCL to strengthen the senior management team. He will play a significant role in the further development of our systems and processes.

#### Delivering the strategy

HCL have so far delivered on the strategy that management set out in 2005 when we came to the market. We have grown through acquisition and organic like-for-like growth to become the market leader in each of our sectors.

We have concluded our acquisition strategy, and are now focusing on delivering organic like-for-like growth in 2008 and beyond.

We have diversified our market place, and won significant contracts to secure our international placement programme.

Our intention is now to continue to add value, to deliver shareholder returns through our dividend policy, and remain innovative in all the markets in which we operate.

We look forward with confidence to 2008 and beyond.

#### Allied Health Professionals

Allied Health Professionals\* (AHP) accounted for 37% of the HCL business at gross margin level in 2007. The sales value of this sector in the UK NHS market is worth approximately £397m\*\* and HCL has now achieved a 10% market share.

The AHP division has grown from strength to strength over the last three years, and it is now a market leader in this highly specialised sector. The continuing

pressures resulting from the ageing population in the UK has meant that demand for these important and highly skilled professionals continues to increase. HCL is dependent on bringing a significant number of AHPs from abroad. Over 40% of the staff that are placed by HCL each week in this area are recruited by HCL's network of international agents. In order to meet the gaps in the UK healthcare market, HCL continues to develop relationships with international healthcare staffing providers and the Board anticipates that this market will continue to grow over the next few years.

We have consolidated a number of brands in our AHP division during 2007. HCL has also concentrated on developing markets outside of the NHS, and we have had success in expanding our markets in the retail pharmacy sector, pharmaceutical sectors, and other commercial clients.

The key challenge for HCL in 2008 is to ensure that we are able meet the ever increasing demands of our clients, and this requires that we continue to develop and enhance our international recruitment strategies.

\*AHP refers to a distinct grouping of highly trained, specialist staff who work within the healthcare sector. This group includes therapists and medical scientists (HSS) such as Physiotherapists, Occupational Therapists, Speech and Language Therapists, Dietitians, Podiatrists, Pharmacists, Biomedical Scientists and Radiographers.

#### Doctors

Doctors accounted for 30% of the HCL business by gross margin in 2007, which translates into turnover of £53m.

In 2006 HCL had a market share of approximately 5% of the UK locum doctors market. Following the strategic acquisition of JCJ Locums in April last year, HCL has now achieved a 11% market share in 2007, of a market that is worth approximately £466m.\*\*.

The NHS National Framework Agreement (NFA) for doctors is currently being tendered. Two of the HCL companies are bidding for this contract, JCJ Locums and Thames Medics. HCL is confident that it will remain as one of the key suppliers under this new agreement, and is working closely with the NHS during this process.

We have seen strong growth in our General Practitioner (GP) division during 2007, and this growth is expected to continue. One in five GPs are due to retire in the next three years, creating a significant opportunity to provide both locum and permanent GPs into the primary healthcare setting.

Whilst the demand for senior medical staff in the UK remains strong, significant opportunities have now arisen for junior doctors to develop their careers outside of the UK. HCL has developed partnerships with hospitals in the United Arab Emirates, Australia, New Zealand, Canada, South Africa and elsewhere, to meet their requirements for junior and middle grade medical staff. With an estimated 4 million healthcare vacancies worldwide, the prospect for increased migration of highly skilled and valued healthcare workers from the UK presents a definite opportunity for HCL. Whilst this is a small part of the HCL business at present we see this increasing in importance going forward.

#### Social Workers

Qualified Social Workers (QSW) was the smallest division in HCL during 2006 representing 13% of total turnover. However, following the acquisition of Blue Group in December 2006, this division has now grown to represent 33% of the total HCL gross margin in 2007. The QSW market in 2006 was worth just over £200m per annum, and this has grown to over £405m in 2007.\*\* This growth was driven by candidate shortages and a change in training requirements from a two year diploma to a three year degree course.

HCL currently has just under 11% market share in this market, and we are expecting to increase it further during 2008.

Opportunities to grow the permanent placement market for QSWs also exist, and as a result HCL expects to be able to increase gross margins further in this business during 2008. Shortages of QSWs in the UK has meant that in 2007, HCL recruited a substantial number of QSWs to fulfill only a small part of the requirements for permanent staff in the UK social services sector. QSWs remain in short supply, and the established international network that HCL has developed is integral to meeting staffing shortages.

\*\* Source, forthcoming market report Laing and Buisson 2008

Kate Bleasdale  
Chief Executive  
11 April 2008

Consolidated Income Statement

	Note	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Revenue		134,877	64,630
Cost of sales		103,661	48,715
Gross profit		31,216	15,915
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Administrative expenses before reorganisation costs	2	(17,289)	(8,113)
Reorganisation costs	3	(3,668)	(2,913)
-----			
Total administrative expenses		(20,957)	(11,026)
Operating profit		10,259	4,889
Finance income		47	1
Finance expense		(2,989)	(1,805)
Profit before taxation		7,317	3,085
Tax expense		(2,112)	(1,033)
Profit for the year		5,205	2,052
Basic earnings per share (pence)	4	5.4p	3.2p
Diluted earnings per share (pence)	4	5.3p	3.2p

The above results relate to continuing operations.

Consolidated Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2006 15,395	5,681	11,588	-	(1,874)	
Profit for the year ended 31 December 2006	-	-	-	2,052	2,052
Fair value gain on cash flow hedge	-	-	56	-	56
Total recognised income and expense for period	-	-	56	2,052	2,108
Issue of share capital	3,714	16,986	-	-	20,700
Costs of issue of share capital	-	(925)	-	-	(925)
Credit in respect of share scheme charges	-	-	-	89	89
Balance at 31 December 2006 37,367	9,395	27,649	56	267	
Profit for the year ended 31 December 2007	-	-	-	5,205	5,205
Fair value loss on cash flow hedge	-	-	(181)	-	(181)
Total recognised income and expense for period	-	-	(181)	5,205	5,024
Issue of share capital	652	4,117	-	-	4,769
Costs of issue of share capital	-	(124)	-	-	(124)
Credit in respect of share					

scheme charges	-	-	-	145	145
Balance at 31 December 2007	10,047	31,642	(125)	5,617	
47,181					

#### Consolidated Balance Sheet

	As at 31 December 2007 £'000	As at 31 December 2006 £'000
<b>Non-current assets</b>		
Property, plant and equipment	1,591	1,636
Goodwill	60,233	51,081
Other intangible assets	8,395	5,853
	70,219	58,570
<b>Current assets</b>		
Trade and other receivables	31,181	21,036
Derivative financial assets	-	56
Cash and cash equivalents	1,122	1,224
	32,303	22,316
<b>Current liabilities</b>		
Trade and other payables	(9,904)	(6,534)
Short term borrowings	(16,989)	(8,581)
Current portion of long-term borrowings		
	(3,717)	(4,225)
Current tax payable	(1,328)	(989)
Short term provisions	(4,867)	(5,949)
Derivative financial liabilities	(125)	-
	(36,930)	(26,278)
Net current liabilities	(4,627)	(3,962)
<b>Non-current liabilities</b>		
Long term borrowings	(15,721)	(11,200)
Deferred tax liability	(1,785)	(1,486)
Long term provisions	(905)	(4,555)
	(18,411)	(17,241)
<b>Net assets</b>	47,181	37,367
<b>Capital and reserves</b>		
Called up share capital	10,047	9,395
Share premium	31,642	27,649
Cash flow hedge	(125)	56
Retained earnings	5,617	267
Total Equity	47,181	37,367

The financial statements were approved and authorised for issue by the Board of Directors on 11 April 2008.

#### Consolidated Statement of Cash Flows

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
<b>Cash flows from operating activities</b>		
Profit for the year	5,205	2,052
Adjustments for:		
Depreciation of property, plant and equipment	645	411
Amortisation of intangible assets	1,024	177
Finance income	(47)	(1)
Finance expense	2,989	1,805
Share based payments charges	145	89
Income tax expense	2,112	1,033
Cash flows from operating activities before changes in working capital and provisions	12,073	5,566
Changes in receivables	(5,826)	(6,326)
Changes in payables	(33)	593
Cash generated from operations	6,214	(167)
Income tax paid	(502)	(233)
Net cash from operating activities	5,712	(400)
<b>Cash flows from investing activities</b>		
Disposal of business and assets	29	(339)
Acquisition of subsidiary net of cash acquired	(9,740)	(18,872)
Contingent consideration paid	(6,046)	(1,333)
Acquisition of property, plant and equipment	(615)	(722)
Acquisition of intangible assets	(3,566)	(1,513)
Net cash used in investing activities	(19,938)	(22,779)
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	4,645	17,275
New loans acquired	20,304	7,658
Interest and similar expenses paid	(2,942)	(1,804)
Repayment of borrowings	(16,291)	(3,999)
Net cash used in financing activities	5,716	19,130

Net decrease in cash and cash equivalents	(8,510)	(4,049)
Opening cash and cash equivalents	(7,357)	(3,308)
Closing cash and cash equivalents	(15,867)	(7,357)

## Notes to the Financial Statements

### 1 Annual report

The abridged financial information set out herein has been extracted from financial statements approved by the directors on 11 April 2008, and which will be delivered to the Registrar of Companies following the Company's annual general meeting. The auditors have reported on these accounts and their report was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3).

This financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and has been prepared on the basis of the accounting policies set out in the financial statements for the year ended 31 December 2007. The Annual Report and Financial Statements will be posted to shareholders shortly and thereafter will be available from the Company's registered office, and from the Company's website [www.hclplc.com](http://www.hclplc.com).

### 2 Administrative expenses before reorganisation costs

	12 months ended 31 December 2007 £'000	12 months ended 31 December 2006 £'000
This has been arrived at after charging:		
Amortisation of intangible fixed assets charged to administrative expenses	671	177
Share scheme charges	145	89

### 3 Reorganisation costs

	12 months ended 31 December 2007 £'000	12 months ended 31 December 2006 £'000
Reorganisation costs	3,668	2,913

The reorganisation cost for the year comprises charges for integration, reorganisation and restructuring costs following the acquisition of JCJ in April 2007 and the acquisitions of Blue Group, Tempaid, Fairstaff, Medirec and Elite completed in December 2006. These costs include expenses relating to the restructuring of these businesses to fully integrate each of them within the HCL group, and these businesses are now fully integrated within the Group operations. The comparative reorganisation costs for 2006 comprised reorganisation and restructuring costs incurred following the various acquisitions during 2006.

These costs include salary and compensation costs for staff who are no longer with the Group because their roles became redundant as the acquired businesses were restructured to operate together in the most efficient manner utilizing our economies of scale. They also include the salary and compensation costs for staff who have been removed during the year for failing to meet the Group performance standards. The positive effects to the Group of removing the underperforming staff is reflected in the increase in the average gross margin per employee.

### 4 Earnings per share

	12 months ended 31 December 2007 Number	12 months ended 31 December 2006 Number
Number of ordinary 10p shares		
Weighted average number of shares	96,909,541	63,509,748
Dilution effect of share options	482,637	870,424
Weighted average number of shares used for diluted EPS	97,392,178	64,380,172
	£'000	£'000

Profit for the year	5,205	2,052
Add back: reorganisation costs	3,668	2,913
Add back: amortisation of intangibles	671	177
Add back: share scheme charges	145	89
Less: tax effect of reorganisation costs	(1,345)	(954)

Adjusted earnings for the period	8,344	4,277
	Pence	Pence
Basic earnings per ordinary share of 10p	5.4p	3.2p
Diluted earnings per ordinary share of 10p	5.3p	3.2p
Adjusted basic earnings per ordinary share of 10p	8.6p	6.7p
Adjusted diluted earnings per ordinary share of 10p	8.6p	6.6p

As described in Note 31, 3,333,333 additional shares were issued on 10 March 2008. If these additional shares had been in existence for the whole of 2007 the basic earnings per share would have reduced from 5.4p as above to 5.2p.

#### 5 Acquisition of JCJ Locums in April 2007 and other additions to Goodwill

Healthcare Locums Plc purchased 100% of the voting equity instruments of JCJ Group Ltd (JCJ Locums) on 20 April 2007 for a total consideration of £5,500,000 in cash, plus capitalised costs of acquisition amounting to £939,000. The principal activity of JCJ Locums is the provision of recruitment services, on a temporary and permanent basis.

In calculating the goodwill arising on the acquisition the fair values of the net assets acquired have been assessed.

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Net assets acquired			
Property, plant and equipment	106	(92)	14
Trade & other receivables	4,154	-	4,154
Trade & other payables	(1,153)	-	(1,153)
Short term borrowings	(2,990)	-	(2,990)
Current tax receivable	954	-	954
Short term provisions	(286)	-	(286)
Onerous contracts provision	(3,260)	-	(3,260)
Deferred tax asset	17	-	17
Net liabilities acquired	(2,458)	(92)	(2,550)
Consideration			
Purchase consideration - cash			5,500
Costs of acquisition			939
Total cost of acquisition			6,439
Goodwill			
Goodwill arising on acquisition			8,989

The goodwill arising on the acquisition of JCJ Locums and the goodwill that arose in previous years on earlier acquisitions is attributable to the anticipated profitability of the Group's services and the anticipated future operating synergies from the combination. The main factors generating the goodwill are as follows:

- \* general shortage of candidates within the Healthcare Recruitment business and one of the main purpose of the acquisition is to obtain names of candidates who can then be assigned to fill positions with existing HCL customers.
- \* for businesses where customer contracts are acquired, HCL are able to renegotiate the terms of contracts (which in many cases yield negative margins as the acquired business has focused excessively on sales growth). The potential to renegotiate contracts is built into the purchase price.
- \* further improvements in margins are obtained due to synergies and economies of scale when acquiring businesses.

JCJ Locums contributed £29.5m of revenue, £5.2m of gross margin and £2.4m profit before tax to the Group Consolidated Income Statement for the period between the

date of acquisition and the balance sheet date.

If the acquisition of JCJ Locums had been completed on 1 January 2007 the Group revenue for the period would have increased by £9.8m, gross margin would have increased by £1.1m and Group profit before tax would have decreased by £0.6m.

#### Reconciliation of additions to Goodwill 2007

	Goodwill on Consolidation £'000	Purchased Goodwill £'000	Total £'000
Legal and professional fees incurred during 2007 in respect of 2006 acquisitions	120	81	201
Goodwill arising upon the acquisition of JCJ	8,989	-	8,989
Total additions to goodwill	9,109	81	9,190

#### 6 Net borrowings

The Group's net borrowings and gearing ratio at the balance sheet date is shown below:

	2007 £'000	2006 £'000
Cash in hand	(1,122)	(1,224)
Invoice discounting facility	16,989	8,581
Bank loans	18,100	14,177
Obligations under finance leases and hire purchase contracts	1,338	1,248
Net borrowings	35,305	22,782
Share capital	10,047	9,395
Share premium	31,642	27,649
Cash flow hedge reserve	(125)	56
Profit and loss account	5,617	267
Total capital	47,181	37,367
Gearing ratio	75%	61%

The increase in gearing has been brought about by the Board's decision to take on additional debt finance to fund the acquisition of JCJ Locums in April 2007. The Group intends to reduce this gearing ratio going forward.

#### 7 Post balance sheet events

Following the year end the company has issued 3,333,333 new shares at 90p raising £3,000,000. These new shares were admitted to AiM on 10 March 2008. The funds were raised for two specific purposes, in addition to the associated professional and brokers fees incurred.

Firstly, to allow the contingent consideration on the acquisition of BBL, due on 10 March 2008, to be paid in cash rather than shares, as allowed under the terms of the share purchase agreement. The cash amount paid was £1,704,545.

Secondly, in full and final settlement of contingent consideration on the acquisition of Blue Group. Amounts totaling £1,000,000 were paid in cash in March 2008.

This information is provided by RNS  
The company news service from the London Stock Exchange

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