

PROFESSIONAL STAFF LIMITED

Report and Financial Statements

31 March 2004



REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS & PROFESSIONAL ADVISERS

DIRECTORS

B P Blackden
S A Harris
A S Wilson

SECRETARY

R P Slade

REGISTERED OFFICE

Buckland House
Waterside Drive
Langley Business Park
Slough
Berkshire
SL3 6EZ

BANKERS

Barclays Bank Plc
PO Box 756
Slough
Berkshire
SL1 4SG

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2004.

ACTIVITIES

The company's principal activity is that of an investment holding company.

RESULTS AND DIVIDENDS

The company made a loss after taxation of £1,497,000 (2003 – loss of £18,600,000) which has been transferred from reserves. No dividend was proposed or paid during the year (2003 - £nil).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 15 April 2003, Professional Staff Limited announced the terms of recommended proposals to the shareholders of Professional Staff which involved the acquisition of Professional Staff by Ohsea Holdings Limited, a new holding company established for the purpose of implementing the acquisition and controlled by Lord Ashcroft, KCMG. The acquisition was effected by way of a scheme of arrangement under section 425 of the Companies Act 1985 involving the acquisition by Ohsea of all the issued and to be issued share capital of Professional Staff not already owned by Ohsea or by its parent company, CS Services Limited. At an extraordinary general meeting of Professional Staff on 9 June 2003, a resolution was passed to adopt the scheme of arrangement which was ratified by the Courts on 3 July 2003. In July 2003, the company changed its name from Professional Staff plc to Professional Staff Limited and reverted to private company status. The directors do not foresee any change in principal activity of the company in the forthcoming financial year.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. The directors who served during the year were:

B P Blackden	
A R Dixey	(resigned 25 July 2003)
J C Benjamin	(resigned 3 July 2003)
J Maynard	(resigned 3 July 2003)
T I Unterberg	(resigned 3 July 2003)
S A Harris	(appointed 4 July 2003)
I F Mackinnon	(appointed 4 July 2003, resigned 30 June 2004)
A S Wilson	(appointed 4 July 2003)

The directors' interests in the share capital of the company were as follows:

	31 March 2004 or date of resignation		31 March 2003 or date of appointment	
	Ordinary 2p Shares	Ordinary 2p Share Options	Ordinary 2p Shares	Ordinary 2p Share Options
B P Blackden	-	-	801,500	75,000
A R Dixey	-	-	69,000	340,000
J C Benjamin	-	-	-	30,000
J C Maynard	-	-	2,000	-
T I Unterberg	-	-	83,550	-
S A Harris	-	-	-	-
I F Mackinnon	-	-	-	-
A S Wilson	-	-	-	-

The interests of the present directors in the shares of the immediate parent company, Ohsea Holdings Limited, are disclosed in the financial statements of that company.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors confirm that suitable accounting policies have been used and applied consistently as explained in Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

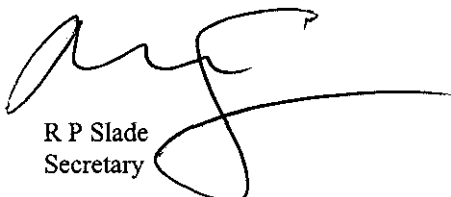
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

The directors are responsible for the maintenance and integrity of the company's website and recognise that legislation in the United Kingdom governing the preparation and dissemination of financial statements published on the internet may differ from legislation in other jurisdictions from which the information can be accessed.

AUDITORS

The company has passed a resolution dispensing with the obligation to appoint auditors annually, as permitted by section 386 of the Companies Act 1985. The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the Board of Directors and signed on behalf of the Board.



R P Slade
Secretary
8 December 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROFESSIONAL STAFF LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

8 December 2004

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Administrative expenses		(2,205)	(1,550)
OPERATING (LOSS)	3	(2,205)	(1,550)
Income from shares in group undertakings		1,500	3,175
Interest receivable and similar income	4	93	231
Amounts written off investments	7(ii)	(1,233)	(20,780)
Interest payable and similar charges	5	(15)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,860)	(18,924)
Tax on loss on ordinary activities	6	363	324
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	(1,497)	(18,600)

All amounts derive from continuing operations.

There were no recognised gains or losses in either the current or preceding financial year other than as stated above. Accordingly, a statement of total recognised gains and losses has not been presented.

BALANCE SHEET
31 March 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	7 (i)	-	13
Investments	7 (ii)	1,673	3,057
		<u>1,673</u>	<u>3,070</u>
CURRENT ASSETS			
Debtors	8	6,646	608
Cash at bank and in hand		-	4,160
		<u>6,646</u>	<u>4,768</u>
CREDITORS: amounts falling due within one year	9	(2,603)	(646)
NET CURRENT ASSETS		<u>4,043</u>	<u>4,122</u>
NET ASSETS		<u>5,716</u>	<u>7,192</u>
CAPITAL AND RESERVES			
Called up share capital	10	177	176
Share premium	12	22,814	37,923
Special reserve	12	-	-
Capital redemption reserve	12	16	16
Profit and loss account	12	(17,291)	(30,923)
EQUITY SHAREHOLDERS' FUNDS	11	<u>5,716</u>	<u>7,192</u>

The financial statements on pages 5 to 14 were approved by the Board of Directors on 8 December 2004

Signed on behalf of the Board of Directors



B P Blackden
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the provisions of the Companies Act 1985. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Depreciation

Depreciation is provided in equal annual instalments over the estimated useful life of the assets and is calculated on the cost of the assets.

The following rates are used:

Fixtures, fittings and equipment	20% - 33.3% straight line
Motor vehicles	25% straight line

Pensions

The company contributes to certain employee personal money purchase pension plans. These contributions are charged to the profit and loss account in the period in which they are incurred.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be adequate future taxable profits against which to recover carried forward tax losses.

Investments

Fixed asset investments are stated at cost less provisions for any permanent diminution in value.

Cash flow statement

The company is a wholly owned subsidiary of the ultimate parent company Ohsea Holdings Limited, a company incorporated in Great Britain and registered in England & Wales, and is included in the consolidated financial statements of Ohsea Holdings Limited. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised).

Foreign exchange

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling at that date. Any differences are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004	2003
	£'000	£'000
Directors' emoluments		
Emoluments (excluding pension contributions and awards under share option plans)		
Fees	16	34
Salary, bonus and benefits in kind	198	383
Compensation for loss of office	215	-
	<u>429</u>	<u>417</u>
Contributions to money purchase pension plans	<u>7</u>	<u>23</u>
Number of directors who	No.	No.
Exercised share options	-	-
Are members of money purchase pension plans	<u>1</u>	<u>1</u>
Highest paid director's remuneration	£'000	£'000
Emoluments (excluding compensation for loss of office)	182	257
Contributions to money purchase pension plans	<u>7</u>	<u>22</u>
Employee costs (excluding directors)	£'000	£'000
Wages and salaries	112	96
Social security costs	14	13
Other pension costs	<u>3</u>	<u>3</u>
	<u>129</u>	<u>112</u>
Average number of persons employed (excluding directors)	No.	No.
Management and support	<u>2</u>	<u>2</u>

3. OPERATING LOSS

	2004	2003
	£'000	£'000
Operating loss is after charging:		
Depreciation	13	12
(Profit) / loss on disposal of tangible fixed assets	(3)	8
Auditors' remuneration		
Audit fees	5	3
Taxation services	<u>99</u>	<u>88</u>

The auditors were also paid £15,000 for due diligence work on acquisitions.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004	2003
	£'000	£'000
Bank interest	60	173
Interest on loans to group undertakings	33	58
	<u>93</u>	<u>231</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£'000	£'000
Short term loans	<u>15</u>	<u>-</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004	2003
	£'000	£'000
UK corporation tax at 30% (2003 – 30%)	336	324
Adjustment in respect of prior years	<u>27</u>	<u>-</u>
Tax credit for the year	<u>363</u>	<u>324</u>

Due to group relief, corporation tax is receivable or payable to other fellow subsidiary undertakings of Ohsea Holdings Limited. The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004	2003
	£'000	£'000
Loss on ordinary activities before taxation	<u>(1,860)</u>	<u>(18,924)</u>
Tax credit on loss on ordinary activities before taxation at standard rate	558	5,677
Effects of:		
Income not chargeable – income from shares in group undertakings	450	952
Expenses not deductible – amounts written off investments	(370)	(6,234)
Expenses not deductible – other	(302)	(71)
Adjustment in respect of prior years	<u>27</u>	<u>-</u>
Tax credit for the year	<u>363</u>	<u>324</u>

There are no provided or unprovided deferred taxation liabilities at the balance sheet date (2003 – nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

7. FIXED ASSETS

(i) Tangible fixed assets

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 April 2003	17	151	168
Disposals – written off	(17)	(151)	(168)
At 31 March 2004	-	-	-
Depreciation			
At 1 April 2003	17	138	155
Charge for the year	-	13	13
Disposals – written off	(17)	(151)	(168)
At 31 March 2004	-	-	-
Net book value			
At 31 March 2004	-	-	-
At 31 March 2003	-	13	13

(ii) Investment in subsidiary undertakings

	Loans £'000	Shares £'000	Total £'000
Cost at 1 April 2003	1,827	47,009	48,836
Additions	-	918	918
Disposals – intra group	-	(735)	(735)
Repayments	(1,069)	-	(1,069)
Cost at 31 March 2004	758	47,192	47,950
Provision at 1 April 2003	73	45,706	45,779
Disposals – intra group	-	(735)	(735)
Charge for the year	685	548	1,233
Provision at 31 March 2004	758	45,519	46,277
Net book value			
At 31 March 2004	-	1,673	1,673
At 31 March 2003	1,754	1,303	3,057

In February 2004, the company acquired the entire issued share capital of Interpharma Limited for an aggregate cash consideration (including costs) of £918,000. During the year ended 31 March 2004, as part of a group reorganisation, the company transferred its entire shareholdings in Euromedica International Limited and Euromedica Sarl to its wholly owned subsidiary Euromedica Limited.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

7. FIXED ASSETS (continued)

Information on significant subsidiary undertakings

Subsidiary company	Country of incorporation	Principal activity	Proportion of ordinary shares & voting rights
Professional Staff Holdings LLC	United States of America	Investment holding company	100%
Science Recruitment Group Limited	Great Britain	Employment services	100%
Interpharma Limited	Great Britain	Investment holding company	100%
Euromedica Limited	Great Britain	Employment services	100%
Praxis Executive Taskforce Limited	Great Britain	Investment holding company	100%
S.Com Group Limited	Great Britain	Employment services	100%
Salisbury Consulting Group Limited	Great Britain	Investment holding company	100%
Professional Staff Solutions Limited	Great Britain	Non-trading	100%

All subsidiaries operate primarily in their country of incorporation.

Group accounts have not been prepared as the company is exempt by virtue of section 228 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company (see note 14).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

8. DEBTORS

	2004	2003
	£'000	£'000
Amounts due within one year		
Amounts owed by parent undertaking	6,270	-
Amounts owed by subsidiary undertakings	336	378
Corporation tax	-	110
Prepayments and accrued income	40	120
	<u>6,646</u>	<u>608</u>

Amounts owed by subsidiary undertakings include £336,000 (2003 - £324,000) relating to group taxation relief.

9. CREDITORS

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Bank overdraft (secured)	1,243	-
Trade creditors	-	62
Amounts owed to group undertakings	52	139
Other creditors	898	48
Corporation tax	77	-
Accruals and deferred income	333	397
	<u>2,603</u>	<u>646</u>

Other creditors includes a short term secured loan of £850,000 (2003 - £nil) repayable in May 2004.

10. CALLED UP SHARE CAPITAL

	2004	2003
	£'000	£'000
Authorised		
24,000,000 (2003 - 24,000,000)		
ordinary shares of 2 pence each	<u>480</u>	<u>480</u>
	No.	£'000
Called up, allotted and fully paid		
At 1 April 2003	8,778,132	176
Shares issued under share option scheme	50,000	1
Shares cancelled under scheme of arrangement (note 14)	(6,437,232)	(129)
Shares issued to Ohsea Holdings Limited (note 14)	<u>6,437,232</u>	<u>129</u>
At 31 March 2004	<u>8,828,132</u>	<u>177</u>

At 31 March 2004 the company had no issued and outstanding share options.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Loss for the financial year	(1,497)	(18,600)
Issue of ordinary shares under share option scheme	21	29
Net reduction in shareholders' funds	(1,476)	(18,571)
Opening shareholders' funds	7,192	25,763
Closing shareholders' funds	<u>5,716</u>	<u>7,192</u>

12. STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Profit & loss account £'000
At 1 April 2003	176	37,923	-	16	(30,923)
Issue of ordinary shares under share option scheme	1	20	-	-	-
Cancellation of ordinary shares under scheme of arrangement	(129)	-	129	-	-
Issue of ordinary shares	129	(129)	-	-	-
Court approved capital reduction	-	(15,000)	15,000	-	-
Court approved special reserve transfer	-	-	(15,129)	-	15,129
Loss for the year	-	-	-	-	(1,497)
	<u>177</u>	<u>22,814</u>	<u>-</u>	<u>16</u>	<u>(17,291)</u>

13. COMMITMENTS AND CONTINGENCIES

The company's bankers hold a fixed and floating charge over the assets of the company as security over any overdraft. As at 31 March 2004, the company had a gross overdraft of £1,491,000 and a net overdraft of £1,243,000 (2003 - £nil).

In addition, the company is subject to a cross guarantee covering any bank overdrafts of Professional Staff Limited and certain subsidiaries. As at 31 March 2004 the contingent liability to the company in respect of this guarantee amounted to £2.0 million (2003 - £0.5 million). The net liability of Professional Staff Limited and subsidiaries as a group under this facility at 31 March 2004 was £nil (2003 - £nil).

The company is also subject to a cross guarantee covering amounts due under invoice discounting arrangements of certain subsidiaries. As at 31 March 2004 the contingent liability to the company in respect of this guarantee amounted to £4.8 million.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

14. ULTIMATE PARENT COMPANY

On 15 April 2003, Professional Staff Limited announced the terms of recommended proposals to the shareholders of Professional Staff which involved the acquisition of Professional Staff by Ohsea Holdings Limited, a new holding company established for the purpose of implementing the acquisition and controlled by Lord Ashcroft, KCMG. The acquisition was effected by way of a scheme of arrangement under section 425 of the Companies Act 1985 involving the acquisition by Ohsea of all the issued and to be issued share capital of Professional Staff not already owned by Ohsea or by its parent company, CS Services Limited. CS Services Limited is a company registered in Belize and controlled by Lord Ashcroft, KCMG. At an extraordinary general meeting of Professional Staff on 9 June 2003, a resolution was passed to adopt the scheme of arrangement which was ratified by the Courts on 3 July 2003.

Ohsea Holdings Limited is incorporated in Great Britain and registered in England and Wales. A copy of the consolidated accounts of Ohsea Holdings Limited can be obtained from the Company Secretary, Buckland House, Waterside Drive, Langley Business Park, Slough, Berkshire, SL3 6EZ.

On 30 April 2004, Ohsea Holdings Limited was acquired by Carlisle Holdings Limited, a company registered in Belize and controlled by Lord Ashcroft, KCMG.

15. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No. 8, "Related Party Transactions", transactions with other group undertakings within, and investee related parties of, the Ohsea Holdings Limited group have not been disclosed in these financial statements.

T I Unterberg, a former director of the company, was also a partner in C E Unterberg, Towbin, former investment bankers to Professional Staff Limited. During the year, Professional Staff Limited paid C E Unterberg Towbin £339,000 for investment banking services in relation to the acquisition of Professional Staff Limited by Ohsea Holdings Limited.

During the year the company paid Pinder Mackinnon, an entity controlled by I F Mackinnon, a former director of the company, £24,000 in respect of acquisition related professional services which have been included in cost of investment.