

26 May 2010

Healthcare Locums plc ('HCL' or the 'Company')
Trading Update
Expansion into Specialist High Value Nursing Provision

Healthcare Locums plc, one of the UK's largest and fastest growing specialist health and social care staffing companies, reports on trading for the first quarter of 2010.

Cumulatively, trading in the first four months of the year was in line with management's expectations, despite slower than expected trading in April, due mainly both to the disruption caused to travel which affected the placing of international permanent staff, and a softening in domestic demand for locum staff in the run up to the general election. The Company is however pleased to report that since the year end it has won a number of new key contracts for its UK locum divisions, from large NHS and PCT operators across the UK. The Company estimates that the total potential annual value of these contracts is in excess of £13 million of revenues.

The international division continues to grow with significant increases in the database of healthcare staff applying for international permanent placements. HCL currently has over 18,000 candidates registered to take up international positions, an increase of 44 per cent over the 12,500 candidates we had registered at the end of 2009. The USA expects to see job openings for approximately 1.2 million Registered Nurses by 2014¹ and this number is set to increase, as a further 32 million people now will have access to healthcare as a result of the new healthcare bill passed in the USA.

The Company notes that the UK temporary nursing market grew by 47 per cent in 2009.² Whilst HCL does not operate in the provision of general nursing staff, it is increasingly able to provide high value specialist nurses to the public and private sectors. The Company has recognised that this is a further market in which it can operate from its call centre operations without the need for a branch network. Three of the Company's brands have been awarded a place on the new London based nursing framework and two brands have a place on the national framework. There is an increasing trend for consortia of Trusts to develop their own local framework agreements. The Company welcomes this trend as it allows the Company to provide a more tailored and efficient service to our clients. It is the Company's intention to rapidly expand into the specialist nursing market organically and to explore acquisition opportunities.

The Company's UK permanent placement business is now focused primarily on permanent placement of Qualified Social Workers, Doctors, Allied Health Professionals and specialist nurses such as Midwives, Health Visitors, Paediatric, Intensive Care, and Special Care Baby Unit nurses. It is HCL's intention to expand this highly specialised niche offering to clients both on a permanent placement and temporary placement basis.

The Company continues to benefit from the use of temporary staff in the public sector, which is recognised as more cost effective than employing full time staff in the long

¹ US Department of Health and Human Services 2007

² Laing & Buisson 2010

term.³ The Board considers that, whilst there may be some NHS budget restrictions, front line services will be maintained, and that the use of cheaper flexible staff – many of whom have been trained abroad - will increase during a time of general financial constraint for the public sector. The Company welcomes the Coalition programme for government on the NHS which states:

'We will cut the cost of NHS administration by a third and transfer resources to support doctors and nurses on the front line'.

'We are committed to reducing duplication and the resources spent on administration, and diverting these resources back to front-line care'.⁴

The Company particularly welcomes the 'level playing field' that will now require the NHS to adhere to the strict requirements that HCL has adopted for the last seven years, for foreign healthcare professionals working in the NHS to have passed robust language and competence tests. The Company has long adhered to these standards, and has a significant database of pre-screened staff that already meets these new guidelines.

The World Health Organisation estimates that there are some 4 million vacancies worldwide for healthcare staff⁵ which the Board believes, presents a significant opportunity for HCL. The Company is focused on building its database of clinical staff both in the UK and internationally to take advantage of this opportunity. The Company's adoption of a new more prudent accounting policy, where permanent placement revenues are recognised on a cash accounting basis, now aligns cash with profits, and this policy was implemented as a result of the significant growth in the international division. Further reflecting the growth in the international division from start up to established trading division, all costs incurred in sourcing candidates for the international candidate database are being expensed directly as incurred from January 2010.

On 9 April 2010, HCL announced that the Company had received an approach which may or may not lead to an offer being made for the Company. Whilst there can be no certainty that any offer will be forthcoming, discussions continue and a further announcement will be made as soon as possible.

Kate Bleasdale, Executive Vice Chairman of Healthcare Locums plc, commented:

'The UK health and social care flexible staffing market is currently worth in excess of £1.4 billion annually and grew last year by over 20 per cent.⁶ As one of the largest specialist providers of healthcare staff in the UK we have to respond to the dynamic and growing market that we are in. Part of our response to this will be to expand our permanent nursing division into the specialist UK temporary staffing sector during 2010. The international division continues to go from strength to strength and HCL is now recruiting staff into 12 countries worldwide. We are excited by the opportunities open to HCL in its chosen marketplaces.'

A copy of the presentation that will be given at the Company's Annual General Meeting to be held at 10 am today will be available for viewing at 10am on the Company's website, www.hclplc.com.

Ends

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³ Spokesperson, NHS Employers, Health Service Journal August 2009

⁴ HM Government 2010

⁵ WHO 2005

⁶ Laing & Buisson 2010

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