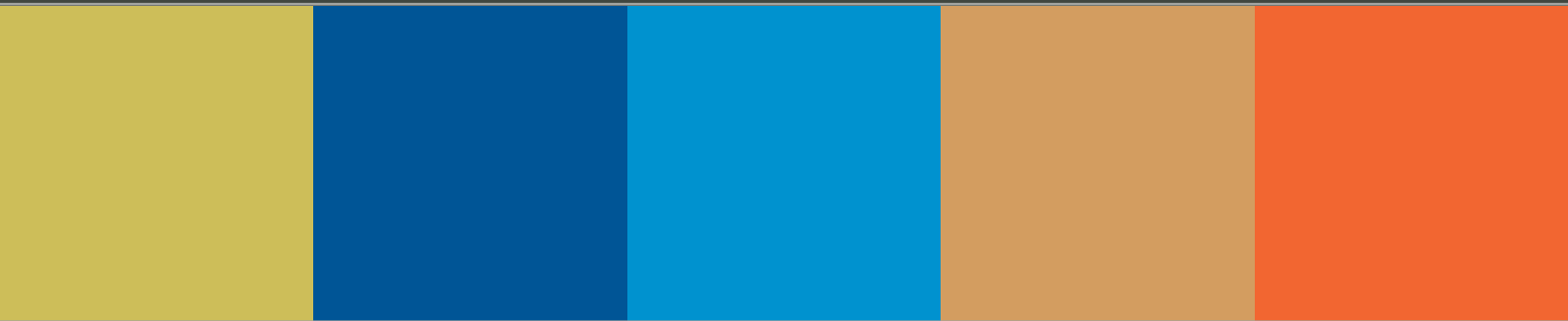


Annual Report 2006







Mission Statement

NRG's aim is to be the leading provider of total people solutions – embracing recruitment services and human resources consultancy in all the regions where we operate.

We will maintain and develop our current strong market positions by delivering services that are consistently of the highest quality, and through continuous improvement of our people, offices and technology.

We will grow through our national delivery capability, by further developing our established regional bases in the North East of England, Yorkshire and Scotland, and by devising and implementing new people solutions in partnership with our clients.



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Further copies of this report are available on request from our website www.nrgplc.com



Our Services

NRG EXECUTIVE

NRG Executive, our search and selection division, fills senior executive and non-executive positions in both the public and private sectors. It has considerable expertise at Board level and an excellent reputation for recruiting non-executive talent. Recent successful assignments have included recruiting the finance director of a leading PLC, the chief executive of the North East Chamber of Commerce and non-executive boards for all the English Regional Development Agencies on behalf of the DTI.

NRG PROFESSIONAL SERVICES GROUP

NRG Professional Services Group provides recruitment solutions in the specialist areas of finance, IT, scientific personnel and human resources. Its extensive database of candidates enables it to respond quickly and efficiently to our clients' needs for both interim and permanent appointments.

NRG CITY

This "high street" brand operates from prestigious city centre sites and is dedicated to meeting the demand for high quality support staff including PAs, receptionists, office managers and administrators, on both a temporary and permanent basis.

NRG CONNECT

NRG Connect is the company's national project delivery business, based around a 100-seat contact centre, technical infrastructure enabling e-recruitment, and highly experienced project management teams. This is one of the UK's largest response handling facilities, enabling NRG to provide flexible non-prescriptive solutions for clients, and is a key differentiator for the business in the recruitment market.

NRG PUBLIC SECTOR

NRG Public Sector handles a wide range of assignments from national volume contracts to both executive and non-executive appointments for national, regional and local government bodies, and for not-for-profit organisations in areas such as higher education and health. The business is also well-equipped to meet the growing demand for highly experienced professionals to fill interim and temporary positions.

NRG ENGINEERING & TECHNICAL

NRG Engineering & Technical specialises in recruitment of qualified staff for manufacturing, logistics and supply chain clients, and has recently broadened its client base and offering to meet the growing demand for skilled contractors.

NRG CALL CENTRE SOLUTIONS

NRG Call Centre Solutions serves major contact centre organisations, providing them with a full spectrum of staff from operators to team leaders and senior call centre management. We work in partnership with our clients to develop recruitment strategies and processes in line with their operational requirements. Particular care is taken to align our resourcing strategy with our clients' business objectives, not least to ensure the diversity and sustainability of the workforce from their local communities.

NRG WORKS

NRG Works, our flexible resourcing division, provides temporary workers to a wide range of manufacturing, engineering, warehouse and distribution companies where seasonality or peak workloads require labour flexibility. Recent projects have included providing a team to support a major automotive client ahead of a new product launch, recruiting 100 temporary workers at very short notice to help a packing company fill their Christmas pipeline, and finding qualified staff to enable a manufacturing client to meet a sharp rise in export demand.

NRG CONSTRUCTION

NRG Construction supplies both the public and private sectors with interim and permanent personnel across a wide range of disciplines from architects to skilled craftsmen. In these demanding markets we pride ourselves on our high levels of service and in-depth understanding of our clients' requirements. Our expertise has enabled us to develop successful partnerships with local authorities, private contractors, developers and consultancy practices throughout the North East.

Just some of what we do...

HM Revenue and Customs

HM Revenue & Customs (HMRC) was formed in April 2005 through the merger of the Inland Revenue and HM Customs & Excise. NRG Group has worked in partnership with HMRC and its predecessors since February 2002, meeting challenging and immovable Government timescales for the recruitment of all grades of staff to open new contact centres and expand existing operations.

Two new contact centres were opened in 2004 within a turnaround period of just 112 days, including sourcing locations, completing building refurbishment and technical installation, and NRG Connect's recruitment of 1,200 staff.

In July 2006 three further new centres were opened in Liverpool, St Austell and Glasgow, and we completed the recruitment of 700 advisers within 78 days of receiving the go-ahead from the Paymaster General.

Our proven ability to deliver high volumes of quality staff at speed reflects our expertise in generating awareness and attracting candidates that mirror the UK's diverse population, combined with robust processes that meet HMRC's core competency framework. The recruitment and selection process for all this year's new locations ran simultaneously, involving the deployment of three NRG teams comprising a total of 44 qualified, competency-based assessor/interviewers, all fully trained to the client's specification. NRG Connect's central contact and administration centre helped to enhance both candidates' experience and the smooth running of the assessment teams.

A substantial merit list was produced for each location, allowing not only for the immediate intake of 700 staff, but also establishing a pool of talent for possible future appointments. In fact, a further 72 appointments have been made so far without HMRC having to undertake another complex recruitment process.

Linda Maslen (HMRC's Head of Contact Centres) and Keiron Sanders, (Head of Strategy & Planning) wrote to all concerned saying: "You should all be proud of what we have jointly achieved. We are certainly proud to have been a part of this team and are delighted by the levels of commitment and teamworking that have been shown."

Since February 2002, NRG Connect has handled over 120,000 telephone enquiries on behalf of the Inland Revenue and HMRC, and processed more than 70,000 applications. Some 70% of applications are now made on-line. The division has also carried out over 45,000 telephone interviews, requested and followed up more than 30,000 references, and made over 10,700 permanent or fixed term appointments throughout the UK.

Each project with this client has presented new challenges in terms of geography, timescale and individual site needs. All have been delivered successfully, on time, and met the client's requirements for staff at all levels.

npower – On-site recruitment service

NRG Call Centre Solutions has worked in partnership with npower since March 2004, providing staff within their Residential Services Division. NRG was selected to provide npower with a full end-to-end recruitment solution, working with four of their contact centres.

NRG Call Centre Solutions works in close partnership with npower's recruitment manager and the company's heads of training, development and operations to meet their recruitment needs on an agreed, scheduled basis. We do this through a dedicated on-site team, supported whenever necessary by the full resources of the wider NRG Group. One of the key factors in the success of this relationship has been our ability to align ourselves closely with the business objectives of npower.

So far in 2006, we have delivered more than 500 customer service advisors to npower, typically in groups of around 12 people in each phase of recruitment. Our team has also supported npower line managers by assessing key competencies for sales positions.

We have supported IT staff selection by designing and delivering an assessment programme, and recruited team managers using an agreed assessment process that includes psychometric testing. In addition, we have recruited for a number of specialist roles including learning resource managers and people development managers.

NRG has worked closely with npower to meet their objectives of reduced attrition and increased diversity in their workforce. We have also assisted in the extension of npower's involvement in the communities where it operates, to improve candidate attraction.

More of what we do...

Cummins

Since 2004 NRG has provided this leading engine manufacturer with a consultancy-based permanent recruitment service, which has involved the placement of many skilled manufacturing operatives and materials handlers. This success has now been extended into temporary recruitment.

NRG's consultancy service for Cummins' permanent recruitment has included advertising campaign management, rigorous selection testing including competency based interview, written psychometric testing, manual dexterity testing, pre-employment medical assessment, referencing and biographical checks including the determination of eligibility to work in the UK. This consultancy approach has delivered vital professional on-site support to Cummins, whilst taking the administrative burden of recruitment response activity off-site.

Based on the success of this relationship and approach, Cummins appointed NRG to provide them with a temporary workforce for a new contract. This initially involved the recruitment of 20 temporary workers, mirroring the rigorous recruitment processes we adopt for permanent staff to ensure the introduction of high calibre candidates. This service has expanded in parallel with Cummins' own successful growth. NRG currently provides Cummins with over 90 temporary workers, improving their productivity and enabling them to achieve workforce flexibility. To support the provision of this temporary workforce NRG delivers an account management service which includes the provision of pre-induction training, candidate care, absence and attrition management, and accurate payroll administration.

Northumbria University

Last year NRG Group was awarded a Master Vendor contract to take full responsibility for the supply of all temporary staff.

The contract involves providing services to over 40 departments, across multiple locations, with differing cultures and operational cycles.

NRG Group already had an excellent working knowledge of the University, as prior to the award of the contract we had worked for Northumbria for three years on a preferred supplier basis. During this time we had achieved 100% delivery on requests received, successfully handling over 700 assignments from more than 40 departments.

This was an excellent starting point for the enhanced service, which includes the delivery of administrative employees including librarians, secretarial and clerical staff, finance, HR and IT specialists, and facilities support and maintenance personnel.

Two bespoke microsites have been developed for Northumbria – one for candidate information and applications, and one for the university's internal management which is accessible through their own intranet site. This site includes the provision of management information on costs, usage and fulfilment.

Northumbria University's contract manager confirmed that NRG has met its expectations on both cost savings and efficiency gains, with 100% of vacancies filled satisfactorily.

NRG Group has recently been awarded a two year extension of its contract to 2008.

Maersk

NRG Group was appointed to assist the relocation of operations by this major shipping group. We have delivered exceptional levels of client satisfaction.

One of the world's biggest shipping businesses is relocating part of its business from Canary Wharf in London to Newcastle upon Tyne. Around 40 staff will relocate and a further 100 people will be recruited locally. NRG was awarded sole supplier status to recruit this new team.

NRG created an advertising campaign which was designed both to raise awareness of Maersk and to attract the best available candidates.

So far around 20 positions have been filled ranging from administration to HR, IT and finance.

Maersk has been delighted with the calibre of the individuals recruited. Managing Director Mark Malone commented "NRG have exceeded our expectations both in the quality of candidates we have appointed and the outstanding levels of service we have received".

NRG has subsequently been commissioned to set up the new Maersk training division.

Northumberland National Park CEO

NRG Executive was retained in 2005 to recruit a CEO for Northumberland National Park Authority. This was achieved through a combination of national advertising and executive search and selection.

Parts of Northumberland were designated a National Park in 1956. Since then, the achievement of national park purposes has been the responsibility of local government – originally Northumberland County Council and, since 1997, the free-standing Northumberland National Park Authority. The members of the Authority are responsible for representing the interests of all stakeholders who live or work in, visit or care for the National Park, and for balancing any conflicting pressures from different interest groups.

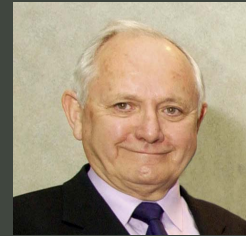
"When Northumberland National Parks Authority needed to appoint a new Chief Executive due to the retirement of the previous incumbent, we sought the knowledge and expertise of a recruitment company with the aim of appointing a new-style, forward-looking and inspirational CEO.

Several national companies tendered for the work and were invited to give us presentations. NRG shone through as they demonstrated a clear understanding of our culture and of what we were looking for in a new Chief Executive Officer. We liked their direct, personal approach, the value for money they offered in the overall package and their capabilities in using assessment centre techniques. The whole process was handled in a very professional manner, providing a robust process with an audit trail. The use of psychometric tests and the assessment centre combined with real-life problem solving has, in my opinion, resulted in a very strong appointment.

I would have no hesitation in recommending NRG as recruitment consultants for future work."

John Riddle, Chairman,
Northumberland National Parks Authority

Chairman's Statement



Our results were at the higher end of our expectations following our trading statement in May, as temporary revenues stabilised and NRG Connect achieved higher utilisation towards the end of the year. Despite these improvements, our overall performance reflected lower returns from temporary recruitment and NRG Connect over the year as a whole, against the very strong comparatives established by the record results in 2005. Most of our permanent operations made encouraging progress during the year, and we further strengthened our management and client service capabilities to accommodate future growth.

Results

Turnover in the year ended 30 June 2006 was £18.3 million (2005: £21.7 million), a reduction of 15.5%. Revenues from temporary placements were down 15.4%, reflecting our clients' preference for permanent staff at a time of generally high employment. Fees from permanent recruitment declined by 15.8% overall, though a stable performance by our other operations in this sector was masked by a 38.0% reduction in income at NRG Connect, our national response handling unit, as a result of lower levels of major project work. Utilisation of this facility improved towards the end of the year and it has since made new business gains.

Gross profit mirrored turnover, declining by 15.7% to £7.1 million (2005: £8.4 million). The gross contributions from temporary recruitment and NRG Connect were reduced by 15.6% and 38.0% respectively, while gross profit from other permanent recruitment was down just 0.8%.

Administrative expenses increased to £5.4 million (2005: £5.0 million), principally as a result of increased payroll costs due to our investment in additional staff. NRG Connect's flexible cost model ensured that we were able to reduce expenses in this business, and other costs across the business remained under tight control.

Operating profit at £1.7 million (2005: £3.4 million) was 50.5% lower than in the comparable period last year, while interest receivable was £0.26 million (2005: £0.27 million). Profit before tax was £2.0 million (2005: £3.7 million), a reduction of 47.0%.

Diluted earnings per share were 7.6 pence (2005: 14.5 pence), a reduction in line with the movement in pre-tax profit.

Finances

The business remained cash generative despite the reduction in profits. Cash balances at the year end were £4.9 million. The reduction in net cash compared with our previous year-end in June 2005, when cash balances totalled £7.7 million, reflected the re-basing of our final ordinary dividend and the payment of a special dividend in October 2005 as well as the interim dividend paid in March 2006, at a combined total cost of £3.6 million.

Dividends

The ordinary dividend was re-based from 2.85 pence in 2004 to 7.5 pence through the payment of a final dividend of 6.5 pence in 2005. In March 2006 we paid an interim dividend of 2.5 pence (2005: 1.0 pence), to reflect our intention of establishing an approximate one third / two thirds split between the interim and final payments. In line with this policy, the Board now recommends a final dividend of 5.0 pence per share (2005: 6.5 pence), to deliver a maintained ordinary dividend for the year of 7.5 pence per share. This compares with diluted earnings per share of 7.6 pence.

It is our intention in the future to pursue a progressive ordinary dividend policy having due regard to an appropriate level of dividend cover and the Company's cash position.

“The investments we have made in new people... mean we have never been better placed to win new business and deliver client satisfaction”

Trading highlights

We continued to enjoy robust demand in most areas of the permanent recruitment market. **NRG Call Centre Solutions**, specialising in the provision of contact centre staff, performed particularly well, and **NRG Professional Services** also made good progress. **NRG Public Sector** successfully delivered senior and support staff to a wide range of central and local government bodies, public-private partnerships and not-for-profit organisations, though its overall profit contribution was reduced by lower levels of high volume project work. This had an even more marked impact on **NRG Connect**, despite our continuing work with HM Revenue & Customs and the beginning of significant new business with the Home Office.

NRG Works, the new name for our flexible resourcing division, recovered momentum during the second half following management changes, as it began to increase its focus on those niche markets where demand for temporary staff remains relatively robust.

Lorna Moran comments in more detail on the performance of individual business streams and offices in her Chief Executive's Review.

Outlook

Successful tenders for major contracts during the second half of our last financial year mean that we have made a sound start to the current year. The market for permanent recruitment remains strong, and a recent contract win through NRG Connect takes us into a new area of potential growth. We have a significant number of further bids and tenders in the pipeline. The investments we have made in new people to strengthen the NRG team mean we have never been better placed to win new business and deliver client satisfaction. Temporary recruitment revenues are showing a positive trend for the first time in more than a year, and we are also seeing an improved performance by our business in Scotland. The Company continues to benefit from strong finances and its culture of robust cost control. For all these reasons, I believe that it is well positioned to deliver an improved performance in the current year.



Leo Finn, Chairman
18 August 2006

Chief Executive's Review



We have made considerable progress over the last year in strengthening our teams of consultants and managers throughout the business. This has given NRG an exceptional line-up of high quality people with the capability to deliver excellent service to our established clients, and a real determination to exploit new business opportunities.

Market place

The market for permanent recruitment remained strong throughout the year, though with England again demonstrating more confidence than Scotland. We have continued to benefit from combining a relatively low regional cost base with a nationwide service capability, and have successfully fulfilled assignments as far afield as Croydon, Clacton, Bangor and Cornwall. We have found demand for temporary staff in our markets constrained by high levels of employment overall, and have responded by focusing our efforts on specialist sub-markets where demand exists, such as those for engineering, construction and scientific personnel. The end of the year saw a significant increase in activity at our NRG Works flexible resourcing division, with new business wins which have established a positive platform for the current year.

NRG Call Centre Solutions

Our operation specialising in the provision of contact centre staff enjoyed another very successful year, building on a strong pipeline of business with many major clients, and extending its relationship with npower and Barclays into additional regions. New business wins in Scotland also contributed to a healthy start to the current year.

NRG Professional Services

Our specialist teams handling high level recruitment for the private sector continued to perform strongly. We filled senior executive positions for many high profile clients, maintaining our strong position in the North East market and handling other significant assignments throughout the UK. The Finance and IT divisions performed well and our newly formed Scientific division has had an excellent start. NRG Technical & Engineering made a strong permanent contribution and has started to show growth in the contract markets. We have accelerated our people plan in this area to enable us to exploit new opportunities more effectively.

NRG Public Sector

We have continued to deliver substantial numbers of staff at all levels to the public and not-for-profit sectors, though high volume project work did not match the exceptional level of the previous year. The Cabinet Office extended our contract for senior civil service recruitment, and we were awarded a further OGC Catalyst framework agreement for the supply of specialist contractors. We continued to develop our established relationships with HM Revenue & Customs and the DTI, for which we completed the recruitment of over 300 lay members for the Employment Tribunal Service. We also secured our first assignment with the Home Office and supplied a significant number of staff to OFSTED.

Outside central government, we have continued to work with Regional Development Agencies throughout England, and have expanded our work with other public sector bodies in Scotland. In the not-for-profit sector, we have handled a number of senior appointments for universities in England, Wales and Scotland. We have continued to help meet the strong demand for experienced non-executive directors across a wide range of public sector bodies and not-for-profit organisations. Our reputation is reflected in very encouraging levels of referral and repeat business at executive level, and we have increased our headcount for the coming year to maximise these opportunities.

NRG Connect

Having our own national response handling unit sets NRG apart, giving us a real competitive edge when tendering for major projects and underpinning our ability to serve clients anywhere in the UK. We are currently further strengthening its capabilities through the installation of new, online e-recruitment systems.

Although the business continued to operate successfully and profitably last year, and to achieve high levels of client satisfaction, capacity utilisation was lower than in 2005 and this was reflected in both its revenues and profit contribution.

“The market place remains healthy,
with continued strong demand”

The award of two major contracts towards the end of last year will assist the current first half, and we have a number of further bids and tenders in the pipeline. An important new project win on a national competitive tender for the Immigration and Nationality Directorate to be delivered in the first half has further cemented our new relationship with the Home Office, and the prospects in this area appear very positive.

NRG City

Our business specialising in the provision of high quality support staff, both permanent and temporary, made good progress in its new Tees Valley branch and in York, and also improved its performance in Glasgow. This was offset, however, by the impact of lower demand for temporary support staff on its principal office in Newcastle.

NRG Works

Our flexible resourcing division, now rebranded as NRG Works and placed under strengthened management, improved its performance during the latter part of the year. We are placing emphasis on specific business sectors which demonstrate continuing demand for temporary staff, and are addressing these under dedicated brands including **NRG Construction**. The result has been a slowing in the rate of decline in temporary revenues during the second half, and an upturn in the opening months of the current year is expected as the result of significant new business wins. We therefore believe that there are strong grounds for expecting a turnaround in performance this year.

Regional offices

Our regional offices in **Tees Valley**, **York** and **Middlesbrough** all performed well last year. **Newcastle upon Tyne**, our principal fee generator, was affected by the reduction in revenues from temporary recruitment and NRG Connect. In **Scotland**, performance in Edinburgh showed some progress. Results from Glasgow offer scope for improvement; but we

have seen a positive response following the appointment of new management in recent months and have recently extended our Scottish Water contract.

People

Recruitment, development and promotions over the last year have given us the strongest team of people that NRG has ever had. This has given us the capacity to undertake more bids and tenders than ever before, and the capability to deliver exceptional service to our clients. The high quality of our fee-earners is fully matched by the strength of our backroom management, as reflected in our continued cash generation and the robustness of our balance sheet. I am grateful to every member of our team, in every office and division across the business, for their continued commitment and dedication to business generation, client service and success.

Prospects

Recruitment is the ultimate people business, and our capabilities have been considerably enhanced by our development of a larger and stronger team of high quality consultants, managers and support staff. We have also made our business fitter through the actions we have taken to address underperforming areas over the last year. The market place remains healthy, with continued strong demand for permanent placements and real signs of improvement in temporary recruitment, and we are pursuing a strong pipeline of potential contracts. I therefore believe that we can look forward with some confidence in the future prospects of NRG.

Lorna Moran.

Lorna Moran, Chief Executive
18 August 2006

Directors, Secretary and Advisors

Executive Directors

Lorna Moran MBE (Chief Executive)

Lorna Moran, aged 56, founded the Company in 1976 and has been Chief Executive since then.

Therese Liddle (Executive Director)

Therese Liddle, aged 41, joined the Company in 1989 and worked in various senior operational posts prior to her appointment to the Board in 2000.

Wayham Moran (Finance Director)

Wayham Moran, aged 59, joined the Company and was appointed to the Board in 2000 following a long career with Rexam plc including many years as Chief Executive of groups of their packaging subsidiaries.

Non-executive Directors

Leo Finn*

Leo Finn, aged 68, joined the Board and was appointed Chairman in 2004. He is the senior independent director of Bellway plc, director of Eden Housing Association and a member of the North East Housing Board. He was Chief Executive of Northern Rock plc until March 2001.

Richard Hutton*

Richard Hutton, aged 38, joined the Board in 2005. He is Group Finance Director of Greggs plc. He joined Greggs in 1998, after qualifying as a chartered accountant with KPMG and gaining career experience with Northern Development Company and Procter & Gamble.

*member of the Audit and Risk, Remuneration and Nomination Committees

Company Secretary

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Company number – 1756216

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Newcastle upon Tyne
NE1 3DX

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Kent
BR3 4TU

Report of the Directors

The Directors present their Annual Report and the audited financial statements for the year ended 30 June 2006.

BUSINESS AND FINANCIAL REVIEW

Principal activity

The principal activity of the Company continues to be the placing of permanent and contract staff through a network of regional offices in the North East of England, Yorkshire and Scotland, and the management of major recruitment projects nationwide through its 100-seat contact centre in Newcastle upon Tyne.

Financial results

Company sales fell from £21.7m in 2005 to £18.3m in 2006 largely as a result of lower temporary revenues and a reduction in volume recruitment projects through NRG Connect. Compared to 2005, temporary income was down by 15.4 per cent and permanent fee income by 15.8 per cent.

Gross profit, the difference between revenues received and the direct costs of delivery, is a key performance indicator (KPI) for the Company. In 2006 this fell to £7.1m from £8.4m last year because of the lower sales revenues. For gross profit on temporary revenues a further KPI is the percentage margin on sales revenues. In 2006 the percentage was unchanged from 2005.

Payroll costs are the largest component of the Company's administrative costs. They rose from £3.5m in 2005 to £3.7m in 2006. As a percentage of gross profit they rose from 41.5 per cent in 2005 to 52.3 per cent in 2006 reflecting the fall in gross profit, inflationary wage increases and senior recruitment in the second half of the year.

Operating profit as a percentage of gross profit demonstrates a business's operational leverage. The lower gross profit meant that operating profit fell to 24 per cent of gross profit from 40.9 per cent in 2005.

Although cash balances fell by £2.8m during 2006, this was after dividend payments totaling £3.6m, including a special dividend of £2m. During the year the Company issued 186,710 new shares to satisfy its share option schemes for proceeds of £114,000. At the year end the Company balance sheet remained strong, with net assets of £6.8m of which £4.9m was cash. Although unused at present the Company has a committed overdraft facility of £1.5m with Barclays

Bank. The facility, which is repayable on demand, is subject to regular review. The next review is July 2007. Current interest rates are 1 per cent above the bank's base rate.

Income tax on ordinary activities for the year as shown in the income statement is £623,000 (2005: £1,112,000). The effective tax rate is 32.0 per cent (2005: 30.2 per cent). A reconciliation between the standard UK rate of 30 per cent and the effective rate is given in note 4.

Diluted earnings per share were 7.6p compared to 14.5p last year.

Dividends

An interim dividend of 2.5p was paid in February 2006 and subject to shareholder approval on 17 October 2006, a final dividend of 5p will be paid on 31 October to shareholders on the register on 29 September. The ex dividend date is 27 September 2006.

Other important financial matters are referred to in the Chairman's Statement on pages 8 to 9 and comments on the Company's trading performance are included in the Chief Executive's Review on pages 10 to 11.

Risks and uncertainties

The Board considers the full range of business risks affecting the Company on a regular basis, and where appropriate takes action to address such risks. The perceived key risks for recruitment and employment companies operating in the UK are detailed below:

Employment and economic outlook in the UK

Job availability and the level of candidates' confidence in the economic outlook are important factors in determining the total number of recruitment transactions in any year. Historically, candidates have been less inclined to change jobs when there is economic uncertainty or the number of jobs available is stagnant or in decline. Thus there is a risk that economic recession or a decline or stagnation of the UK employment market will have a negative impact on the Company's financial performance.

There is generally limited visibility in respect of a decline in rates of recruitment and the Board's strategy when facing such a decline is to seek to grow market share to protect profitability and retain key staff. When necessary the Board will seek to balance the cost base against the perceived future opportunity benefit from the retention of key staff.

Report of the Directors (continued)

Public sector recruitment

A significant proportion of the Company's recruitment operations is related to the public sector. A reduction in public sector expenditure may have a negative impact on the Company's financial performance. However, much of the Company's work in this area has been related to changes in the delivery of public services rather than an increase in overall public sector employment; this trend may continue even if there is a decline in overall Government expenditure.

Employment law

The Company places a significant number of candidates on short term employment contracts. Any future employment legislation which has the effect of restricting the flexibility of movement of employees could have a detrimental effect on the Company's financial performance.

Payment of creditors

The Company does not operate a defined code of practice regarding the payment of its creditors. All suppliers, other than contractors, have separately negotiated terms of payment. The Company abides by these terms, subject to the provision of adequate documentation for each supply. Creditors days as at 30 June 2006 were an average of 43 (2005: 46) for the Company.

People

NRG is dedicated to providing excellent service to its clients through its people.

The Company's priorities are:

- A safe workplace
- Training and career development
- Recognising and rewarding its people based on merit and the value they bring to customers and the business
- Open communications whilst guarding client and candidate confidentiality. The Company places considerable value on the involvement of its staff and has continued the practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and other means of communication.

- Equality of opportunity

The Company endorses and promotes the principles of equal employment opportunities. It is the policy of the Company to provide equal opportunities to all qualified individuals and to ensure that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis.

Applications for employment by persons with disabilities are fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

- People policies that incorporate best practice for a business our size as well as the requirements of the law.

Environment

Given the nature of its business, the Company believes that its activities have a minimal impact on the environment. Nevertheless the Company takes its environmental responsibility very seriously and aims to adopt good practice for a business of its size, including measurement and targeted improvements.

Social Responsibility

NRG has a history of supporting regional organizations through pro bono work, donating the time and skills of its people to projects that benefit its local communities. Additionally it has invested £50,000 in the North East Enterprise Bond (NEEB) over a five-year period and has forgone capital growth and interest income on the money. NEEB invests the interest from all investments in local community projects to regenerate social, economic and intellectual capital. NRG will continue to support this in future years.

NRG's people, and often their families and friends, volunteer their time, and the Company provides the facilities, to help charitable projects such as Sports Relief.

Directors and their interests

The Directors who served during the year and their interests in the issued share capital of the Company at 30 June 2006 are as follows:

	At 30 June 2006		at 30 June 2005	
	Ordinary Shares	Ordinary Share Options	Ordinary Shares	Ordinary Share Options
CL Moran	8,905,898	–	8,992,898	–
MT Liddle	79,235	106,000	5,235	106,000
WH Moran	45,000	77,100	45,000	77,100
L Finn	14,600	–	–	–
R J Hutton	–	–	–	–

As announced to the London Stock Exchange on 21 September 2005, Therese Liddle exercised an option which had been granted privately to her by Lorna Moran over 87,000 ordinary shares of 5p each. The option price was 33p per share. Mrs Liddle subsequently sold 13,000 shares at a price of £2.24 and retained 74,000.

Details of the options granted by the Company to the Directors are set out in the Remuneration Report.

Substantial Interests

The Company has been advised that Jupiter Asset Management Limited has a non-beneficial interest of 14.9 per cent of the Company's ordinary share capital. Other than this, and the shareholders noted under Directors' and their interests, the Company has not been notified of any other shareholders with a beneficial interest of 3 per cent or more or a non-beneficial interest of 10 per cent or more of the Company's ordinary share capital at 18 August 2006.

Charitable and Political Contributions

The Company made contributions of £1,260 to charities. No political contributions were made.

Disclosure of information to auditors

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

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Wayham Moran, Company Secretary
18 August 2006

52-60 Grey Street
Newcastle upon Tyne
NE1 6AH

Corporate Governance

The Company has a policy of seeking to comply with established best practice appropriate to its size in the field of corporate governance.

Throughout the year to 30 June 2006, the Company complied with the principles of governance set out in Section 1 of the Combined Code on Corporate Governance ('the Code') issued by the Financial Reporting Council in July 2003 except for the following matters:

Code provision A3: the Code does not consider the Chairman to be independent. As noted under 'Directors and Directors' independence' below the Board consider the Chairman to be independent.

Code provision A3.3: The Board has not appointed a Senior Independent Director. The Board includes two independent non-executive Directors of whom one is the Chairman. As a result the Board believes that to appoint the only other independent non-executive as "Senior Independent Non-Executive Director" would be gratuitous.

Code provisions A4.1, B2.1 and C3.1: the Code requires that the majority of members of the nomination, remuneration and audit committees should be independent non-executive Directors. As noted above, the Code does not consider the Chairman to be independent.

Board of Directors

The Company is controlled through its Board of Directors. The Board's main roles are to create value to shareholders, to provide entrepreneurial leadership of the Company, to approve the Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board, which meets at least five times a year, has a schedule of matters reserved for its approval.

The specific responsibilities reserved to the Board include: setting Company strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Company's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Company; approving appointments to the Board and the Company Secretary; approving policies relating to Directors remuneration and the severance of Directors' contracts; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to the Executive Management Committee: the development and recommendation of strategic plans for consideration by the Board that reflect the longer term objectives and priorities established by the Board; implementation of the strategies and policies of the Company as determined by the Board; monitoring of the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management committees; and developing and implementing risk management systems.

The roles of Chairman and Chief Executive

The division of responsibilities between the Chairman of the Board, Leo Finn, and the Chief Executive, Lorna Moran, is clearly defined and has been approved by the Board.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day to day business of the Company. The Chairman facilitates the effective contribution of non-executive Directors and constructive relations between executive and non-executive Directors, ensures Directors receive accurate, timely and clear information and effective communication with shareholders.

The Chief Executive has direct charge of the Company on a day to day basis and is accountable to the Board for the financial and operational performance of the Company.

Non-executive Director

Whilst the Board feels that there is no sense in formally appointing a senior independent Director for a business of our size, Richard Hutton, a non-executive Director is always available to hold discussions with shareholders on request should any concerns not be resolved through existing mechanisms for investor communication.

Directors and Directors' independence

The Board currently comprises the Chairman, one other non-executive Director and three executive Directors. The names of the Directors together with their biographical details are set out on page 12 which also shows their length of service for the period under review. The Board considers the Chairman and the non-executive director to be independent in character and judgment. These two independent non-executive Directors, who constructively challenge and help develop proposals on strategy, bring strong, independent judgment, knowledge, and experience to the Board's deliberations. The independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making.

The Directors are given access to independent professional advice at the Company's expense, when the Directors deem it necessary for them to carry out their responsibilities.

Details of the Chairman's professional commitments are included in the Chairman's biography. The Chairman does perform a number of pro-bono roles but the Board is satisfied that these are not such as to interfere with the performance of the Chairman's duties of the Company which are based around a commitment of approximately 8 days per annum.

No non-executive Director:

- has been an employee of the Company within the last five years;
- has, or has had within the last three years, a material business relationship with the Company;
- receives remuneration other than a Director's fee;
- has close family ties with any of the Company's advisers, Directors or senior employees;
- holds cross-Directorships or has significant links with other Directors through involvement in other companies or bodies; or
- represents a significant shareholder; or
- has served on the Board for more than nine years.

Professional Development

On appointment, the Directors take part in an induction programme when they receive information about the Company, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and management committees, and the powers delegated to those committees, the Company's corporate governance practices and procedures, including the powers reserved to the Company's most senior executives, and the latest financial information about the Company. Throughout their period in office the Directors are continually updated on the Company's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Company and the industry it operates in as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a Director of a listed company, both in writing and in face-to-face meetings with the Secretary. They are reminded of these duties each year and they are also updated on changes to the legal and governance requirements of the Company and upon themselves as Directors.

Performance Evaluation

Performance evaluation: during the year, an evaluation process of the performance of the Board and of its committees was carried out, led by the Chairman, Leo Finn. The process consisted of a formal, detailed questionnaire completed by each Director, followed by Board and Committee meetings to discuss the results. As a result of this process, the Chairman was satisfied that each of the Directors continued to demonstrate a commitment to their role and in particular to devote adequate time to properly carry out their duties as a member of the Board and Board committees.

The Board carried out a similar evaluation of the performance of the Chairman and was satisfied with his commitment and devotion of adequate time to his duties.

Re-election

Subject to the Company's Articles of Association, the Companies Acts and satisfactory performance, non-executive Directors are appointed for an initial period of three years. Before the third and sixth anniversary of the non-executive Directors' first appointment, the Directors will discuss with the Board whether it is appropriate for a further three year term to be served. The reappointment of Directors who have served for more than nine years will be subject to annual review. Directors appointed during the year seek election at the first AGM following their appointment.

The Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. The Directors have access to the advice and services of the Company Secretary. The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Information

Regular reports and papers are circulated to the Directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by information specifically requested by the Directors from time to time.

The non-executive Directors receive annual budgets, monthly management accounts and management reports which enable them to scrutinise the Company's and management's performance against agreed objectives.

Corporate Governance (continued)

Relationship with Shareholders

The Board considers that its procedures with regard to shareholder relationships are appropriate to the Company's size. There is twice yearly feedback to the Board on meetings between executive Directors and investors. Major investors are encouraged to raise any issues directly with the Chairman who will give feedback to the Board. The Annual General Meeting is normally attended by all Directors, and shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended.

The Company maintains a corporate website, www.nrgplc.com, containing a range of information of interest to institutional and private investors and providing a means of shareholders contacting the Chairman. The Company has discussions with institutional shareholders on a range of issues affecting its performance. These include meetings following the announcement of the annual results with the Company's largest institutional shareholders on an individual basis. In addition, the Company responds to individual ad hoc requests for discussions from institutional shareholders. The Chairman is available to shareholders if they have concerns which contact through the normal channels of Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate. All shareholders, including private investors, have an opportunity to put questions to members of the Board on matters relating to the Company's operation and performance at the AGM. At the AGM, the balance of proxy votes cast for and against each resolution and the number of abstentions is displayed. All substantial issues, including the receipt of the Annual Report and accounts, are proposed at the AGM as separate resolutions.

Internal control

The Board acknowledges that it is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board conducts a review of business risks and has implemented procedures to allow the Directors to monitor these risks on a regular basis. Such a system is designed to manage rather than eliminate the risks of failure to achieve key business objectives. There are inherent limitations in any system of internal control and accordingly even the most effective system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Detailed reviews of the performance and financial position of the Company are included in the Chairman's Statement and the Chief Executive's Review. The Board uses this, together with the Business and Financial Review and the Report of the Directors, to present a balanced and understandable

assessment of the Company's position and prospects. The Directors' responsibility for the accounts is described on page 24.

The main features of the Company's risk management activities are as follows:

A. Assessment of business risks

- Risk assessment and evaluation of controls is an integral part of the Company's management process.
- Significant business risks are evaluated and reported to the Board as part of the management information provided monthly.
- In addition, there is a formal review of business risks by the Board at least once a year.

B. Financial control

- Preparation of a detailed, annual budget which is approved by the Board.
- Consideration and review by the Board of monthly management accounts with actual results being monitored against budget and prior year results.
- Comprehensive accounting policies.
- Clearly defined limits of delegated authority in the Company covering both revenue and capital items.
- On behalf of the Board, the Audit Committee reviews the interim results and annual financial statements along with the nature and scope of the external audit. Action is taken to ensure that any significant findings or identified risks are dealt with.
- The Board conducts a review of the operation and effectiveness of the risk management framework at least annually.

The Board has performed an annual review of the need for an internal audit function and does not believe that one is required for a Company of this size and complexity.

The Board has conducted an annual review of the effectiveness of the system of internal financial control for the year ended 30 June 2006.

Going concern

After making appropriate enquires, the Directors have formed the view, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Board Committees

Each Director attended all full Board meetings and each non-executive director attended all Committee meetings which took place in the year as follows:

	Scheduled Board Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Audit & Risk Committee Meetings
L Finn	6	–	3	3
R J Hutton	6	–	3	3
C L Moran	6	n/a	n/a	n/a
M T Liddle	6	n/a	n/a	n/a
W H Moran	6	n/a	n/a	n/a

Nomination Committee

The Nomination Committee has two members. During the year Leo Finn and Richard Hutton served as members of the Committee. Leo Finn acts as Chairman of the Committee. The Nomination Committee considers the mix of skills and experiences that the Board requires and seeks the appointment of Directors to meet its assessment of what is required to ensure that the Board is effective in discharging its responsibilities. The Committee reviews the time that it believes a non-executive Director would normally be required to commit to his or her duties including serving on the Board's Committees, and considers whether this is sufficient to enable Directors to carry out their role.

Details of these time commitments have been included in individual non-executive Directors' letters of appointment.

There being no Board appointments or consideration thereof, or changes to time commitments, the Nomination Committee had no formal meetings during the year.

Remuneration Committee

The Remuneration Committee has two members. During the year Leo Finn and Richard Hutton served as members of the Remuneration Committee, with the former as Chairman. The Board consider that both members of the Committee are independent non-executive Directors. The Remuneration Committee met three times during the year; when necessary non-committee members were invited to attend.

The Committee's principal responsibilities are:

- setting, reviewing and approving individual remuneration packages for executive Directors including terms and conditions of employment and any changes to the packages;

- approving the rules of any Company share or share option scheme and the grant, award, allocation or issue of shares or share options under such scheme.

The Audit and Risk Committee

There are two members of the Audit and Risk Committee. During the year Richard Hutton and Leo Finn served as members of the Committee, with the latter as Chairman. The Board consider that both members of the Committee are independent non-executive Directors. The Audit Committee met three times during the year.

The Board considers that both members of the Committee possess what the Smith Report describes as recent and relevant experience. Leo Finn was Chief Executive of Northern Rock plc until March 2001, was Chairman of the Audit Committee of the Northern Rock Foundation from 2002 to 2004 and has been a member of the Audit Committee of Bellway plc since 1995.

Richard Hutton, a qualified chartered accountant, is Group Finance Director of Greggs plc.

Under its terms of reference, the Audit and Risk Committee monitors the integrity of the Company's financial statements and any formal announcements relating to the Company's performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Company and the external auditors is maintained, including reviewing non-audit services and fees. It also reviews annually the Company's systems of internal control and the processes for monitoring and evaluating the risks facing the Company. It annually reviews the need for an internal audit function for the Company. At present, the Committee considers that there is no need for an internal

Corporate Governance (continued)

audit function for a business of this size and complexity. The Committee regularly reviews its terms of reference and its effectiveness and recommends to the Board any changes required as a result of the review.

The Committee meets with executive Directors and management, as well as privately with the external auditors.

In 2006 the Audit and Risk Committee discharged its responsibilities by:

- reviewing the Company's draft financial statements;
- reviewing the external auditor's detailed reports thereon;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing its terms of reference;
- reviewing the audit fee and reviewing non-audit fees payable to the Company's external auditors; and
- reviewing a bi-annual report on the risks facing the business and the steps taken to minimise risk

The Audit and Risk Committee also monitors the Company's whistle blowing procedures, ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action. An alternative reporting channel has been created whereby perceived wrongdoing may be reported via email.

Auditors' independence and objectivity

Except for very minor items, the Audit and Risk Committee is advised in advance of any non-audit services being provided to the Company by its external auditor to check this does not impair their objectivity and in particular to ensure that the auditors should not audit its own firm's work, make management decisions for the Company, have financial interest with the Company, or be put in the role of advocate for the Company.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in the notes to the financial statements on page 35.

Remuneration Report

No Director is involved in setting their own remuneration.

The Remuneration Committee comprises the two Non-executive Directors and is chaired by Leo Finn. The Committee meets when required to consider all aspects of Executive Directors' remuneration and to determine the specific remuneration packages of the Executive Directors including service contracts, basic annual salaries, bonus schemes, pension contributions, share options and benefits in kind.

The Remuneration Committee seeks to ensure that Executive Directors' remuneration packages are competitive within the recruitment industry and reflect both Company and personal performance during the year, but to avoid paying more than necessary.

Executive Directors' service contracts

It is the Company's policy that the notice period for Executive Directors does not exceed 12 months. Lorna Moran's contract is dated 4th November 1997, Theresa Liddle's is dated 1st July 1995 and Wayham Moran's is dated 7th March 2000. These service contracts are terminable by either party, in respect of Lorna Moran by 12 months notice, in respect of Therese Liddle by 12 months notice and in respect of Wayham Moran by 3 months notice.

Basic salaries

Executive Directors' basic salaries are reviewed annually with adjustments taking account of performance and market trends. The Committee believes that the Company should offer average levels of base pay reflecting individual responsibilities compared with similar jobs. The most recent review was in July 2006, when the Remuneration Committee recommended and the Board accepted that Therese Liddle's salary should be increased by 1 per cent and the Company's contribution to her pension scheme should be increased by 2 per cent of her salary.

Bonus Schemes

Bonus arrangements for Executive Directors are reviewed each year and will normally be related to the overall profitability of the business and the Directors' performance. Considering the reduced profitability of the business in 2006, no bonuses were recommended.

Pension arrangements

Executive Directors are entitled to a percentage of their basic annual salary to be paid to a nominated money purchase scheme. Such payments were made in respect of pensions for Therese Liddle and Wayham Moran. There were no changes in the terms of the pension arrangements during the year but as noted above the Committee recommended and the Board accepted that the Company contribution towards her pension should be increased by 2 per cent of her salary for Therese Liddle.

Share option incentives

Share options are reviewed regularly by the Remuneration Committee and may be awarded, as part of the mix within remuneration packages for Executive Directors, based upon personal performance and where appropriate as an incentive to their future commitment. No share options were awarded to Executive Directors during the year.

Benefits in kind

As with basic salaries, the Remuneration Committee considers that the Company should offer average benefits in kind compared with similar jobs. Therese Liddle has a company car and healthcare insurance for herself and her family. Lorna Moran has healthcare insurance for herself and her family, which includes Wayham Moran.

Non-executive Directors

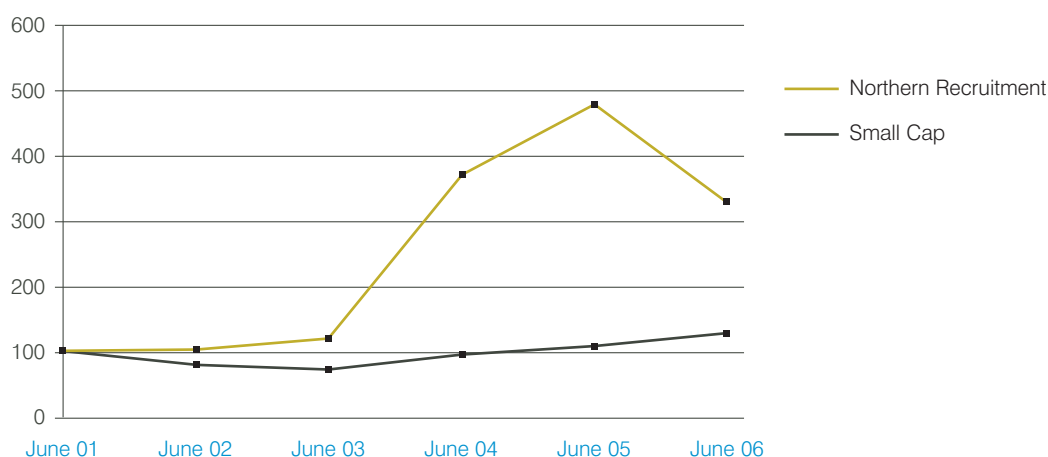
Fees payable to the Non-executive Directors are proposed by the Chief Executive and determined by the full Board.

The Non-executive Directors currently serve under letters of appointment dated 6 August 2004 and 31 January 2005. These letters of appointment are terminable by either party giving not less than three months written notice at any time.

Remuneration Report (continued)

Performance Graph

The graph below shows a comparison of the total shareholder return for the Company's shares for each of the last five financial years against the total shareholder return for the Companies comprised in the FTSE Small Cap Index.



This index was chosen for the comparison because it includes companies of broadly similar size to the Company.

Directors' remuneration and share options (audited information)

The remuneration of the Directors in office during the year was £360,000 (2005: £401,000) and is analysed as follows:

	Basic salary/fees £'000	Bonuses £'000	Taxable benefits £'000	2006 Total £'000	2005 Total £'000	2006 Pension contributions £'000	2005 Pension contributions £'000
Executive							
CL Moran	103	–	2	105	102	–	–
MT Liddle	103	–	13	116	162	8	8
WH Moran	82	–	–	82	80	7	6
Non-executive							
L Finn	30	–	–	30	27	–	–
RJ Hutton	12	–	–	12	5	–	–
IH Leslie Melville*	–	–	–	–	6	–	–
RCN Davidson*	–	–	–	–	5	–	–
	330	–	15	345	387	15	14

Taxable benefits include the taxable value of private medical insurance and company cars.

The fees for RJ Hutton were paid to Greggs plc.

* resigned 20 October 2004

Pension contributions comprise payments into Directors' personal pension plans and are calculated on basic salary. Retirement benefits are accruing to two (2005: two) Directors under a money purchase pension scheme.

Share options held by Directors under the Company's share option plans at the year end were as follows:

	Number of options at start of year	Number of options granted	Number of options at end of year	Exercise price	Date from which exercisable	Expiry Date
MT Liddle	6,000	–	6000	104.5p	May 2002	May 2009
MT Liddle	100,000	–	100,000	77.5p	Sep 2006	Sep 2013
WH Moran	77,100	–	77,100	131.5p	June 2007	Jun 2014

No share options have been exercised or lapsed during the year ended 30 June 2006.

The range of mid market prices for the year ended 30 June 2006 was 114.5p to 233.5p.

The year end share price was 121 pence (2005: 192.5 pence).

Information subject to audit

The remuneration report is not subject to audit except where indicated.

On behalf of the Board

Leo Finn

Chairman of the Remuneration Committee

18 August 2006

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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 are required to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Northern Recruitment Group Plc

We have audited the financial statements of Northern Recruitment Group plc for the year ended 30 June 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 auditor's 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

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 24.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant 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 and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been 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. We also 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 review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited 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.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
18 August 2006



Accounts 2006

Income statement

for year ended 30 June 2006

	Note	2006 £000	2005 £000
□ Revenue	1	18,313	21,682
Cost of sales		(11,256)	(13,306)
□ Gross profit		7,057	8,376
Administrative expenses		(5,362)	(4,952)
□ Operating profit	2,3	1,695	3,424
Financial income		259	271
□ Profit before tax		1,954	3,695
Income tax expense	4	(623)	(1,112)
□ Profit for the year attributable to equity holders of the parent		1,331	2,583
□ Basic earnings per share (pence)	5	7.6	15.0
□ Diluted earnings per share (pence)	5	7.6	14.5

There were no items of income or expense for the current or comparative period other than those reported in the income statement.

Balance sheet

At 30 June 2006

	Note	2006 £000	2005 £000
ASSETS			
□ Non-current assets			
Property, plant and equipment	6	452	609
Investments in subsidiaries	7	–	–
Deferred tax assets	8	73	106
		525	715
□ Current assets			
Trade and other receivables	9	3,524	3,397
Cash and cash equivalents	10	4,888	7,711
		8,412	11,108
□ Total assets			
		8,937	11,823
LIABILITIES			
□ Current liabilities			
Trade and other payables	11	(2,039)	(2,492)
Income tax payable		(144)	(592)
		(2,183)	(3,084)
□ Total liabilities			
		(2,183)	(3,084)
□ Net assets			
		6,754	8,739
EQUITY			
□ Share capital and reserves			
Share capital	13	872	863
Share premium	13	697	592
Capital redemption reserve	13	43	43
Retained earnings	13	5,142	7,241
□ Total equity attributable to equity holders of the parent			
		6,754	8,739

These financial statements were approved by the board of directors on 18 August 2006 and were signed on its behalf by:

Lorna Moran
Director

Cash flow statement

for year ended 30 June 2006

	Note	2006 £000	2005 £000
Cash flows from operating activities			
Profit for the year		1,331	2,583
Adjusted for:			
Depreciation	6	249	259
Financial income		(259)	(271)
(Gain)/loss on sale of property, plant and equipment		(1)	9
Equity settled share-based payment expenses	12	47	41
Taxation		623	1,112
Operating profit before changes in working capital and provisions			
Increase in trade and other receivables		(127)	(250)
Decrease in trade and other payables		(453)	(156)
Cash generated from the operations			
Income tax paid		(937)	(1,030)
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		17	13
Interest received		259	271
Acquisition of property, plant and equipment	6	(108)	(214)
Net cash from investing activities			
Cash flows from financing activities			
Proceeds from the issue of share capital	13	114	31
Own shares acquired	13	–	(24)
Dividends paid	13	(3,578)	(519)
Net cash from financing activities			
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at 1 July		7,711	5,856
Cash and cash equivalents at 30 June			
	10	4,888	7,711

Notes to the Accounts

(forming part of the financial statements)

□ Significant accounting policies

Northern Recruitment Group plc (“the Company”) is a company incorporated in the UK. The financial statements present information about the Company only. All of the Company’s subsidiaries were dormant during the period and have been excluded from consolidation, in accordance with section 229(a) of the Companies Act 1985, as their inclusion is not considered material for the purpose of giving a true and fair view. Separate Group financial statements have not been prepared.

The financial statements were authorised for issue by the directors on 18 August 2006.

(A) Statement of compliance

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“adopted IFRSs”).

(B) Basis of preparation

The financial statements are presented in pounds sterling, rounded to the nearest thousand, and are prepared on the historical cost basis.

The Company is preparing its financial statements in accordance with adopted IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to adopted IFRSs has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note 16.

IFRS 1 grants certain exemptions from the full reporting requirements of IFRSs in the transition year. The following exemptions have been taken in these financial statements:

- i) Share based payments: The Company has elected to apply IFRS 2 *Share based payments* only to relevant share based transactions granted after 7 November 2002 that had not vested before 1 January 2005 as permitted under IFRS 1
- ii) Business combinations: The Company has chosen not to restate business combinations prior to the transition date on an IFRS basis, as no significant acquisitions have taken place for the past 5 years

The Company has applied IAS 32 *Financial Instruments: Disclosure and presentation* and IAS 39 *Financial Instruments: Recognition and measurement* with effect from 1 July 2004. The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies are recognised in the period in which the estimate is revised if the revision affects only that year, or in the period of revision and future periods if the revision affects both current and future years.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements and in preparing the opening IFRS balance sheet at 1 July 2004 for the purpose of the transition to IFRSs.

(C) Basis of consolidation

The Company has taken advantage of the exemption permitted by Section 229(a) of the Companies Act 1985 and has excluded all dormant subsidiaries from consolidation. Group financial statements have not been prepared.

Notes to the Accounts

(continued)

(D) Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

1. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
2. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

(E) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (I))

ii. Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

iii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

Fixtures and fittings	2 – 10 years
Motor vehicles	4 years
Office equipment	2 – 4 years

The residual value, if not insignificant, is reassessed annually.

(F) Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment (see accounting policy (I)).

(G) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses (see accounting policy (I)).

(H) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(I) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting policy (M)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(J) Share capital

Ordinary shares are classified as equity.

i. Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares that are held in the Employee Share Ownership Plan are classified as treasury shares and are presented as a deduction from total equity.

ii. Dividends

Final dividends are recognised as a liability in the year in which they are approved by the shareholders. Interim dividends are recognised in the year in which they are approved by the Directors and paid.

(K) Trade and other payables

Trade and other payables are stated at cost.

(L) Employee benefits

i. Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

ii. Own shares held by ESOP trust

Transactions of the Company-sponsored ESOP trust are included in the Company financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

iii. Share-based payment transactions

The Company operates a number of equity-settled share option plans which allow employees to acquire shares of the Company. The fair value of share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate valuation model taking into account the terms and conditions upon which the share options were granted, and is spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(M) Revenue

i. Revenue from temporary placements comprises the value of Company services provided to clients in the financial year, including the employment costs of temporary workers on assignment with clients. Revenue for permanent placements is recognised at the date an offer is accepted by a candidate. No revenue is recognised if there is significant uncertainty regarding the recovery of the consideration due. All revenue excludes value added tax. Revenue not invoiced at the balance sheet date is included within prepayments and accrued income.

Notes to the Accounts

(continued)

(N) Expenses

i. Operating lease payments

Payments under operating leases are recognised in the income and expenditure account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense

ii. Finance income

Finance income comprises interest receivable on funds invested. Interest income is recognised in the income statement as it accrues using the effective interest method.

iii. Finance expenses

Finance expenses comprise interest payable on borrowings. Interest payable is recognised in the income statement as it accrues using the effective interest method.

(O) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the base balance sheet date. No deferred tax is recognised on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will be realised.

(P) Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(Q) IFRSs available for early adoption not yet applied

The following adopted IFRSs, which will have an impact for the Company, were available for early adoption but have not been applied in these financial statements:

- Amendments to IFRS 1 Presentation of Financial Statements applicable for years commencing on or after 1 January 2007; and
- IFRS 7 Financial instruments: Disclosure applicable for years commencing on or after 1 January 2007.

The application of Amendments to IAS 1 and IFRS 7 in the current year would not have affected the balance sheet or income statement as the standards are concerned only with disclosure. The Company plans to adopt them in the year ended 30 June 2008.

No other standards available for early adoption currently have any impact for the Company.

1 Segment reporting

Business is the basis of the Company's primary segmentation. The Company operates in one business segment being the provision of recruitment services. As a result no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and therefore no additional segment information is required to be provided.

2 Expenses and auditors' remuneration

Included in profit are the following:

	2006 £000	2005 £000
Depreciation on owned property, plant and equipment	249	259
Payments under operating leases – property rent	301	269
Auditors' remuneration:		
– annual audit of financial statements	20	20
– IFRS conversion project	12	–
– fees receivable by the auditors and their associates in respect of other services	5	4

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2006	2005
Administration	34	37
Consultancy	92	92
Directors	5	5
	131	134

The aggregate payroll costs of these persons were as follows:

	2006 £000	2005 £000
Wages and salaries	3,268	3,073
Share based payments (See note 12)	47	41
Social security costs	320	326
Other pension costs	53	33
	3,688	3,473

Directors' emoluments are disclosed in the Directors' remuneration report on pages 21 to 23.

Notes to the Accounts

(continued)

4 Taxation

□ Recognised in the income statement

	2006 £000	2005 £000
Current tax expense		
Current year	621	1,133
Adjustments for prior years	(14)	(1)
Deferred tax expense		
Origination and reversal of temporary differences	607	1,132
	16	(20)
Total tax in income statement	623	1,112

□ Reconciliation of effective tax rate

	2006 £000	2005 £000
Profit before tax	1,954	3,695
Tax using the UK corporation tax rate of 30% (2005: 30%)	586	1,109
Non-deductible expenses	51	4
Under / (over) provided in prior years	(14)	(1)
Total tax in income statement	623	1,112

□ Tax recognised directly in equity

	2006 Income tax £000	2006 Deferred tax £000	2006 Total £000	2005 Total £000
Relating to equity-settled transaction	118	(17)	101	23

5 Earnings per share

□ Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2006 was based on profit attributable to ordinary shareholders of £1,331,000 (2005: £2,583,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2006 of 17,416,059 (2005: 17,249,285), calculated as follows:

□ Weighted average number of ordinary shares

	2006 Number	2005 Number
Issued ordinary shares at start of year	17,267,370	17,201,370
Effect of shares issued	158,064	64,240
Effect of own shares held	(9,375)	(16,325)
Weighted average number of ordinary shares during the year	17,416,059	17,249,285

□ Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2006 was based on profit attributable to ordinary shareholders of £1,331,000 (2005: £2,583,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2006 of 17,570,760 (2005: 17,850,592), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2006 Number	2005 Number
Weighted average number of ordinary shares during the year	17,416,059	17,249,285
Effect of share options on issue	154,701	601,307
Weighted average number of ordinary shares (diluted) during the year	17,570,760	17,850,592

Notes to the Accounts

(continued)

6 Property, plant and equipment

	Fixtures and Fittings £000	Motor Vehicles £000	Office Equipment £000	Total £000
□ Cost				
Balance at 1 July 2004	350	219	1,104	1,673
Acquisitions	30	66	118	214
Disposals	(21)	(23)	(66)	(110)
Balance at 30 June 2005	359	262	1,156	1,777
Balance at 1 July 2005	359	262	1,156	1,777
Acquisitions	33	24	51	108
Disposals	–	(21)	(44)	(65)
Balance at 30 June 2006	392	265	1,163	1,820
□ Depreciation				
Balance at 1 July 2004	172	58	767	997
Depreciation charge for the year	40	62	157	259
Disposals	(20)	(15)	(53)	(88)
Balance at 30 June 2005	192	105	871	1,168
Balance at 1 July 2005	192	105	871	1,168
Depreciation charge for the year	38	64	147	249
Disposals	–	(5)	(44)	(49)
Balance at 30 June 2006	230	164	974	1,368
□ Net book value				
At 1 July 2004	178	161	337	676
At 30 June 2005 and 1 July 2005	167	157	285	609
At 30 June 2006	162	101	189	452

7 Fixed asset investments

As at 30 June 2006 the Company held 100% of the issued share capital of the following companies:

	Country of Registration	Principal Activity
KFJ Holdings Limited	Scotland	Dormant
KFJ Resourcing Limited*	Scotland	Dormant
KFJ Call Centre Solutions Limited*	Scotland	Dormant
Geordie Job Finders Limited	England	Dormant
Northern Accountancy Appointments Limited	England	Dormant
Northern Recruitment Group LTIP Trustee Company Limited	England	Dormant

* the interests in the above subsidiary undertakings are held indirectly.

8 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000
Property, plant and equipment	48	58	–	–	48	58
Employee benefits	25	48	–	–	25	48
Net tax (assets) / liabilities	73	106	–	–	73	106

Movement in deferred tax during the year

	1 July 2005 £000	Recognised in income £000	Recognised in equity £000	30 June 2006 £000
Property, plant and equipment	58	(10)	–	48
Employee benefits	48	(6)	(17)	25
	106	(16)	(17)	73

Movement in deferred tax during the prior year

	1 July 2004 £000	Recognised in income £000	Recognised in equity £000	30 June 2005 £000
Property, plant and equipment	50	8	–	58
Employee benefits	13	12	23	48
	63	20	23	106

Notes to the Accounts

(continued)

9 Trade and other receivables

	2006 £000	2005 £000
Trade receivables	2,282	2,033
Other trade receivables and prepayments	1,242	1,364
	3,524	3,397

Included within trade and other receivables is £50,000 (2005: nil) that the Company expects to recover in more than 12 months.

10 Cash and cash equivalents/ bank overdrafts

	2006 £000	2005 £000
Bank balances	4,888	7,711
Cash and cash equivalents per cash flow statements	4,888	7,711

11 Trade and other payables

	2006 £000	2005 £000
Trade payables	508	495
Non-trade payables and accrued expenses	1,531	1,997
	2,039	2,492

12 Employee Benefits

Defined contribution plans

The Company makes contributions to personal pension plans for eligible employees. The total expense relating to these plans in the current year was £53,000 (2005: £33,000).

Share based payments

Equity-settled share option schemes

The Northern Recruitment Group 1997 Company Share Option Plan ('the Approved Scheme') and the Northern Recruitment Group 1997 Unapproved Share Option Scheme ('the Unapproved Scheme') were both approved by the shareholders on 15 October 1997 (and amended on 28 October 1997 and 24 November 2000). The Northern Recruitment Group Plc Share Option Scheme 2004 was approved by shareholders on 20 October 2004. Options are granted based on the market value of a share on the dealing day immediately preceding the date of grant, or the average value over the previous three days. Options are normally exercisable between the third and tenth anniversary of the date of the grant. The Schemes are open to all employees at the invitation of the Board.

The vesting conditions of the schemes are: a minimum of 3 years service, and profitability of the Company to be greater in a period after grant than a period before grant. These conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

Both the Northern Recruitment Group 1997 Company Share Option Plan and the Northern Recruitment Group 1997 Unapproved Share Option Scheme made grants of options prior to 7 November 2002. The recognition and measurement principal of IFRS 2 have not been applied to grants made before 7 November 2002 in accordance with the transitional provision of IFRS 1 and IFRS 2.

12 Employee Benefits (continued)

At 30 June 2006 share options under the Approved Scheme were outstanding as follows:

Northern Recruitment Group 1997 Approved Share Option Plan

Date granted	13 Nov 1997	30 Apr 1999	26 April 2002	10 Sep 2002	1 Sep 2003	23 Apr 2004	Total
Exercise price	108p	104.5p	48.5p	33p	72p	134p	
Contractual life 3 – 10 years							
Outstanding at 30.6.05	13,750	5,000	155,710	10,000	96,250	39,388	320,098
Lapsed during the year	–	–	–	–	(13,000)	(25,388)	(38,388)
Exercised during the year	–	–	(146,710)	–	–	–	(146,710)
Outstanding at 30.6.06	13,750	5,000	9,000	10,000	83,250	14,000	135,000
Exercisable at 30.6.06	13,750	5,000	9,000	10,000	–	–	37,750

At 30 June 2006 share options under the Unapproved Scheme were outstanding as follows:

Northern Recruitment Group 1997 Unapproved Share Option Plan

Date granted	13 Nov 1997	30 Apr 1999	1 Sep 2003	22 Sep 2003	23 Apr 2004	21 Jun 2004	Total
Exercise price	108p	104.5p	72p	77.5p	134p	131.5p	
Contractual life 3 – 10 years							
Outstanding at 30.6.05	46,000	6,000	15,000	100,000	14,912	77,100	259,012
Lapsed during the year	–	–	–	–	(14,912)	–	(14,912)
Exercised during the year	(40,000)	–	–	–	–	–	(40,000)
Outstanding at 30.6.06	6,000	6,000	15,000	100,000	–	77,100	204,100
Exercisable at 30.6.06	6,000	6,000	–	–	–	–	12,000

At 30 June 2006 share options under the Share Option Scheme 2004 were outstanding as follows:

Northern Recruitment Group Share Option Scheme 2004

Date granted	8 Nov 2004	4 Feb 2005	17 Mar 2005	23 June 2006	Total
Exercise price	170p	211p	213.5p	121p	
Contractual life 3 – 10 years					
Outstanding at 30.6.05	40,000	15,000	7,050	–	62,050
Lapsed during the year	–	(10,000)	–	–	(10,000)
Granted during the year	–	–	–	321,400	321,400
Outstanding at 30.6.06	40,000	5,000	7,050	321,400	373,450
Exercisable at 30.6.06	–	–	–	–	–

The options exercised during the year had a weighted average market price of 206.5p.

Notes to the Accounts

(continued)

12 Employee Benefits (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured using the Black-Scholes model.

Date granted	8 Nov 2004	4 Feb 2005	17 Mar 2005	23 June 2006
Exercise price	170p	211p	214p	121p
Share price at grant	170p	219p	214p	121p
Estimated option life – yrs	4	4	4	4
Expected volatility – %	42.4	41.7	41.7	42.4
Expected dividends – %	1.7	1.4	1.4	4.5
Risk Free Rate – %	5.0	4.5	4.8	4.7
Fair value at measurement date	60p	79p	74p	33p

The expected volatility is based upon historical volatility calculated using the daily closing share price for the three year period immediately prior to the grant date. The expected dividend rate is based upon historical returns and publicly available information.

The costs charged to the income statement relating to share based payments were as follows:

	2006 £000	2005 £000
Share options granted in 2003	18	18
Share options granted in 2004	25	22
Share options granted in 2005	3	1
Share options granted in 2006	1	–
Total expense recognised as employee costs	47	41

13 Capital and reserves

□ Reconciliation of movement in capital and reserves

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 July 2004	860	564	43	5,136	6,603
Total recognised income and expense	–	–	–	2,583	2,583
Shares issued in the year	3	28	–	–	31
Own shares acquired	–	–	–	(24)	(24)
Equity-settled share based payment transactions, net of tax	–	–	–	64	64
Dividends	–	–	–	(518)	(518)
Balance at 30 June 2005	863	592	43	7,241	8,739
Balance at 1 July 2005	863	592	43	7,241	8,739
Total recognised income and expense	–	–	–	1,331	1,331
Shares issued in the year	9	105	–	–	114
Equity-settled share based payment transactions, net of tax	–	–	–	148	148
Dividends	–	–	–	(3,578)	(3,578)
Balance at 30 June 2006	872	697	43	5,142	6,754

The aggregate current and deferred tax relating to items that are charged or credited to equity is £101,000 (2005: £23,000).

13 Capital and reserves (continued)

Share capital

	Ordinary shares (number)	
	2006	2005
In issue and fully paid at 1 July 2005	17,267,370	17,201,370
Issued for cash	186,710	66,000
In issue and fully paid at 30 June 2006	17,454,080	17,267,370

	2006	2005
	£000	£000
Authorised 22,000,000 (2005: 22,000,000) Ordinary shares of 5p each	1,100	1,100
Allotted, called up and fully paid 17,454,080 (2005: 17,267,370) Ordinary shares of 5p each	873	863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year the Company issued 186,710 5p ordinary shares for a consideration of £114,354, settled in cash.

The Northern Recruitment Group plc Employee Trust holds 9,325 ordinary shares (2005: 16,375) shares with a market value of £11,000 (2005: £32,000). The shares held by the Trust are to meet obligations under the Long Term Incentive Plan 2002.

Dividends

The following tables analyse dividends when paid and the year to which they relate:

	2006	2005
	Per share pence	Per share pence
2004 Final dividend	–	2.0
2005 Interim dividend	–	1.0
2005 Special dividend	11.5	–
2005 Final dividend	6.5	–
2006 Interim dividend	2.5	–
Total	20.5	3.0

	2006	2005
	£000	£000
2004 Final dividend	–	347
2005 Interim dividend	–	172
2005 Special dividend	2,007	–
2005 Final dividend	1,135	–
2006 Interim dividend	436	–
Total	3,578	519

The proposed final dividend in respect of 2006 amounts to 5p per share (£872,000), is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Notes to the Accounts

(continued)

14 Financial instruments

The Company's bank facilities are in place to accommodate the capital expenditure and working capital requirements of the Company.

The Company's treasury policy has as its principal objective the achievement of the optimum interest rate on cash balances whilst maintaining an acceptable level of risk and administration. Other than mentioned below there are no financial instruments, derivatives or commodity contracts used.

□ Financial assets and liabilities

The Company's main financial assets comprise cash and cash equivalents. Other financial assets include trade receivables arising from the Company's activities.

Other than trade and other payables, the Company had no financial liabilities within the scope of IAS 39 as at 30 June 2006 (2005: £nil). The Company has an overdraft facility of £1,500,000 of which £1,500,000 was undrawn at 30 June 2006 (2005: £1,500,000 undrawn).

□ Fair values

The fair values of the Company's financial assets and liabilities is not materially different from their carrying values.

□ Credit risk

The Company's credit risk is mainly attributable to its trade receivables. The amounts shown in the balance sheet are net of allowances for doubtful receivables.

The placement of temporary workers generally carries the greatest credit risk as the Company funds the payment of the workers prior to payment by the client. The Company seeks credit references on most clients and reviews credit limits regularly. At the year end the largest single client represented less than 10 per cent of the balance of trade receivables.

□ Interest rate risk

The Company earns interest on its bank balances. A change in interest rates will have a consequent change in interest receivable. The bank overdraft is chargeable at 1% above the base rate on all borrowings up to £1,500,000.

□ Effective interest rates

The effective interest rate at the balance sheet date was 4.25% (2005: 4.5%).

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2006 £000	2005 £000
Less than one year	14	31
Between one and five years	1,128	194
More than five years	–	794
	1,142	1,019

The Company leases certain buildings on short term leases which generally include renewal terms. The lease agreements provide that the Company will pay insurance, maintenance and repairs.

16 Capital commitments

There were no capital commitments at the end of the financial year for which no provision has been made.

17 Related party transactions

Transactions with key management personnel

The Directors are the key management personnel of the Company. The interests of the Directors who served during the year (including those of their immediate families) in the share capital of the Company, according to the register of Directors' interests can be found in the Directors Report on page 15. Directors of the Company control 51.8% of the voting shares of the Company.

Details of Directors' share options, emoluments, pension benefits and other non-cash benefits can be found in the Directors' Remuneration Report on pages 21 to 23.

18 Explanation of transition to adopted IFRSs

As stated in section (B) of the significant accounting policies, these are the Company's first financial statements prepared in accordance with adopted IFRSs. The accounting policies set out in pages 31 to 34 have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening IFRS balance sheet at 1 July 2004, the Company's date of transition.

An explanation of how the transition from UK GAAP to adopted IFRSs has affected the Company's financial position, financial performance and cashflows has been set out in the following tables and notes.

Reconciliation of income statement for the year ended 30 June 2005

	UK GAAP	IFRS ADJUSTMENTS		IFRS
		Share-based payments	Dividends	
	£'000	(a) £'000	(b) £'000	£'000
Revenue	21,682	–	–	21,682
Cost of Sales	(13,306)	–	–	(13,306)
Gross Profit	8,376	–	–	8,376
Administrative costs	(4,911)	(41)	–	(4,952)
Operating profit	3,465	(41)	–	3,424
Finance income	271	–	–	271
Profit before tax	3,736	(41)	–	3,695
Income tax	(1,124)	12	–	(1,112)
Profit for the period attributable to equity holders of the parent	2,612	(29)	–	2,583
Net expense recognised directly in equity	–	–	–	–
Total recognised income & expense attributable to equity holders of the parent	2,612	(29)	–	2,583
Dividends	(3,280)	–	3,280	–

Notes to the Accounts

(continued)

18 Explanation of transition to adopted IFRSs (continued)

Explanation of the adopted IFRS adjustments to the Income Statement for the year ended 30 June 2005

a) Share-based payments

Principal difference

The Company operates a number of share-based incentive schemes that are impacted by IFRS 2 Share-based payments. Under UK GAAP no expense has been recognised for awards under these schemes as the intrinsic value (the difference between the exercise price and the market value at the date of grant) was nil. Under adopted IFRS, an expense is recognised in the income statement for all share based payments granted after 7 November 2002 that had not vested before 1 January 2005. This expense has been calculated based on the fair value at the date of the awards using pricing models appropriate to the schemes.

Impact

This has resulted in a charge for the full year of £41,000 recognised within administrative costs.

Since the estimated future tax deduction in respect of share based payments exceeds the cumulative expense charged in the income statement multiplied by the standard tax rate in the UK. The tax income has been restricted to £12,000 in the income statement and the excess associated tax income has been recognised directly in equity.

b) Dividends

Principal difference

Under UK GAAP, the dividend is shown as an appropriation of profit in the profit and loss account. Under adopted IFRS, the dividend is not shown in the income statement but is recognised directly in equity.

Impact

The interim, final and special dividend for 2005 have been reversed from the income statement with an impact of £3,280,000.

18 Explanation of transition to adopted IFRSs (continued)

Reconciliation of balance sheet
as at 30 June 2005

	UK GAAP	IFRS ADJUSTMENTS			IFRS
	£'000	Share-based payments (a) £'000	Dividends (b) £'000	Re- classification £'000	£'000
ASSETS					
Non current assets					
Property, plant and equipment	609	–	–	–	609
Deferred tax assets	–	48	–	58	106
	609	48	–	58	715
Current assets					
Trade and other receivables	3,455	–	–	(58)	3,397
Cash and cash equivalents	7,711	–	–	–	7,711
	11,166	–	–	(58)	11,108
Total assets	11,775	48	–	–	11,823
LIABILITIES					
Current Liabilities					
Trade and other payables	(6,193)	–	3,109	592	(2,492)
Current tax liability	–	–	–	(592)	(592)
Total current liabilities	(6,193)	–	3,109	–	(3,084)
Net assets	5,582	48	3,109	–	8,739
EQUITY					
Capital and reserves					
Issued capital	863	–	–	–	863
Share premium account	592	–	–	–	592
Capital redemption reserve	43	–	–	–	43
Retained earnings	4,084	48	3,109	–	7,241
Total equity attributable to equity holders of the parent	5,582	48	3,109	–	8,739

Notes to the Accounts

(continued)

18 Explanation of transition to adopted IFRSs (continued)

Reconciliation of balance sheet
As at 1 July 2004

	UK GAAP	IFRS ADJUSTMENTS			IFRS
	£'000	Share-based payments (a) £'000	Dividends (b) £'000	Re- classification £'000	£'000
ASSETS					
Non current assets					
Property, plant and equipment	676	–	–	–	676
Deferred tax assets	–	13	–	50	63
	676	13	–	50	739
Current assets					
Trade and other receivables	3,197	–	–	(50)	3,147
Cash and cash equivalents	5,856	–	–	–	5,856
	9,053	–	–	(50)	9,003
Total assets	9,729	13	–	–	9,742
LIABILITIES					
Current Liabilities					
Trade and other payables	(3,486)	–	347	489	(2,650)
Current tax liability	–	–	–	(489)	(489)
Total current liabilities	(3,486)	–	347	–	(3,139)
Net assets	6,243	13	347	–	6,603
EQUITY					
Capital and reserves					
Issued capital	860	–	–	–	860
Share premium account	564	–	–	–	564
Capital redemption reserve	43	–	–	–	43
Retained earnings	4,776	13	347	–	5,136
Total equity attributable to equity holders of the parent	6,243	13	347	–	6,603

Notes to the reconciliation of the balance sheets

a) Share based payments

Principal difference

Under UK GAAP no expense was recognised in respect of share awards as the intrinsic value was nil. Under IFRS 2, as all of the share awards are equity settled, the balance sheet entry, based on the fair value of the awards, is a credit direct to equity reserves.

Transitional impact

A deferred tax asset of £13,000 has been recognised on transition at 1 July 2004.

Closing balance sheet impact

The deferred tax asset has been increased by £35,000 as at 30 June 2005 with the excess deferred tax credit, above the amount recognised in the income statement under IAS 12, being recognised directly in equity.

b) Dividends

Principal difference

Under UK GAAP, the practice was to recognise dividends in the period to which they relate, whereas under adopted IFRS the dividend is recognised in the period in which it is declared. As a result, the dividend creditor is not recognised until the dividend is declared and therefore at each year end needs to be adjusted accordingly.

Transition impact

As the 2004 interim dividend had been paid and the 2004 final dividend had not been declared at 1 July 2004 there is no dividend creditor in the transition balance sheet. The opening creditor of £347,000 previously recognised under UK GAAP has been reversed.

Closing balance sheet impact

At the year end the 2005 interim dividend had been paid and the final dividend had not been declared. The closing dividend creditor of £3,109,000 under UK GAAP has been reversed.

Cashflow statement

For the year ended 30 June 2005

The move from UK GAAP to adopted IFRS only impacts on the presentation of the cashflow statement of the Company. The IFRS cashflow statement is similar to UK GAAP but presents various cashflows in different categories and in a different order from the UK GAAP cashflow statement.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Dickinson Dees, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne on 17 October 2006 at 11.00 a.m. for the following purposes:

To consider and, if thought fit, to pass the following as ordinary resolutions of the Company:

- 1 To receive and adopt the accounts of the Company for the year ended 30 June 2006 together with the Reports of the Directors and of the Auditors.
- 2 To approve the Directors' Remuneration Report.
- 3 To declare a final dividend for the year ended 30 June 2006 of 5.0 p per ordinary share.
- 4 To re-elect as a Director of the Company Lorna Moran who retires by rotation.
- 5 To re-elect as a Director of the Company Wayham Moran who retires by rotation.
- 6 To re-elect KPMG Audit Plc as Auditors.
- 7 To authorise the Directors to determine the remuneration of the Auditors.

To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions of the Company:

- 8 That the Directors be and are hereby empowered, pursuant to section 95 of the Companies Act 1985 (the "Act"), to allot equity securities as defined in section 94(2) of the Act for cash pursuant to the authority conferred by resolution 6 passed at the Annual General Meeting of the Company held on 15 November 2002 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities, open for acceptance for a fixed period, in favour of holders of ordinary shares of 5p each in the capital of the Company ("Ordinary shares") on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any Stock Exchange in, any territory or any other matter whatsoever);
 - ii. the allotment of equity securities in connection with any employees' share schemes approved by the members in general meeting; and
 - iii. the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal amount of £43,000. and shall expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, the date which is 15 months from the passing of this resolution) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
- 9 That the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange of Ordinary shares of 5p each in the capital of the Company provided that:
 - i. the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 1,740,000;
 - ii. the minimum price which may be paid for such shares is 5p per Ordinary share (exclusive of expenses);
 - iii. the maximum price (exclusive of expenses) which may be paid for Ordinary shares shall not be more than the highest of
 - (a) 5 per cent above the average of the market values for Ordinary shares as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the Ordinary share is purchased; and
 - (b) the price of the last independent trade on the London Stock Exchange; and
 - (c) the price of the highest current independent bid on the London Stock Exchange;
 - iv. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the date of passing this resolution, if earlier; and
 - v. the Company may make a contract or contracts to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares in pursuance of any such contract or contracts.

By Order of the Board

Wayham Moran, Company Secretary

1 September 2006

Registered Office:

52-60 Grey Street

Newcastle upon Tyne

NE1 6AH

NOTES:

- a. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
- b. To be valid, a form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be lodged with or posted to Capita Registrars, Proxies Department, PO Box 25, 34 Beckenham Road, Beckenham, Kent BR3 4BR so as to be received not later than 11.00 a.m. on 13 October 2006. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting in person should he or she wish to do so.
- c. To be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes cast), members must be entered on the Company's register of members not less than 48 hours before the time set for the meeting. This time will still apply for the purpose of determining who is entitled to attend and vote at the meeting (and for the purpose of determining the number of votes cast) if the meeting is adjourned from its scheduled time by 48 hours or less. If the meeting is adjourned for a longer period, members who wish to attend and vote at the meeting must be entered on the Company's register of members not less than 48 hours before the time set for the adjourned meeting.
- d. Copies of the existing rules of the Approved Scheme 1997, the Unapproved Scheme 1997, the Long Term Incentive Plan 2002 and the Share Option Scheme 2004 will be available for inspection at the registered office of the Company and at the offices of Dickinson Dees, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE99 1SB during normal business hours on each business day from the date of this Notice until the Annual General Meeting and at the place of the Meeting one hour before, and until the conclusion of the Meeting.
- e. The register of interests of the Directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings (being service contracts with a notice or contract period of one year or more or with provisions for predetermining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind) will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the meeting and will also be available for inspection at the venue of the meeting for at least 15 minutes before the meeting and also during the meeting.

ANNUAL GENERAL MEETING: EXPLANATION OF RESOLUTIONS

The Company's Annual General Meeting ('AGM') will be held at 11.00 a.m. on 17 October 2006 at the offices of Dickinson Dees, 112 Quayside, Newcastle-Upon-Tyne. The notice of the AGM is attached to this explanatory note. As well as dealing with the routine business of the Annual General Meeting, resolutions will be put to the AGM on the following matters

A Election of Lorna Moran (Resolution 4)

Lorna Moran aged 56, founded the Company in 1976 and has been Chief Executive since then. The Board consider that the Company will continue to benefit from her business expertise.

B Re-election of Wayham Moran (Resolution 5)

Wayham Moran aged 59, joined the Company and was appointed to the Board in 2000. The Board consider that the Company will continue to benefit from his financial and business expertise.

C Issues of Share Capital (Resolution 8)

Resolution 8, which will be proposed as a special resolution, relates to the disapplication of the statutory pre-emption rights which would otherwise apply on an issue of the Company's shares for cash. Resolution 8 disapplies these statutory pre-emption rights for an issue of shares for cash pursuant to a rights issue (or a similar pre-emptive share issue) where the securities attributable to the interests of all share holders are proportionate (as nearly as practicable) to the number of shares held, and also disapplies the statutory pre-emption rights in connection with the allotment of shares pursuant to existing share options, and to allotments of shares on a non pre-emptive basis up to an aggregate nominal amount of £43,000 (representing the nominal value of approximately 5 per cent of the Company's existing share capital). Resolution 8 replaces the existing issues authority (passed at the 2005 AGM) to disapply pre-emption rights, which expires at the 2006 AGM. The new authority, contained in Resolution 9, will expire at the conclusion of the Company's 2007 AGM, or 15 months from the date of passing of the resolution, whichever is the earlier. Other than the allotment of shares in connection with the Company's existing share option schemes, the Directors have no present intention to allot shares in the Company. The board also confirms its intention that equity securities equivalent to no more than 7.5% of the issued share capital of the Company will be allotted for cash on a non pre-emptive basis during any rolling three-year period in line with institutional investor guidelines.

D Purchase of Own Shares (Resolution 9)

Resolution 9, which will be proposed as a special resolution, if passed, would renew the Company's power to buy-back up to 1.74 million of its Ordinary shares of 5p on the Stock Market. This authority gives the Company greater flexibility in managing its capital resources. Any shares purchased under this authority may be cancelled (in which case the number of shares in issue will be reduced accordingly) or may be held in treasury so as to be sold at a later date subject to the restrictions set out in Resolution 9 or its equivalent in force at the time. Resolution 9 specifies the maximum number of shares which may be purchased, which is approximately 10 per cent of the Company's issued Ordinary share capital at 1 September 2006. The proposed resolution sets out the lowest and highest prices that the Company may pay for its shares. The maximum price for the Ordinary shares stated in Resolution 9 reflects the requirements of the UK Listing Authority under the provisions of the Listing Rules. The proposed authority, if granted, will expire at the Company's 2007 AGM, or 15 months from the date of the resolution (if earlier). The Directors have no current intention of buying back any of the Company's shares, but it is one of the options they wish to keep under review. The Company will only purchase its own shares if the Directors believe that it is in shareholders' best interests and will increase earnings per share.

Group Offices & Financial Calendar

□ Newcastle upon Tyne

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Lloyds Court
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NE1 6AH
Tel. 0191 232 1222
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□ Tees Valley

Dunedin House
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Teesdale Business Park
Stockton on Tees
TS17 6BJ
Tel. 01642 626 350
Fax. 01642 626 351

□ Middlesbrough

8 Albert Road
Middlesbrough
Cleveland
TS1 1QA
Tel. 01642 232 185
Fax. 01642 232 283

□ York

13 Museum Street
York
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Tel. 01904 610 800
Fax. 01904 611 133

□ Glasgow

87 West Regent Street
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Tel. 0141 331 4355
Fax. 0141 331 4351

□ Edinburgh

23 Castle Street
Edinburgh
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Tel. 0131 220 6555
Fax. 0131 240 1090

□ London

212 Piccadilly
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W1J 9HG
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□ Company Website

www.nrgplc.com

□ Financial Calendar 2007

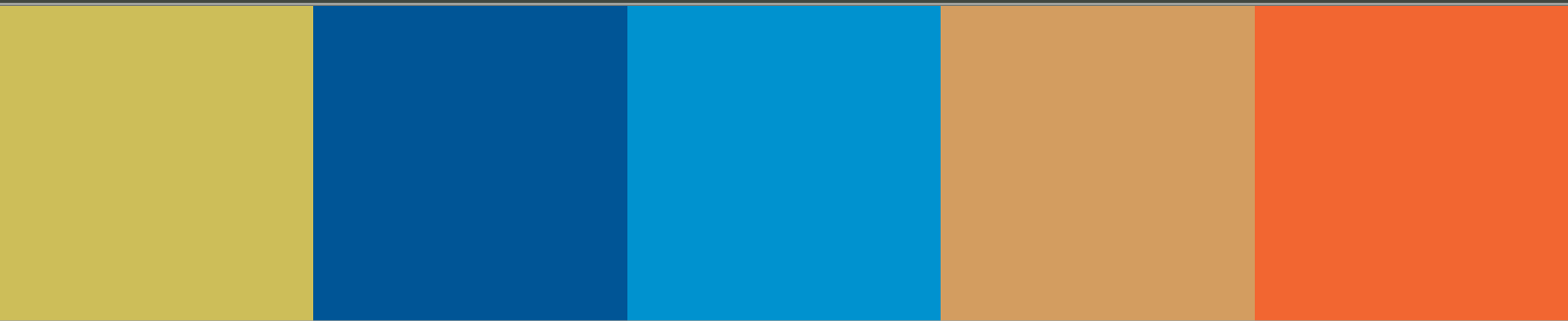
Annual General Meeting:
17 October 2006

Payment date for proposed final dividend:
31 October 2006

Announcement of 2007 Interim Results:
February 2007

Payment date for interim dividend:
March 2007

Announcement of 2007 Final Results:
September 2007



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Northern Recruitment Group plc

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