

ELAN GROUP LIMITED

Annual Report and Financial Statements

31 December 2005



Registered Number: 3639589

CONTENTS

	Page
Directors, officers and advisers	1
Report of the directors	2 & 3
Independent auditors report	4 & 5
Profit and loss account	6
Balance sheet	7
Accounting policies	8 to 9
Notes to the accounts	10 to 15

DIRECTORS, OFFICERS AND ADVISERS

Directors

P Asemota
S J Burton
S L Costello
S S Lorde
Y Michaely

Secretary and Registered Office

G Nikodem
Elan House
5-11 Fetter Lane
London
EC4A 1QX

Auditors

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

Bankers

Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2H 8LA

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 2005

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 year.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting records which 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.

Principal activity and review of the business

The company is a holding company for Group companies engaged in employment activities.

The directors expect that the present level of activity of the business will continue for the foreseeable future.

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 6.

The directors do not propose the payment of a final dividend for the year (2004 - £nil).

Financial Risk Management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that proceeds from financial assets are not sufficient to fund

the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risk the directors consider relevant to this company is credit risk. This risk is mitigated through a robust credit control function

Directors and their interests

The Director who served throughout the years and subsequently, except as noted, were as follows:

SL Costello

S Hill (resigned 28 January 2005)

Y Michaelly

SS Lorde (resigned 31 July 2006)

P Asemota (appointed 29 January 2005)

S J Burton (appointed 13 December 2005
resigned 31 July 2006)

The directors had no beneficial interest in the shares of the Company or its holding company that require disclosure under Schedule 7 of the Companies Act 1985.

None of the directors had a material interest in any contract entered into by the Company during the year under review or the prior year.

Charitable and political donations

The Company made no charitable or political donations during the year (2004 - £nil). In the year 2005 the company made a charitable donation of £10,600 to the Tsunami Earthquake Appeal and £500 to UNICEF.

Auditors

During the year PricewaterhouseCoopers LLP resigned as auditors to the company. Deloitte & Touche LLP were appointed and have expressed their willingness to continue in office as auditors. A resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Elan House
5-11 Fetter Lane
London
EC4A 1QX
26 September 2006

On behalf of the Board

S L Costello
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELAN GROUP LIMITED

We have audited the financial statements of Elan Group Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of accounting policies and the related notes set out on pages 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

26 September 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005 £000	2004 £000
<i>Note 1</i>	Turnover	8,026	6,712
	Operating expenses	<u>(10,454)</u>	<u>(7,634)</u>
	Net Operating loss	<u>(2,428)</u>	<u>(922)</u>
<i>Note 2</i>	Investment income	473	798
<i>Note 3</i>	Interest payable and similar charges	<u>(553)</u>	<u>(506)</u>
	Net investment (expense)/ income	<u>(80)</u>	<u>292</u>
<i>Note 4</i>	Loss on ordinary activities before taxation	(2,508)	(630)
<i>Note 5</i>	Taxation	<u>(90)</u>	<u>(14)</u>
	Loss on ordinary activities after taxation transferred to reserves	<u>(2,598)</u>	<u>(644)</u>

All of the above results derive from continuing activities. There were no other recognised gains and losses other than those shown in the profit and loss account.

A statement of movements on reserves is given in note 12.

BALANCE SHEET **AT 31 DECEMBER 2005**

		2005 £000	2004 £000
	Fixed assets		
<i>Note 6</i>	Intangibles	53	-
<i>Note 7</i>	Investments	<u>20,225</u>	<u>21,890</u>
		20,278	21,890
	Current assets		
<i>Note 8</i>	Debtors	21,817	24,585
	Cash at bank and in hand	<u>842</u>	<u>429</u>
		22,659	25,014
<i>Note 9</i>	Creditors – amounts falling due within one year	<u>(14,860)</u>	<u>(13,301)</u>
	Net current assets	<u>7,799</u>	<u>11,713</u>
	Total assets less current liabilities	28,077	33,603
<i>Note 10</i>	Creditors – amounts falling due after more than one year	<u>(12,758)</u>	<u>(15,686)</u>
	Net assets	<u>15,319</u>	<u>17,917</u>
	Capital and reserves		
<i>Note 11</i>	Called up equity share capital	113	113
<i>Note 12</i>	Share premium account	2,899	2,899
<i>Note 12</i>	Capital contribution	16,160	16,160
<i>Note 12</i>	Profit and loss account	<u>(3,853)</u>	<u>(1,255)</u>
	Equity shareholders' funds	<u>15,319</u>	<u>17,917</u>

Signed on behalf of the board on 26 September 2006.

S L Costello



Director

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounts preparation

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

The Company has not prepared group accounts as it is exempt from doing so under Section 228 Companies Act 1985 and Financial Reporting Standard 2, Accounting for Subsidiary Undertakings. The Company's intermediate holding company prepares consolidated accounts, which include the results of the Company and its subsidiaries (see note 13).

Cash flow statement

As permitted by Financial Reporting Standard 1 (Revised 1996), Cash Flow Statements, the Group has not prepared a cash flow statement. The cash flows of the Company are included in the consolidated cash flow statement, which appears in the consolidated accounts of Manpower Inc. The consolidated accounts of this group are available to the public (see note 13).

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate and the exchange differences are dealt with in the profit and loss account.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the recharge amounts of head office services to subsidiaries.

Intangible Fixed Assets

Software licences are included at cost less amortisation and any provision for impairment.

Investments

Investments are stated at cost less any provision for impairment.

Related Party Transactions

Under the provisions of Financial Reporting Standard 8, Related Party Disclosures, the Company is not required to disclose details of transactions with other wholly owned group undertakings as it is a wholly owned subsidiary and the consolidated accounts in which the Company's results are included are available to the public (see note 13).

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred tax 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 right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

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.

Pensions

The Company operates defined contribution pension schemes for certain permanent employees. Contributions are charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS

1. GEOGRAPHICAL TURNOVER ANALYSIS

Turnover was split between the following geographical locations:

	2005 £000	2004 £000
UK	4,007	4,129
Europe	<u>4,019</u>	<u>2,583</u>
Total	<u>8,026</u>	<u>6,712</u>

2.. INVESTMENT INCOME

	2005 £000	2004 £000
Intercompany dividend income	-	275
Intercompany interest receivable	<u>473</u>	<u>523</u>
	<u>473</u>	<u>798</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £000	2004 £000
On loans from group undertakings	<u>553</u>	<u>506</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005 £000	2004 £000
Loss on ordinary activities before taxation is stated after charging:		
Audit fees	21	31
Intercompany loan written off	<u>1,105</u>	<u>888</u>

4. *LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)*

Other remuneration, excluding that for audit services, received by the Company's auditors during 2005 amounted to £nil (2004 - £nil).

	2005 £000	2004 £000
Staff costs of the Company were:		
Salaries	1,981	1,867
Social security costs	228	178
Other pension costs	75	55
	<u>2,284</u>	<u>2,100</u>

	2005 Nos	2004 Nos
The average number of persons employed by the Company during the period, including directors, was:		
Branch and administrative staff	<u>39</u>	<u>23</u>

The number of directors who were members of pension schemes was as follows:

<u>4</u>	<u>2</u>
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	2005 £000	2004 £000
The above amounts for remuneration include the following in respect of the highest paid director:		
Emoluments	348	187
Company contributions to money purchase pension schemes	<u>23</u>	<u>9</u>
	<u>371</u>	<u>196</u>

5. **TAXATION**

	2005	2004
	£000	£000
UK corporation tax	90	-
Foreign tax	-	14
Total current tax	90	14

The difference between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2005	2004
	£000	£000
(Loss) on ordinary activities before tax	(2,508)	(630)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004 – 30%)	(752)	(189)
Effects of:		
Expenses not deductible for tax purposes	853	271
Group relief claim	-	(82)
Utilisation of tax losses	(11)	-
Irrecoverable foreign withholding tax	-	14
	90	14

6. **INTANGIBLE FIXED ASSETS**

	2005
	£000
Cost	
At 1 January 2005	-
Additions	64
At 31 December 2005	64
Amortisation	
At 1 January 2005	-
Charge for year	11
At 31 December 2005	11
Net book value	
At 31 December 2005	53
At 31 December 2004	-

7. **FIXED ASSET INVESTMENTS**

	2005 £000	2004 £000
Cost		
At 1 January	21,890	20,648
Additions	-	1,242
At 31 December	21,890	21,890
Provision for impairment in year	1,665	-
At 31 December	1,665	-
Net book value		
At 31 December	20,225	21,890

At 31 December 2005, the Company's principal investments in subsidiary undertakings comprised the following companies:

	% Owned	Principal Activity	Place of Incorporation
Elan Computing Limited	100	IT recruitment	England & Wales
Elan Computing (Deutschland) GmbH	100	IT recruitment	Germany
Elan IT Resource Computing SL	100	IT recruitment	Spain
Elan Recruitment Ltd	100	IT recruitment	Ireland
Elan Computing A/S	100	IT recruitment	Denmark
Elan IT Resource SARL	100	IT recruitment	France
Elan Computing (Schweiz) AG	60	IT recruitment	Switzerland

During the year the Company wrote down investments in the principal investments of Elan Italia Sarl, and Elan Computing (Asia) Ltd.

8. **DEBTORS**

	2005 £000	2004 £000
Amounts owed by group undertakings	21,550	24,420
Other debtors	147	139
Prepayments and accrued income	<u>120</u>	<u>26</u>
	<u>21,817</u>	<u>24,585</u>

9. **CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £000	2004 £000
Bank loans and overdrafts	1,811	31
Trade creditors	19	218
Other creditors	93	89
Amounts owed to other group undertakings	12,109	12,126
Accruals and deferred income	<u>828</u>	<u>837</u>
	<u>14,860</u>	<u>13,301</u>

10. **CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2005 £000	2004 £000
Amounts owed to other group undertakings	<u>12,758</u>	<u>15,686</u>

11. CALLED UP EQUITY SHARE CAPITAL

	2005 £000	2004 £000
Authorised		
12,500,000 Ordinary shares of 1p each	<u>125</u>	<u>125</u>
Allotted, called up and fully paid		
11,350,250 Ordinary shares of 1p each	<u>113</u>	<u>113</u>

12. RECONCILIATION AND MOVEMENT IN RESERVES AND SHAREHOLDERS' FUNDS

	Called-up share capital £000	Share premium account £000	Profit & loss account £000	Capital contribution £000	Total equity shareholder's funds £000
At 1 January 2005	113	2,899	(1,255)	16,160	17,917
Loss for the year	-	-	(2,598)	-	(2,598)
At 31 December 2005	<u>113</u>	<u>2,899</u>	<u>(3,853)</u>	<u>16,160</u>	<u>15,319</u>

13. ULTIMATE HOLDING COMPANY

The Company's ultimate parent company is Manpower Inc., a company incorporated in the United States of America.

The largest group in which the results of Elan Group Limited are consolidated is that headed by Manpower Inc. whose principal place of business is at 5301 North Ironwood Road, Milwaukee, Wisconsin 53201, USA. The consolidated accounts of this group are available to the public and may be obtained from the above address.

The only other group in which the results of Elan Group Limited are consolidated is that headed by Manpower Europe Holdings Aps whose principal place of business is at Dampfaegavej 3,2, 2100 Copenhagen OE, Denmark. The consolidated accounts of this group are available to the public and may be obtained from the above address.