Match Group PLC

Directors' Report and Accounts

Year ended 31 December 2000

Company Registered No. 3767093 (England and Wales)

Match Group PLC

Company Information

Directors	J F Bleasdale Sir T Chessells L Dibden N R Z Martin R P Moores F O'Brien A J T Pilgrim J R Pinder
Secretary	G Belchem
Company Number	3767093
Registered office	Jessica House Red Lion Square 191 Wandsworth High Street London SW18 4LS

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Directors' Report
Year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the group is the provision of flexible staffing services to the healthcare sector in the United Kingdom and Ireland. The group also provides office, industrial and commercial flexible staffing services to healthcare, public sector and commercial organisations and operated until 20 July 2001 a primary care service through the Medicentre branches.

Acquisition of Quality Locum Holdings Limited

On 26 October 2000 Sinclair Montrose Limited acquired the entire issued share capital of Quality Locum Holdings Limited ("QLH"), a company which is a leading specialist provider of healthcare staff to the NHS. The initial consideration for the acquisition was £16m and further consideration will become payable subject to QLH satisfying certain terms and conditions in the period ending in April 2002.

Results and dividends

The results for the year are set out on page 7. The directors do not recommend the payment of a dividend.

For the year ended 31 December 2000, the group's revenues were £130,213,000 (1999(five months): £45,982,000) and operating profits before goodwill amortisation and exceptional items and excluding discontinued businesses were £6,248,000 (1999(five months):£2,144,000)

Revenues from the flexible staffing operation which comprises the Premiere Employment Group, Match Healthcare Services, Personnel Operations, ASA Locums and Quality Locum Services were £126,900,000 (1999(five months):£44,544,000) and operating profits before exceptional items were £6,448,000 (1999(five months):£2,346,000) a return on sales of 5.7% (1999:5.3%).

Revenues from the primary care division, which comprises the Medicentre operation, were £3,313,000 (1999(five months):£1,438,000) and operating losses were £200,000 (1999(five months):£202,000)

Amortisation of the intangible asset which represents goodwill arising on the acquisition of Sinclair Montrose Limited, and which is being written off over 20 years, was £2,101,000 (1999(five months): £875,000). Additionally, amortisation of goodwill arising from the acquisition of Quality Locum Holdings Limited amounts to £251,000. Total amortisation for the year was £2,352,000.

As explained in last year's report, on 6 June 2000 shares in Global People Network Holdings PLC were issued to shareholders in Sinclair Montrose Limited. This company was formed to capitalise on an opportunity to develop a business from software owned by Sinclair Montrose Limited. Due to the conflict that selling software to competitors of Sinclair Montrose Limited would create, it was decided that Global People Network Holdings PLC should be formed as an entirely separate company. Sinclair Montrose Limited also granted a development licence to Global People Network Holdings PLC for a consideration of £500,000 of which £50,000 became payable immediately with the balance payable on the completion of further fund raising by Global People Network Holdings PLC.

Directors' Report
Year ended 31 December 2000

Going Concern

As explained in Note 1.14 to the accounts the directors believe that additional funds will be required to support existing bank loan, loan notes and deferred consideration payments in the near future.

Discussions are taking place with the group's major shareholders and bankers on the additional finance that may be provided to the group and on long term financing of the group. The directors believe that adequate support from its major shareholders and bankers will be forthcoming to provide additional long-term funding to meet the needs of the business. Consequently the directors consider that it is appropriate for the financial statements to be prepared on the going concern basis.

In July 2001 in accordance with the terms of the original funding agreement with the major shareholders a loan of £6m was provided by Bridgepoint Capital Limited and HgCapital to Match Group PLC, which was satisfied by the issue of 8% unsecured subordinated loan stock 2010.

Future prospects

The Group has continued to grow organically and increase its operating profits in 2001.

Post Balance Sheet Events

On 20 July 2001 Sinclair Montrose Limited sold the entire issued share capital of Medicentres (UK) Limited. The fixed assets of this company were written down a further £701,000 as an exceptional item in these accounts in order to reflect the impairment in their value.

On 12 November 2001, A Pilgrim was appointed Chief Executive Officer of the Group.

Directors

The following directors held office throughout the year except where indicated otherwise:

Sir T Chessells	(Appointed 30 May 2000)
R P Moores	
D Calam	(Resigned 24 September 2001)
N R Z Martin	
L Dibden	
J R Pinder	(Appointed 14 January 2000)
F O'Brien	(Appointed 27 November 2000)

In addition K V Bleasdale and J S Cariss served throughout the year but ceased to be directors on 30 April 2001. A J T Pilgrim and J F Bleasdale were appointed as directors on 12 November 2001 and 30 November 2001 respectively.

Directors' Report
Year ended 31 December 2000

Directors' interests

All the above directors are directors of the parent company, Match Holdings Limited and accordingly their shareholdings are shown in the Directors' Report of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period.

In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Euro

The directors have considered the potential impact of the Euro and are of the opinion that this will not have a material impact on the group within the foreseeable future.

Employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of the group. Communication with all employees continues through briefing groups.

Under the active guidance of its personnel department, the group continues to make effective arrangements for the health, safety and welfare of its employees.

Directors' Report
Year ended 31 December 2000

Disabled employees

It is the group's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

The group applies employment policies which are fair and equitable for all employees and which ensure entry into and progression within the group are determined solely by application of job criteria and personal ability and competency. Full and fair consideration (having regard to the person's particular aptitudes and abilities) is given to applications for employment and the career development of disabled persons.

Creditor payment policy

It is the group's policy to have appropriate terms and conditions for transactions with suppliers, ranging from standard terms and conditions to those which have been specifically negotiated, and that in the absence of a dispute, payment will be made in accordance with those terms and conditions. At 31 December 2000 the average payment time was 30 days (1999 – 30 days).

Environmental issues

As a service-based organisation, with no manufacturing or transportation facilities, the group's exposure to environmental risk is limited. At present, the group does not possess a formal environmental policy but each of its subsidiaries observes environmentally-aware procedures appropriate to its business (for example, reducing usage of energy and paper).

Charitable and political donations

No charitable or political donations were made during the year.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the Annual General Meeting.

By order of the board

J R Pinder
Director

27th February 2002

Auditors' Report to the members of Match Group PLC

We have audited the financial statements on pages 7 to 32.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 the 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.

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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of negotiations for additional finance and the arrangements regarding banking facilities. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Match Group PLC

Auditors' Report to the members of Match Group PLC

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2000 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London, 1 March 2002

Consolidated Profit and Loss Account

Year ended 31 December 2000 (1999 – Five months ended 31 December 1999)

		Continuing Operations					*Acquisitions*				
	Notes		**Exceptional Items**	**Total**	**Acquisitions**	**Total**		**Exceptional items**	**Total**	**Discontinued businesses**	**Total**
		2000	**2000**	**2000**	**2000**	**2000**	**1999**	**1999**	**1999**	**1999**	**1999**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	2	122,707	-	122,707	7,506	130,213	45,957	-	45,957	25	45,982
Cost of sales		(94,369)	-	(94,369)	(5,840)	(100,209)	(35,112)	-	(35,112)	-	(35,112)
Gross Profit		28,338	-	28,338	1,666	30,004	10,845	-	10,845	25	10,870
Administrative Expenses	5	(24,988)	(1,636)	(26,624)	(1,120)	(27,744)	(9,576)	(3,686)	(13,262)	(43)	(13,305)
Total operating profit/(loss)	2	3,350	(1,636)	1,714	546	2,260	1,269	(3,686)	(2,417)	(18)	(2,435)
Interest receivable	6	1,114	-	1,114	-	1,114	234	-	234	-	234
Interest payable and similar charges	6,7	(6,830)	(581)	(7,411)	(39)	(7,450)	(2,328)	(1,836)	(4,164)	-	(4,164)
(Loss)/profit on ordinary activities before taxation	8	(2,366)	(2,217)	(4,583)	507	(4,076)	(825)	(5,522)	(6,347)	(18)	(6,365)
Tax on loss on ordinary activities	9	(50)	-	(50)	-	(50)	(29)	-	(29)	-	(29)
(Loss)/profit on ordinary activities after taxation		(2,416)	(2,217)	(4,633)	507	(4,126)	(854)	(5,522)	(6,376)	(18)	(6,394)
Minority interest (equity)		677	-	677	-	677	(276)	442	166	2	168
Loss attributable to A ordinary shareholders	19	(1,739)	(2,217)	(3,956)	507	(3,449)	(1,130)	(5,080)	(6,210)	(16)	(6,226)

There were no recognised gains and losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

Match Group PLC

Balance Sheets
As at 31 December 2000

	Notes	2000 Group £'000	1999 Group £'000	2000 Company £'000	1999 Company £'000
Fixed assets					
Intangible assets	11	69,400	41,562	-	-
Tangible fixed assets	12	3,925	3,266	-	-
Investments	13		-	29,422	29,563
		73,325	**44,828**	**29,422**	**29,563**
Current assets					
Stocks-finished goods		72	63	-	-
Debtors	14	27,593	20,678	29,185	23,498
Cash at bank and in hand		10,064	14,017	4,790	9,860
		37,729	**34,758**	**33,975**	**33,358**
Creditors: amounts falling due within one year	15	**(33,478)**	**(23,226)**	**(7,735)**	**(7,173)**
Net current assets		**4,251**	**11,532**	**26,240**	**26,185**
Total assets less current liabilities		**77,576**	**56,360**	**55,662**	**55,748**
Creditors: amounts falling due after more than one year	16	(88,249)	(62,908)	(60,482)	(57,998)
Net liabilities		**(10,673)**	**(6,548)**	**(4,820)**	**(2,250)**
Share capital and reserves					
Called up share capital	17	1,602	1,602	1,602	1,602
Profit and loss account	18	(9,675)	(6,226)	(6,422)	(3,852)
Equity shareholders' funds	19	(8,073)	(4,624)	(4,820)	(2,250)
Minority interest (all equity)	20	(2,600)	(1,924)	-	-
		(10,673)	**(6,548)**	**(4,820)**	**(2,250)**

The accounts were approved by the Board on 27th February 2002
and signed on its behalf by:

J R Pinder
Director

Consolidated Cash flow Statement
Year ended 31 December 2000

	Notes	2000	2000	(5months) 1999	(5months) 1999
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	27		1,760		1,677
Corporation tax paid			(176)		
Returns on investments and servicing of finance	28		(3,332)		(1,651)
Capital expenditure and financial investment	28		(2,295)		(103)
Acquisitions and disposals	28		(20,592)		(44,207)
Cash outflow before use of liquid resources and financing			(24,635)		(44,284)
Financing					
Management of liquid resources	28	(2,765)		-	
Issue of shares		-		1,602	
Increase in debt (excluding loan notes)	28	16,796		55,479	
			14,031		57,081
(Decrease)/increase in cash in the period			(10,604)		12,797

Reconciliation of net cash outflow to movement in net debt (note)	2000	2000	1999	1999
	£'000	£'000	£'000	£'000
Opening net debt as at 1 January		(57,809)		-
(Decrease) / increase in cash in the period	(10,604)		12,797	
Increase in secure loan note deposits	2,765			
Cash inflow from increase in debt (note 29) including loan notes	(16,132)		(54,373)	
Change in net debt resulting from cash flows		(23,971)		(41,576)
Loans and finance leases acquired with subsidiary				(11,019)
Other non cash changes		(14,000)		(5,214)
Movement in debt in the period (note 29)		(37,971)		(57,809)
Closing net debt as at 31 December		**(95,780)**		**(57,809)**

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

1.2 Basis of consolidation

The group financial statements comprise a consolidation of the financial statements of the company and all its subsidiary undertakings. Where a subsidiary has been acquired or disposed of during the period the results of that subsidiary undertaking are included from the date acquired or to the date of disposal as appropriate.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Finance costs

In accordance with the provisions of FRS 4 "Capital Instruments", finance costs associated with capital instruments are recognised in the profit and loss account on a systematic basis taking into consideration the group's outstanding obligations. Debt issue costs are accounted for as a reduction in the proceeds of the related instruments and are recognised in the profit and loss account over the period up to the earliest possible repayment of the related debt.

1.5 Pensions

The pension costs charged in the accounts represent the contribution payable by the company to defined contribution schemes during the period in accordance with SSAP 24.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or fair value when acquired less depreciation and when appropriate, provisions for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings	Fifty years
Leasehold improvements	Over lease term
Office equipment	Three to ten years
Computer equipment	Three to five years
Motor vehicles	Four to five years

The carrying values of tangible assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

1.7 Leases

Leases which entail the company retaining all, or substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Assets obtained under finance leases are included in tangible fixed assets at cost and are depreciated over their useful economic lives or term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within loans and borrowings. Rental payments are apportioned between the finance element, which is charged as interest to the profit and loss account, and the capital element, which reduces the outstanding obligations for future instalments, so as to give a constant rate of charge on the outstanding obligation. Rental payments under operating leases are charged to the profit and loss account on a straight line basis in arriving at the operating profit.

1.8 Investments

The company's fixed asset investment in its subsidiary is stated at cost.

1.9 Goodwill

Purchased goodwill, being the excess of the fair value of purchase consideration over the fair value of the identifiable assets and liabilities of newly acquired undertakings, is capitalised on the balance sheet, and amortised over its useful economic life.

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange on the balance sheet date. The results of foreign undertakings and foreign currency transactions are translated during the year based on month-end exchange rates. Exchange differences arising from the retranslation of the accumulated net investment in foreign enterprises at the closing rate are recorded as movements on reserves.

1.12 Related parties

Advantage has been taken of the exemption within FRS 8 (Related Party Transactions) not to disclose transactions between group companies.

1.13 Stocks

Stocks relate solely to goods held for resale and are stated at the lower of cost and net realisable value.

1.14 Going Concern

The Directors believe that additional funds will be required to support existing bank loan, loan notes and deferred consideration payments in the near future.
Discussions are taking place with the Group's major shareholders and bankers on the additional finance that may be provided to the Group and on long-term financing of the Group. The Directors believe that adequate support from its major shareholders and bankers will be forthcoming to provide additional long-term funding to meet the needs of the business.

The financial statements have been prepared on the going concern basis. This assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future. The validity of this assumption depends on the successful conclusion of the negotiations with the Group's major shareholders and on the Group being able to operate within its existing banking facilities or to obtain additional finance as is necessary.

If the Company or its subsidiaries were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Whilst the Directors are presently uncertain as to the outcome of the matters mentioned above, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Notes to the financial statements
Year ended 31 December 2000

2 Segmental reporting – year ended 31 December 2000

	Turnover	Total operating profit/(loss) before goodwill amortisation and exceptional items	Exceptional items	Goodwill Amortisation	Operating profit /(loss) after goodwill amortisation and exceptional items	Net assets/ (liabilities)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover, operating profit and (liabilities)/net assets by geographical location						
United Kingdom	128,941	6,062	(1,636)	(2,352)	2,074	(11,021)
Republic of Ireland	1,272	186			186	348
	130,213	6,248	(1,636)	(2,352)	2,260	(10,673)
Turnover, operating profit and (liabilities)/net assets by business activity						
Flexible staffing	126,900	6,448	(786)	(2,352)	3,310	141
Primary Care	3,313	(200)	(850)		(1,050)	(10,814)
	130,213	6,248	(1,636)	(2,352)	2,260	(10,673)

All turnover is derived from external customers. Turnover by geographical destination is not significantly different to geographical origin. The acquisition of Quality Locum Holdings Limited contributed £7,506,000 to United Kingdom turnover and £546,000 operating profit. It operates wholly in flexible staffing.

Notes to the financial statements
Year ended 31 December 2000

2 Segmental reporting (continued) comparative 5 months to 31 December 1999

	Turnover	Total operating profit/(loss) before goodwill amortisation and exceptional items	Exceptional items	Goodwill amortisation	Discontinued Businesses	Operating profit /(loss) after goodwill amortisation, exceptional items and after discontinued businesses	Net assets/ (liabilities)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover, operating profit and (liabilities)/net assets by geographical location							
United Kingdom	45,390	2,057	(3,686)	(875)	(18)	(2,522)	(6,690)
Republic of Ireland	592	87	-	-	-	87	142
	45,982	2,144	(3,686)	(875)	(18)	(2,435)	(6,548)
Turnover, operating profit and (liabilities)/net assets by business activity							
Flexible staffing	44,544	2,346	(867)	(875)	(18)	586	(7,401)
Primary Care	1,438	(202)	(2,819)	-	-	(3,021)	853
	45,982	2,144	(3,686)	(875)	(18)	(2,435)	(6,548)

3 Directors' remuneration summary

The remuneration of the directors during the year was:

Executives	**Salary**	**Benefits**	**Pension**	**Total**	**Total**
			contributions	**2000**	**(5months) 1999**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
K V Bleasdale	170	51	3	224	77
J S Cariss	161	15	-	176	73
J R Pinder	167	-	23	190	-
	498	66	26	590	150
Non-executive	**Fees**	**Benefits**	**Pension**	**Total**	**Total**
			Contributions	**2000**	**1999**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Sir T Chessells	33	-	-	33	14
R P Moores	10	-	-	10	4
D Calam	-	-	-	-	4
N Martin	10	-	-	10	4
L Dibden	-	-	-	-	4
	53	-	-	53	30
Total	551	66	26	643	180

The fees in respect of R P Moores and D Calam are paid to Bridgepoint Capital Limited and fees in respect of N Martin and L Dibden are paid to Hg Capital.

4 Employees

The average monthly number of employees (including executive directors and excluding temporary employees) during the year was:

	2000	(5months) 1999
	Number	**Number**
Operational staff	438	427
Central administration	124	122
	562	**549**
Total payroll costs for the year were:	**2000**	**(5months) 1999**
	£'000	**£'000**
Wages and salaries	11,560	5,330
Social security costs	1,268	498
Other pension costs (see note)	103	96
	12,932	5,924

5 Exceptional items

	2000	(5months) 1999
	£'000	£'000
Banking fees and costs in respect of debt restructuring	-	325
Closure of Medicentre branches	201	399
Impairment of Medicentre fixed assets	701	300
Write off of Medicentre fixed assets	-	2,120
Management severance costs	298	542
Costs relating to Global People Network Holdings Plc	136	-
Implementation and development costs of new computer system	300	-
	1,636	3,686

In order to assist in understanding the group's results for the period, and in view of the unusual materiality of exceptional items to the current period's results, the directors believe that it is appropriate to show separately the operating profit of the group before exceptional items and amortisation of goodwill in note 2 as additional information.

6 Interest	2000	(5months) 1999
	£'000	£'000
Interest receivable:		
On deposit accounts and short term deposits	1,114	234
Interest payable:		
On bank loans and overdrafts	2,795	706
Institutional loan notes	3,618	1,526
Other (loan notes)	456	96
	6,869	2,328

7 Exceptional interest charges

	2000 £'000	(5months) 1999 £'000
Cost of raising debt finance	581	1,836

These amounts have been written off in accordance with Financial Reporting Standard 4 "Capital Instruments" over the period up to the earliest possible repayment of the related debt.

8 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is after charging the items set out in notes 5, 6 and 7 and the following items:

	2000 £'000	**(5months) 1999 £'000**
Amortisation of intangible fixed assets	2,352	875
Depreciation of tangible fixed assets	936	441
Operating lease payments:		
Plant and machinery	255	228
Other	1,087	513
Auditors' remuneration	135	120

Fees paid to the auditors for non-audit services amounted to £123,125 (1999: £397,000)

9 Taxation

	2000	**(5months) 1999**
	£'000	**£'000**
For the year 2001 allowing for prior year tax losses:		
Overseas taxation	41	29
UK Corporation Taxation at 30% (1999:30%)	9	-
	50	29

There are tax losses in excess of £8 million, which may be available for relief against profits in future periods. The net book value of fixed assets is below their tax written down value and therefore no deferred tax provision is required. There are no other material timing differences.

10 Loss for the period

The loss after tax for the period dealt with in the financial statements of the company amounts to £2,570,000 (1999(five months) £3,852,000). Under the provisions of Section 230, Companies Act 1985, the company has not published its own profit and loss account.

Notes to the financial statements
Year ended 31 December 2000

11 Intangible fixed assets

The company has no intangible fixed assets. Details of those relating to the group are as follows:

	Goodwill **£'000**
Cost :	
At 1 January 2000	42,437
Purchased intangible	38
Acquisition in year (see note 21)	30,152
At 31 December 2000	72,627
Amortisation :	
At 1 January 2000	875
Charge for the period	2,352
At 31 December 2000	3,227
Net book value	
At 31 December 1999	41,562
At 31 December 2000	69,400

The goodwill arising on acquisitions during the period is being amortised on a straight line basis over 20 years. This is the period over which the directors estimate that the value of the underlying businesses acquired are expected to exceed the value of the underlying assets.

Notes to the financial statements
Year ended 31 December 2000

12 Tangible fixed assets

The company has no tangible fixed assets. Details of those relating to the group are as follows:

	Freehold property	Leasehold Improvements	Office Equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
At 1 January 2000	103	1,276	1,573	962	93	4,007
Additions from acquisition	-	-	46	127	-	173
Additions	-	11	812	1,445	-	2,268
Disposals	(103)	(4)	(8)	(41)	(9)	(165)
At 31 December 2000	-	1,283	2,423	2,493	84	6,283
Depreciation:						
At 1 January 2000	5	383	176	169	8	741
Charge for the period	2	155	367	398	14	936
Impairment Value Medicentre	-	666	35	-	-	701
Disposals/Write-off	(7)	(1)	(3)	(9)	-	(20)
At 31 December 2000	-	1,203	575	558	22	2,358
Net Book Value:						
At 1 January 2000	98	893	1,397	793	85	3,266
At 31 December 2000	-	80	1,848	1,935	62	3,925

Included above are assets held under finance leases or hire purchase contracts as follows:

	Office Equipment	Motor Vehicles	Total
	£'000	£'000	£'000
Net book value			
As 31 December 2000	19	60	79
Depreciation			
Charge for the year 2000	5	19	24

13 Investment in subsidiary undertakings

	2000 £'000
At 1 January 2000	29,563
Adjustment to investment costs prior year	(141)
At 31 December 2000	29,422

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration and incorporation	Shares held	
		Class	%
Sinclair Montrose Limited	England and Wales	Ordinary	87

Match Group PLC owns 87% of the issued share capital of Sinclair Montrose Limited, a company registered in England and Wales, which provides primary care and flexible staffing services. Sinclair Montrose Limited has the following wholly owned subsidiaries which are registered in England and Wales except where stated and are directly held except where indicated by an asterisk:

Match Healthcare Services Limited	Trading
Medicentres (UK) Limited	Trading
Personnel Operations Limited	Trading
ASA Locums Limited	Trading
The Premiere Group Limited	Trading
Premiere Employment Group Limited*	Trading
Premiere Employment Limited*	Trading
Premiere Labourforce Limited*	Trading
Premiere Nursing and Care Limited*	Trading
Premiere Personnel Services Limited*	Trading
Premiere Care Services Limited*	Trading
Match Employment (Ireland) Limited*	Trading
Quality Locum Holdings Limited	Trading
Quality Locum Services Limited*	Trading
Quality Education Limited*	Trading
Quality Locum Services (Pty) Limited* (incorporated in Australia)	Trading
Quality Locum (Proprietary) Limited* (incorporated in South Africa)	Trading

On 20 July 2001 Sinclair Montrose Limited sold the entire issued share capital of Medicentres (UK) Limited. The fixed assets of this company were written down a further £701,000 as an exceptional item in these accounts in order to reflect the impairment in their value.

Notes to the financial statements
Year ended 31 December 2000

14 Debtors

	2000	1999	2000	1999
	Group	**Group**	**Company**	**Company**
	£'000	**£'000**	**£'000**	**£'000**
Trade debtors	26,406	18,136	-	-
Other debtors	387	226	-	80
Group relief	-	-	1,102	-
Amounts owed from group undertaking	26	1,706	28,043	23,418
Prepayments	774	610	40	-
	27,593	20,678	29,185	23,498

15 Creditors: amounts falling due within one year

	2000	1999	2000	1999
	Group	**Group**	**Company**	**Company**
	£'000	**£'000**	**£'000**	**£'000**
Guaranteed loan notes	1,882	2,310	1,881	2,310
Unsecured loan notes	7,916	4,952	-	-
Bank overdraft	5,106	1,220	3,937	2,364
Bank term loan	3,600	400	-	-
Obligations under finance leases	12	36	-	-
Trade creditors	1,118	2,020	-	28
Amounts owed to group undertakings	-	-	-	40
Corporation tax	513	29	-	-
Accrued interest	2,008	2,934	1,861	1,581
Social security and other taxes	4,776	5,449	-	-
Accruals	4,947	3,876	56	850
Deferred consideration	1,600	-	-	-
	33,478	**23,226**	**7,735**	**7,173**

Under the agreement for the acquisition of Sinclair Montrose Limited, guaranteed loan notes were issued to Ms Bleasdale and the John Cariss Family Settlement Trust to the values of £631,003 and £118,997 respectively. The holder of any guaranteed loan notes

15 Creditors: amounts falling due within one year (continued)

is entitled to require the whole of the holding to be repaid at par together with accrued interest on 30 June 2000 and on any interest payment date thereafter by giving not less than 30 days notice in writing to the company. The guaranteed loan notes are entitled to interest each period at a floating rate of ½% below six month LIBOR and are guaranteed by Bank of Scotland.

Under the agreement for the acquisition of Sinclair Montrose Limited, guaranteed loan notes were issued to consenting shareholders to the value of £1,565,651. The holder of any guaranteed loan notes is entitled to require the whole of the holding to be repaid at par together with accrued interest on 30 June 2000 and on any interest payment date thereafter by giving not less than 30 days notice in writing to the company. The guaranteed loan notes are entitled to interest each period at a floating rate of ½% below six month LIBOR and are guaranteed by Bank of Scotland. Loan notes to the value of £100,000 and £313,726 were repaid respectively in June and December 2000.

Under the agreement for the acquisition of Match Healthcare Services Limited, Sinclair Montrose Limited issued guaranteed unsecured loan notes to the vendors of Match Healthcare Services Limited as part consideration for the sale of their shares in Match Healthcare Services Limited to Sinclair Montrose Limited. The vendors, Mr J S Cariss and Ms K V Bleasdale, were each issued with loan notes to the value of £480,000. On 31 August 1999 a repayment of £480,000 was made to Ms K V Bleasdale. These loan notes are guaranteed by Barclays Bank PLC and are entitled to interest which accrues on the same sum which has been deposited with Barclays Bank PLC by Sinclair Montrose Limited.

Under the agreement for the acquisition of the Premiere Group PLC, Sinclair Montrose Limited issued guaranteed unsecured loan notes as part consideration for the sale of ordinary shares in the group. The loan notes have been guaranteed by Bank of Scotland. The vendors were issued with loan notes to the value of £1,433,233 repayable on 31 December 2001. A holder of any loan notes will be entitled to the whole of their holding of loan notes to be repaid at par together with accrued interest on 30 September 1998 and on any interest payment date thereafter by giving not less than 30 days notice in writing to Sinclair Montrose Limited. The loan notes are entitled to interest each quarter at a floating rate of 1.5% below 3 month LIBOR. Loan notes to the value of £50,472 were repaid on 30 June 2000. Loan notes to the value of £1,218,490, £17,200, £36,000 and £76,000 were repaid on 12 January 1999, 23 March 1999, 12 July 1999 and 23 September 1999 respectively.

Under the agreement for the acquisition of Personnel Operations Limited, Sinclair Montrose Limited issued a guaranteed unsecured loan note to Ms E Cotton, the vendor of Personnel Operations Limited as part consideration for the sale of her shares in Personnel Operations Limited to Sinclair Montrose Limited. The loan notes have been guaranteed by Bank of Scotland. At 1 January 2000 the vendor held a loan note to the value of £200,000, repayable on or after 25 June 1999. The loan note was entitled to the interest

15 Creditors: amounts falling due within one year (continued)

which accrues on the sum of £200,000 deposited with Bank of Scotland by Sinclair Montrose Limited (or such lesser sum as remains following a redemption of part) at the rate payable by Bank of Scotland to Sinclair Montrose Limited. The loan note was repaid on 31 December 2000.

Under the agreement for the acquisition of ASA Locums Limited, Sinclair Montrose Limited issued guaranteed unsecured loan notes to the vendors of ASA Locums Limited as part consideration for the sale of their shares in ASA Locums Limited to Sinclair Montrose Limited. The vendors Mr B Mitchell and Ms A Shaw, were each issued with loan notes to the value of £500,000 which have been backed by a cash deposit of £1,000,000 placed with Bank of Scotland. The loan notes are redeemable in whole or in part in tranches of not less than £50,000 at any time from 31 March 1999 by giving not less than 30 days notice in writing to Sinclair Montrose Limited. The loan notes are entitled to interest at a rate of 1% below LIBOR paid quarterly in arrears.

On 30 June 1999, the vendors, Mr B Mitchell and Ms A Shaw were each issued with further loan notes to the value of £1,600,025 which have been backed by a cash deposit of £3,200,050 placed with Bank of Scotland. The loan notes are redeemable in whole or in part tranches of not less than £50,000 at any time from 31 March 2000 by giving not less than 30 days notice in writing to Sinclair Montrose Limited. The loan notes are entitled to interest at a rate of 1% below LIBOR paid quarterly in arrears.

On 30 June 2000 the vendors, Mr B Mitchell and Ms A Shaw were each issued with further loan notes to the value of £1,600,002.50 which have been backed by a cash deposit of £3,200,005 placed with Bank of Scotland. The loan notes are redeemable in whole or in part tranches of not less than £50,000 at any time from 31 March 2001 by giving not less than 30 days notice in writing to Sinclair Montrose Limited. The loan notes are entitled to interest at a rate of 1% below LIBOR paid quarterly in arrears.

Deferred purchase consideration relating to the purchase of shares in ASA Locums Limited of £1,600,000 is to be converted to Loan Notes in Sinclair Montrose Limited on 30 June 2001. (1999: £4,800,000)

16 Creditors: amounts falling due after more than one year

	2000	**1999**	**2000**	**1999**
	Group	**Group**	**Company**	**Company**
	£'000	**£'000**	**£'000**	**£'000**
Unsecured loan notes	35,302	35,302	35,302	35,302
Bank loans	36,400	22,696	22,696	22,696
Obligations under finance leases	27	59	-	-
Deferred purchase consideration	14,000	4,800	-	-
Accrued interest rolled over > 1 year	2,520	-	2,484	-
Freehold property mortgage	-	51	-	-
	88,249	**62,908**	**60,482**	**57,998**

The deferred purchase consideration in 2000 is an estimate of the earn out that may become payable 31 July 2002 relating to the acquisition of Quality Locum Holdings Limited by Sinclair Montrose Limited. It is contingent upon meeting certain performance criteria.

16 Creditors: amounts falling due after more than one year (continued)

Repayment of borrowings:	**2000**	**1999**	**2000**	**1999**
	Group	**Group**	**Company**	**Company**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts:				
Bank overdraft	5,106	1,220	3,937	1,964
Bank loan due less than one year	3,600	400	-	400
Between one and two years	4,200	2,400	-	2,400
Between two and five years	19,050	10,500	9,546	10,500
Over five years (repayable by instalments)	13,150	9,796	13,150	9,796
	45,106	**24,316**	**26,633**	**25,060**
Other loans and finance leases:				
In one year or less	9,810	7,298	1,881	2,310
Between one and two years	26	59	-	-
Between two and five years	-	51	-	-
Over five years (not by instalments):				
10% Institutional loan notes	35,302	35,302	35,302	35,302
	45,138	**42,710**	**37,183**	**37,612**
Total borrowings	**90,244**	**67,026**	**63,816**	**62,672**

The Bank loans repayable after 5 years are due to be repaid on 31 March 2006 (£4,075,000), and 30 September 2006 (£9,075,000).

Under the agreement for the acquisition of Sinclair Montrose Limited, Match Group PLC issued institutional loan notes to Natwest Equity Partners Investors (now Bridgepoint Capital Limited) and Hg Capital to raise funding for the acquisition and the group's working capital. Both investors were issued £16,199,000 in institutional notes which are repayable on or before 30 June 2010 and bear interest at 10%, half payable half yearly and the other half being rolled up to be paid on repayment of the principal.

Under the agreement for the acquisition of Sinclair Montrose Limited, Match Group PLC issued institutional loan notes to Ms K Bleasdale and Mr J Cariss in part consideration for the sale of their shares in Sinclair Montrose Healthcare PLC to Match Group PLC. Institutional loan notes of £1,328,943 and £1,237,052 were issued to Ms K Bleasdale and Mr J Cariss respectively and are repayable on or before 30 June 2010 and bear interest at 10%, half payable half yearly and the other half being rolled up to be paid on repayment of the principal.

Obligations under finance leases are secured by fixed charges over the assets concerned. The bank loans and overdrafts are secured on the assets of the group.

Notes to the financial statements

Year ended 31 December 2000

17 Share Capital

	Number of Shares	2000 £'000	Number of shares	1999 £'000
Authorised:				
Ordinary shares of £1 each	1,602,001	1,602	1,602,001	1,602
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,602,001	1,602	1,602,001	1,602

18 Reserves

	Group 2000	Group 1999	Company 2000	Company 1999
	£'000	£'000	£'000	£'000
Profit & Loss Account				
At 1 January 2000	(6,226)	-	(3,852)	-
Loss for the financial period	(3,449)	(6,226)	(2,570)	(3,852)
At 31 December 2000	(9,675)	(6,226)	(6,422)	(3,852)

19 Reconciliation of movement in equity shareholders' funds

	Group £'000	Company £'000
At 1 January 2000	(4,623)	(2,250)
Loss for the financial period	(3,449)	(2,570)
At 31 December 2000	(8,073)	(4,820)

20 Minority interests

	Group 2000	Group 1999
	£'000	£'000
At 1 January 2000	(1,924)	-
On acquisition of Sinclair Montrose Limited by Match Group PLC	-	(1,756)
Profit and loss account	(676)	(168)
At 31 December 2000	(2,600)	(1,924)

Notes to the financial statements
Year ended 31 December 2000
21 Acquisitions

	Book Value	Fair value Adjustments	Alignment of accounting policy adjustments	Fair value
	£'000	**£'000**	**£'000**	**£'000**
Tangible fixed assets	173	-	-	173
Investments	136	(136)	-	-
Debtors	5,677	(100)	-	5,577
Creditors	(2,779)	-	(123)	(2,902)
Bank loans and overdrafts	(2,443)	-	-	(2,443)
Net Assets acquired	764	(236)	(123)	405
Goodwill arising (see note 11)				30,152
				30,557
Satisfied by:				
Cash				16,000
Deferred Consideration				2,000
Deferred contingent consideration				12,000
Acquisition expenses				557
				30,557

On 26 October 2000 Sinclair Montrose Limited acquired the entire issued share capital of Quality Locum Holdings Limited ("QLH"), a company which is a leading specialist provider of healthcare staff to the NHS. The initial consideration for the acquisition was £16 million and further consideration will become payable subject to QLH satisfying certain terms and conditions in the period ending in April 2002.

The fair value adjustment for alignment of accounting policies reflects the reinstatement of assets and liabilities in accordance with the group's policies including establishing a creditor for outstanding holiday pay entitlement of temporary employees and the writing off of costs associated with setting up of overseas offices.

Other fair value adjustments reflect increased provisions for bad debts and adjustments to accruals and provisions.

The results of the Quality Locum Holdings group from the end of its previous financial year, 30 April 2000, to the date of acquisition were turnover of £15,963,500, operating profits of £1,190,667, taxation of £341,000 and profits after taxation of £798,866 (profits after taxation for the year ended 30 April 2000 of £609,710). The QLH group had no recognised gains and losses other than those included in the profit and loss account.

Notes to the financial statements
Year ended 31 December 2000

22 Transactions with directors and related parties

The company pays interest to directors on loan notes held by them, details of which are contained in notes 15 and 16 above.

23 Pension commitments

The company contributes towards defined contribution pension arrangements for its employees. The charge in the year was £103,388 (1999 (5 months) - £96,000)

24 Contingent liabilities

The group had no contingent liabilities at 31 December 1999 and 2000. The company had guaranteed the bank loans made available to the group of £40 million (1999 - £23,096,000)

25 Financial commitments

At 31 December 2000 the group had annual commitments under non-cancellable operating leases as follows:

	Land & buildings	**Land & buildings**	**Other**	**Other**
	2000	**1999**	**2000**	**1999**
	£'000	**£'000**	**£'000**	**£'000**
Expiry date:				
Within one year	112	70	200	105
Between two and five years	369	195	253	444
In over five years	614	525	-	-
	1,095	790	453	549

26 Capital commitments

	2000	**1999**
	£'000	**£'000**
At 31 December 2000 the group had capital commitments as follows:		
Contracted for but not provided in the accounts	179	142

Notes to the financial statements
Year ended 31 December 2000

27 Reconciliation of operating profit/(loss) to operating cash flows

	2000	1999
	Total	**Total**
	£'000	**£'000**
Operating profit / (loss)	2,260	(2,435)
Depreciation charges	937	441
Amortisation of intangible assets	2,352	875
Impairment provision on fixed assets	701	300
Write off of short leasehold improvements (fixed assets)	134	2,120
(Increase) / decrease in stocks	(9)	17
Increase in debtors	(1,316)	(3,773)
(Decrease) / increase in creditors	(3,299)	4,132
Net cash inflow from operating activities	1,760	1,677

Quality Locum Holdings Limited group, since acquisition has cash outflows (totalling £395,000) from operating activities of £124,000, corporation tax payments of £135,000, interest of £39,000, capital expenditure and investments of £87,000.

Notes to the financial statements
Year ended 31 December 2000

28 Analysis of cash flow

	2000	2000	1999	1999
	£'000	£'000	£'000	£'000
Net cash (outflow)/ inflow from operating activities		1,760		1,677
Corporation Tax paid		(176)		-
Returns on investments and servicing of finance				
Interest received	1,114		234	
Interest paid	(3,845)		(38)	
Issue costs of new bank loan and loan notes	(581)		(1,836)	
Interest element of finance lease rentals paid	(10)		(11)	
Net cash outflow for returns on investments and servicing of finance		(3,332)		(1,651)
Capital expenditure and financial investment				
Purchase of Intangible Asset	(37)		-	
Purchase of tangible fixed assets	(2,268)		(390)	
Sale of tangible fixed assets	10		287	
Net cash outflow for capital expenditure and financial investments		(2,295)		(103)
Acquisitions and disposals				
Purchase of subsidiary undertaking	-		(24,349)	
Initial consideration paid for subsidiary undertaking	(16,000)		-	
Costs paid relating to acquisition of subsidiary	(376)		-	
Acquisition costs paid relating to previous year	(1,109)		-	
Part payment of loan notes relating to acquisitions	(664)		(1,106)	
Net overdrafts acquired with subsidiary	(2,443)		(18,752)	
Net cash outflow for acquisitions and disposals		(20,592)		(44,207)
Net cash outflow before financing		**(24,635)**		**(44,284)**
Financing				
Management of liquid resources		(2,765)		-
Issue of ordinary share capital		-		1,602
Debt due within one year:				
Finance lease rentals	(13)		(15)	
Repayment of bank loan	(400)		-	
New secured loan repayable 2001	3,600		-	
		3,187		(15)
Debt due beyond one year:				
Institutional loan notes repayable 30 June 2010	-		32,398	
New secured loan repayable 2006	13,704		23,096	
Finance lease rentals	(44)		-	
Repayment of freehold property mortgage	(51)		-	
		13,609		55,494
Net cash inflow from financing		**14,031**		**57,081**
		(10,604)		**12,797**

29 Reconciliation of movement in net debt

	As at 1 January 2000	Cash flow	Acquisitions (excluding cash and overdrafts)	Other non-cash changes	At 31 December 2000
		£'000	£'000	£'000	£'000
Cash at bank and in hand	7,311	(6,718)	-	-	593
Bank overdrafts	(1,220)	(3,886)	-	-	(5,106)
Movement as per cash flow		(10,604)	-	-	
Cash on secure deposit	6,706	2,765	-	-	9,471
Net cash at bank and in hand	**12,797**	**(7,839)**	-	-	**4,958**
Debt due within one year :					
Guaranteed loan notes	(2,310)	428	-	-	(1,882)
Unsecured loan notes	(4,952)	236	-	(3,200)	(7,916)
Bank loan	(400)	(3,200)	-	-	(3,600)
Obligations under finance leases	(36)	13	-	11	(12)
Deferred purchase consideration	-	-	-	(1,600)	(1,600)
Debt due after more than one year:					
Unsecured loan notes	(35,302)	-	-	-	(35,302)
Bank loan	(22,696)	(13,704)	-		(36,400)
Deferred purchase consideration	(4,800)	-	(14,000)	4,800	(14,000)
Obligations under finance leases	(59)	44	-	(11)	(26)
Freehold property mortgage	(51)	51	-	-	-
Total debt	**(70,606)**	**(16,132)**	**(14,000)**	-	**(100,738)**
Net debt	**(57,809)**	**(23,971)**	**(14,000)**	-	**(95,780)**

Non-cash changes comprise conversion of deferred purchase consideration to unsecured loan notes. Cash at bank and in hand of £10,064,000 includes cash held on secure deposit of £9,471,000, which is restricted in use to cover loan notes repayments.

29 Reconciliation of movement in net debt (continued)

Movement in borrowings :	**2000**	**2000**
	£'000	**£'000**
Debt due within one year :		
Repayment of part of loan notes	(664)	
Repayment medium term bank loan	(400)	
New term loan repayable 2001	3,600	
		2,536
Debt due after more than one year :		
New medium term bank loan	13,704	
		13,704
		16,240
Capital element of finance lease rentals paid		(57)
Freehold property – mortgage repaid		(51)
Cash inflow		**16,132**