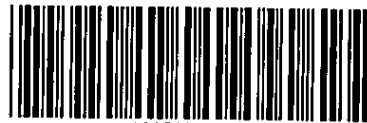


Blue Arrow Holdings Limited

Directors' Report and Financial Statements
for the Year Ended 31 December 2008

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Blue Arrow Holdings Limited

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Blue Arrow Holdings Limited
Company Information

Directors	A Burchall D M C Doyle (resigned 14 May 2009) J Rowley (resigned 7 October 2008) R J Watson
Secretary	R J Watson
Registered office	800 The Boulevard Capability Green Luton LU1 3BA
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Auditors	PricewaterhouseCoopers LLP 10 Bricket Road St Albans AL1 3JX

Blue Arrow Holdings Limited
Directors' Report for the Year Ended 31 December 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

In preparing those financial statements, directors are required to:

- select suitable accounting policies and 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 financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Directors' statement regarding disclosure of information to auditors

The directors who held office at the date of the approval of this directors' report confirm that they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that as far as they are aware there is no relevant audit information of which the company's auditors are unaware of.

Principal activity

The principal activity of the company is that of a holding company and this is expected to continue into the future.

Business review and future developments

The Directors' report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small entities.

Results and dividends

The results for the company are set out in the financial statements.

The directors do not recommend the payment of a preference share dividend (2007 - £nil).

The directors do not recommend the payment of a dividend (2007 - £nil).

Insurance

The group, of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Blue Arrow Holdings Limited
Directors' Report for the Year Ended 31 December 2008

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Principal risks facing the business

The principal risks and uncertainties of the Impellam Group plc ("the Group"), which include those of the company, are discussed in the Group Financial Director's Report in the group's annual report which does not form part of this report. The group's Business and financial risks are managed at a group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company.

Donations

There were no charitable or political donations made by the company in either 2008 or 2007.

Directors

The directors who held office during the year were as follows:

- A Burchall
- D M C Doyle (resigned 14 May 2009)
- J Rowley (resigned 7 October 2008)
- R J Watson

Directors' indemnity provisions

During the year and to the date of these accounts, the group had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985.

Retirement of directors

In accordance with the Articles of Association, directors are not required to retire from the board on a rotational basis.

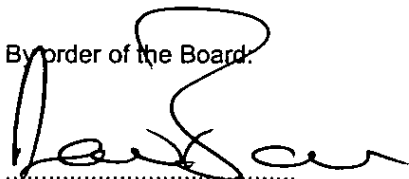
Auditors

During the year, Ernst & Young LLP resigned as auditors to the Company and PricewaterhouseCoopers LLP were appointed in their place. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and so are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Election to dispense laying accounts

In accordance with s.252, Companies Act 1985, the company has elected to dispense with laying accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

By order of the Board.



A Burchall
Director

Date: 20/10/07

**Independent Auditors' Report to the Members of
Blue Arrow Holdings Limited**

We have audited the financial statements of Blue Arrow Holdings Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



.....
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

Date: 20 October 2009

Blue Arrow Holdings Limited
Profit and Loss Account for the Year Ended 31 December 2008

	Note	2008 £	2007 £
Turnover		-	-
Administrative expenses <i>including exceptional items of £17,151,174 (2007: £0)</i>		(17,151,174)	-
		<hr/>	<hr/>
Operating loss:			
Excluding exceptional items		-	-
Exceptional costs	4	(17,151,174)	-
		<hr/>	<hr/>
Operating loss		(17,151,174)	-
Interest receivable		-	1,044
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(17,151,174)	1,044
Tax on (loss)/profit on ordinary activities	7	-	330,000
		<hr/>	<hr/>
(Loss)/profit for the financial year	13	<u>(17,151,174)</u>	<u>331,044</u>

Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

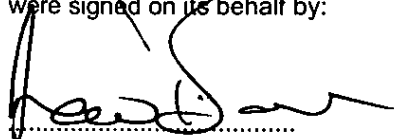
There is no difference between the results reported above and their historical cost equivalents.

The notes on pages 7 to 13 form an integral part of these financial statements.

Blue Arrow Holdings Limited
Balance Sheet as at 31 December 2008

		2008		2007	
	Note	£	£	£	£
Fixed assets					
Investments	8		66,457,266		66,457,266
Current assets					
Debtors	9	11,231,966		28,262,713	
Creditors: Amounts falling due within one year	10	<u>(29,877,219)</u>		<u>(70,756,906)</u>	
Net current liabilities			<u>(18,645,253)</u>		<u>(42,494,193)</u>
Net assets			<u>47,812,013</u>		<u>23,963,073</u>
Capital and reserves					
Called up share capital	12		26,855,434		26,822,000
Share premium reserve	13		104,268,744		63,302,064
Profit and loss reserve	13		<u>(83,312,165)</u>		<u>(66,160,991)</u>
Shareholders' funds	14		<u>47,812,013</u>		<u>23,963,073</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 20/10/09 and were signed on its behalf by:



A Burchall
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Blue Arrow Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

Significant accounting judgements

In applying the company's accounting policies the following judgements have been made that may have a significant effect on the amounts recognised in the financial statements:

Recoverability of debtors

The company determines whether debtors are impaired if events or changes in circumstances indicate that the carrying value may not be recoverable at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the debtor is attached.

Going concern

These financial statements have been prepared on a going concern basis.

As at 31 December 2008 the company had net current liabilities amounting to £18,645,253. The company is dependent, in the absence of other funding, on the continued support of the ultimate parent company, Impellam Group plc. The ultimate parent company has confirmed that it will continue to support the company for a period of at least twelve months from the date the accounts are signed. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis.

Fixed asset investments

Fixed asset investments are stated at cost. The carrying value of investments are reviewed for impairment if events or changed in circumstances indicate the carrying value may not be recoverable.

Taxation

Current tax is recognised at the amounts estimated to be payable or recoverable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the accounts and for tax purposes. Those timing differences recognised may include accelerated capital allowances, unrelieved tax losses and short term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the revalued assets and the gain on sale of assets rolled over into replacement assets in the absence of a commitment to sell the replacement assets.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Blue Arrow Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2008

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Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial assets and financial liabilities are recorded on the company's balance sheet when the company has become a party to the contractual provisions of the instrument and derecognised when this is no longer the case.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised 1996) not to publish a cash flow statement as it is a wholly owned subsidiary of Impellam Group plc, which has prepared consolidated financial statements which are publically available.

Consolidation

The company is exempt under Section 228 of The Companies Act 1985 from the requirement to prepare group accounts because it is a wholly owned subsidiary of Impellam Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group.

2 Auditors' remuneration

Auditors' remuneration for the current and prior years has been borne by a fellow group company.

3 Interest receivable

	2008 £	2007 £
Interest from fellow group undertakings	-	1,044

4 Exceptional items

	2008 £	2007 £
Impairment of group loans	17,151,174	-

Exceptional items relate to the impairment of various loans to fellow group companies which have been assessed as not currently recoverable, as the companies which received the loans have insufficient trade or assets to support the full value of the loans.

5 Particulars of employees

Other than the directors, the company had no employees throughout the year.

Blue Arrow Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2008

..... continued

6 Directors' emoluments

No emoluments were paid to the directors during the year (2007: £nil).

The directors who held office during the year were also directors of fellow subsidiaries. Total remuneration, including company contributions to a money purchase scheme received by directors, totalled £1,304,148 (2007: £1,212,867) paid by the ultimate parent company or by other subsidiaries. Four of these directors were members of a money purchase scheme in 2008 (2007: four). The directors do not believe that it is practicable to apportion this amount between services as directors to the company and services as directors of the ultimate parent company and of fellow subsidiary companies.

7 Taxation

Analysis of current period tax credit

	2008 £	2007 £
Current tax		
Group relief receivable	-	(330,000)

Factors affecting current period tax credit

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2007 - lower than) the standard rate of corporation tax in the UK of 28.5% (2007 - 30.0%).

The differences are reconciled below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before taxation	(17,151,174)	1,044
Standard rate corporation tax (credit)/charge	(4,888,085)	313
Transfer pricing adjustments	295,545	1,015,800
Group relief surrendered at less than the standard rate	(295,545)	(1,346,113)
Amounts written of group investments	4,888,085	-
Total current tax for the year	-	(330,000)

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at the standard rate in the future.

UK legislation requires in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company has become taxable on deemed net interest receivable that has not been recognised in the accounts.

Blue Arrow Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2008

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8 Investments held as fixed assets

	Group shares £
Cost	
As at 1 January 2008 and 31 December 2008	<u>135,083,354</u>
Provision	
As at 1 January 2008 and 31 December 2008	<u>68,626,088</u>
Net book value	
As at 31 December 2008	<u>66,457,266</u>
As at 31 December 2007	<u>66,457,266</u>

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

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
ABC Contract Services Limited	England & Wales	Employment Agency	Ordinary	100
ADG Group Limited	England & Wales	Holding company	Ordinary	100
Austin Benn Consultants Limited	England & Wales	Employment Agency	Ordinary	100
Blue Arrow Recruitment Solutions Limited	England & Wales	Employment Agency	Ordinary	100
Blue Arrow Limited	England & Wales	Employment Agency	Ordinary	100
Austin Benn Limited	England & Wales	Holding company	Ordinary	100
Medacs Healthcare Group Limited	England & Wales	Holding company	Ordinary, 'A' Ordinary & 'B' Ordinary	100
Workforce Solutions Limited	England & Wales	Dormant	Ordinary	100
CSG Healthcare Limited	England & Wales	Dormant	Ordinary	100
Blue Arrow Financial Services Limited	England & Wales	Dormant	Ordinary	100
People Direct Recruitment Services Limited	England & Wales	Dormant	Ordinary & 'A' Ordinary	100
STPL2 Limited	England & Wales	Dormant	Ordinary	100
The Recruitment Group Limited	England & Wales	Employment Agency	Ordinary	100

9 Debtors

	2008 £	2007 £
Amounts owed by group undertakings	<u>11,231,966</u>	<u>28,262,713</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

Blue Arrow Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2008

..... continued

10 Creditors: Amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	<u>29,877,219</u>	<u>70,756,906</u>
Amounts owed to group undertakings are interest free, unsecured and repayable on demand.		

11 Provisions for liabilities

Deferred taxation

	Recognised		Unrecognised	
	2008	2007	2008	2007
	£	£	£	£
The total recognised and unrecognised deferred tax liability/(asset) is as follows:				
Tax losses	<u>-</u>	<u>-</u>	<u>(1,184,000)</u>	<u>(1,217,000)</u>

The unrecognised assets relating to losses (including £74,000 (2007: £79,000) relating to capital losses) are recoverable in the event of the company making sufficient taxable profits of the right type. They may be subject to legislation restricting the right to offset them.

Blue Arrow Holdings Limited
Notes to the Financial Statements for the Year Ended 31 December 2008

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12 Share capital

	2008 £	2007 £
Authorised		
Equity		
1,354,740 (2007 - 1,020,400) Ordinary shares of 10 pence each	<u>135,474</u>	<u>102,040</u>
Non-equity		
26,722,000 Cumulative Redeemable Preference shares of £1 each	<u>26,722,000</u>	<u>26,722,000</u>
Allotted, called up and fully paid		
Equity		
1,334,342 (2007 - 1,000,002) Ordinary shares of 10 pence each	<u>133,434</u>	<u>100,000</u>
Non-equity		
26,722,000 Cumulative Redeemable Preference shares of £1 each	<u>26,722,000</u>	<u>26,722,000</u>

On 30 April 2008 the company issued 334,340 new Ordinary shares of £0.10 to The Corporate services Group plc for a consideration of £41,000,114.

The cumulative redeemable preference shares could have been redeemed at the Company's option between 30 June 1996 and 31 October 2000 in equal annual instalments at their issue price plus any dividend arrears. The shares were not redeemed by this date. Dividends accrued from 1 July 1992 at 8% until 30 June 1993 and increased to 10% thereafter.

The holders have previously confirmed in writing to the directors that they have unconditionally waived their rights of redemption and associated dividend arrears indefinitely.

The cumulative redeemable preference shares have a preferential right to return of capital on a winding up of the company. The holders of ordinary shares have full voting rights but cumulative redeemable preference shareholders only have limited voting rights, as set out in the Articles of Association.

13 Reserves

	Share premium reserve £	Profit and loss reserve £	Total £
Balance at 1 January 2008	63,302,064	(66,160,991)	(2,858,927)
Premium on issue of shares	40,966,680	-	40,966,680
Transfer from profit and loss account for the year	-	(17,151,174)	(17,151,174)
Balance at 31 December 2008	<u>104,268,744</u>	<u>(83,312,165)</u>	<u>20,956,579</u>

Blue Arrow Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2008

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14 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/profit attributable to members of the company	(17,151,174)	331,044
New share capital subscribed	41,000,114	-
Net addition to shareholders' funds	23,848,940	331,044
Opening shareholders' funds	23,963,073	23,632,029
Closing shareholders' funds	47,812,013	23,963,073

15 Contingent liabilities

The company has given cross guarantees as follows:

a) As part of the invoice discounting facility of the group of which the company is a member; the net aggregate amount outstanding against this facility at 31 December 2008 was £47,711,535 (2007: £25,767,466).

b) In respect of the £45 million 10 per cent guaranteed secured notes due 2011; the net aggregate amount outstanding at 31 December 2008 was £20,000,000 (2007: £ 20,000,000).

16 Related parties

Controlling entity

The company's immediate parent undertaking is The Corporate Services Group Limited, a company incorporated in Great Britain.

The directors regard Impellam Group plc, a company incorporated in Great Britain, as the ultimate parent undertaking. At 31 December 2008, Lord Ashcroft, KCMG was interested in and controlled 59.1% of Impellam Group plc. This is also the parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group accounts of Impellam Group plc will be delivered to, and be available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ.

Related party transactions

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group undertakings under the provisions of Financial Reporting Standard No. 8 "Related Party Disclosures".