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HAYS HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
30 JUNE 2004



HAYS HOLDINGS LTD

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HAYS HOLDINGS LTD
REPORT OF THE DIRECTORS

The directors submit herewith their report and the financial statements for the company for the year ended 30 June 2004.

Group accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in Great Britain.

Principal Activities

The company is a sub-holding company. It has no employees. During the year the company purchased a number of freehold and long leasehold properties from its subsidiary company Hays Distribution Services Ltd. All of these properties were subsequently sold prior to the year end. During the period that the company owned these properties it received rental income from them.

Review of Developments

Investments were disposed of during the year as part of a reorganisation of the Group structure.

Results and Dividends

The company's loss on ordinary activities after taxation was £36,885k (2003 – profit £278,239k).

No interim dividends were received during the year (2003 - £68k).

No interim dividends were paid during the year (2003 - nil).

No final dividend was proposed (2003 - nil).

Future Developments

The company will continue in the role of a sub-holding company.

Directors

The Directors who served throughout the year and subsequently, except as noted below, are:

R A Lawson	(Chairman)
S E Bort	(appointed 1 September 2004)
S J Cox	(appointed 14 May 2004)
S J Charnock	(resigned 14 May 2004)
P A Dungate	(resigned 1 September 2004)
J W Martin	
C S Matthews	(resigned 30 June 2004)
N A McLachlan	(resigned 8 September 2003)

HAYS HOLDINGS LTD

REPORT OF THE DIRECTORS (Cont'd)

Directors (cont'd)

The interests of the directors and their families in the shares of Group companies as at 30 June 2004 are as follows:

	1p Ordinary Shares in Hays plc of:			Share Options		30 June 2004	Maximum number of shares receivable under the long term Incentive Plan	
	30 June 2003 *	30 June 2004	1 July 2003 *	Granted in period	Lapsed in period		2004	2003
P A Dungate	-	-	165,629	-	-	165,629	-	-
S J Cox	-	-	-	-	-	-	-	-

* or date of appointment

R A Lawson and J W Martin are also directors of Hays plc and their interests therein are disclosed in the financial statements of that company. N A McLachlan and C S Matthews were directors of Hays plc during the year and their interests are also disclosed in the financial statements of that company.

No director had an interest at any time during the year in any subsisting contract or arrangement to which the company or any other Group company was a party nor did any director hold any shares during the year in the company or any other Group company except as disclosed above.

Auditors

The auditors, Deloitte & Touche LLP, are willing to continue in office.

By order of the Board



S E Bort
Secretary

28 September 2004

HAYS HOLDINGS LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2004

The Directors are obliged under United Kingdom company law to prepare financial statements for each financial year and to present them annually to the Company's members in the Annual General Meeting.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable United Kingdom accounting standards.

The Directors are also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors are also responsible for the preparation of the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the above requirements have been complied with in the financial statements.

In addition, the Directors are responsible for maintaining accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

HAYS HOLDINGS LTD
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HAYS HOLDINGS LTD

We have audited the financial statements of Hays Holdings Ltd for the year ended 30 June 2004 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in equity shareholders' funds and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

28 September, 2004

HAYS HOLDINGS LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2004

	Note	2004 £'000	2003 £'000
Net operating income/(charges)		<u>1,974</u>	<u>(779)</u>
OPERATING PROFIT/(LOSS)	2	1,974	(779)
EXCEPTIONAL ITEMS			
(Loss)/profit on disposal of fixed asset investments	3	727	299,932
Profit on disposal of fixed assets	3	10,649	-
Amounts written off investments	4	<u>(43,445)</u>	<u>(24,000)</u>
		(32,069)	275,932
Income from shares in group companies		-	68
Interest (payable)/receivable	5	<u>(3,405)</u>	<u>4,312</u>
		(3,405)	4,380
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(33,500)	279,533
Tax charge on (loss)/profit on ordinary activities	7	<u>(3,385)</u>	<u>(1,294)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(36,885)	278,239
Dividends		<u>-</u>	<u>-</u>
AMOUNT TRANSFERRED (FROM)/TO RESERVES	14	<u>(36,885)</u>	<u>278,239</u>

All results relate to continuing activities.

There are no recognised gains or losses in either the current or preceding year other than the profit for the financial year. Accordingly no statement of total recognised gains and losses is given.

HAYS HOLDINGS LTD

BALANCE SHEET 30 JUNE 2004

	Note	2004 £'000	2003 £'000
FIXED ASSET INVESTMENTS	9	<u>468,745</u>	<u>499,304</u>
CURRENT ASSETS			
Debtors	10	98,969	185,108
Cash at bank and in hand		<u>22,230</u>	<u>11,267</u>
		121,199	196,375
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(376,296)</u>	<u>(444,866)</u>
NET CURRENT LIABILITIES		<u>(255,097)</u>	<u>(248,491)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		213,648	250,813
PROVISIONS FOR LIABILITIES AND CHARGES	12	(19,127)	(19,407)
		<u>194,521</u>	<u>231,406</u>
CAPITAL AND RESERVES			
Called up share capital	13	87,987	87,987
Profit and loss account	14	<u>106,534</u>	<u>143,419</u>
EQUITY SHAREHOLDERS' FUNDS		<u>194,521</u>	<u>231,406</u>

The financial statements were approved by the Board of Directors on 28 September 2004

Signed on behalf of the Board of Directors



J W Martin
Director

HAYS HOLDINGS LTD

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

YEAR ENDED 30 JUNE 2004

	2004 £'000	2003 £'000
(Loss)/profit for the financial year	<u>(36,885)</u>	<u>278,239</u>
Net (decrease)/increase in equity shareholders funds	(36,885)	278,239
Opening equity shareholders' funds/(deficit)	231,406	(46,833)
Closing equity shareholders' funds	<u>194,521</u>	<u>231,406</u>

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular policies adopted are described below and have been applied on a consistent basis in the current and prior year.

(a) Financial Statements

The financial statements are prepared under the historical cost convention. The company is a wholly owned subsidiary of Hays plc, which is incorporated in Great Britain and registered in England and Wales, and which prepares consolidated accounts to 30 June. The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to produce group accounts and therefore the financial statements only present information about the company as an individual undertaking.

(b) Investments

Shares in subsidiary undertakings are valued at cost less any provision for impairment.

(c) Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(d) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation of fixed assets is on a straight line basis calculated at annual rates estimated to write off each asset over the term of its useful life.

The following rates are used: % p.a.

Land and buildings:

Land	nil
Freehold buildings	2 - 2.5
Long leasehold properties	2
Short leasehold properties	4 - 20
Plant and machinery	5 - 25
Fixtures, fittings, tools and equipment	5 - 20

(e) Cash flow statement

The Company has taken advantage of the exemption granted in FRS 1 (revised) not to produce a cash flow statement, since its ultimate parent company produces a consolidated cash flow statement including the cash flows of the Company.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

2. OPERATING PROFIT/(LOSS)

	2004 £'000	2003 £'000
Rental income received	2,568	-
Depreciation charge	(594)	-
Provision against intercompany debtors	-	(779)
	<u>1,974</u>	<u>(779)</u>

The remuneration of the auditors has been borne by the ultimate parent company in both years.

3. (LOSS)/PROFIT ON SALE OF FIXED ASSET INVESTMENT

During the year the company disposed of its investment in Hays Distribution Services Ltd for a profit of £0.7m. Last year the investment in Hays Distribution Services Ltd was impaired by £24.0m (see note 4). Also in the prior year, the company sold its investment in Hays Personnel Services (Holdings) Ltd to the ultimate holding company, Hays plc, for a profit of £300.0m and disposed of some smaller investments for a net loss of £0.1m.

PROFIT ON SALE OF FIXED ASSETS

During the year the company disposed of several freehold and long leasehold properties which had been transferred from a subsidiary company in the period, for a profit of £10.6m.

4. AMOUNTS WRITTEN OFF FIXED ASSET INVESTMENTS

	2004 £'000	2003 £'000
Provision against carrying value of investment	<u>(43,445)</u>	<u>(24,000)</u>

The Directors have concluded that the outlook for the company's associate company, Albion Group Limited (which the company has a 49% equity stake) has deteriorated and therefore the recoverability of the loan made to Albion Group Limited is in doubt. Accordingly, the full amount of the investment in Albion Group (£43.5m) has been provided for.

In the prior year, the company's investment in Hays Distribution Services Ltd was written down to its expected realisable value.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

5. INTEREST RECEIVABLE AND PAYABLE

	2004 £'000	2003 £'000
INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable from group undertakings	-	194
Interest receivable from third party	79	-
Interest receivable from associate company	<u>-</u>	<u>4,118</u>
	79	4,312
 INTEREST PAYABLE		
Interest payable to group undertakings	(3,484)	-
 NET INTEREST (PAYABLE)/RECEIVABLE	<u>(3,405)</u>	<u>4,312</u>

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any remuneration for services to the company during the current year and prior year.

There were no employees during the current or prior year.

7. TAX CHARGE ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
United Kingdom Corporation Tax	<u>3,385</u>	<u>1,294</u>
Total profit and loss account charge	<u>3,385</u>	<u>1,294</u>
 Factors affecting tax charge for the period:		
(Loss)/profit on ordinary activities before tax	<u>(33,500)</u>	<u>279,533</u>
 Tax on (loss)/profit on ordinary activities before tax at 30% (2003: 30%)	(10,050)	83,860
Effects of:		
Permanent differences	13,435	(82,566)
 Total actual amount of current tax	<u>3,385</u>	<u>1,294</u>

For the year ended 30 June 2004, the permanent differences principally relate to the potentially deductible provision against the carrying value of the investment (see note 4). The permanent differences in 2003 principally relate to the net gain on the sale of investments (see note 3).

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

8. FIXED ASSETS

During the year, the company purchased 9 freehold properties and 2 long leasehold properties from a subsidiary company. The cost of the properties was £50.4 million for the freehold properties and £6.3 million for the long leasehold properties. During the period depreciation of £0.5 million was charged against the freehold properties and depreciation of £0.1 million was charged against the long leasehold properties. All the properties were sold during the year resulting in a net book value of nil (2003 - nil) at the end of the year.

9. INVESTMENTS

	Shares in Subsidiary Undertakings £'000	Provisions £'000	Shares in Associated Company £'000	Loans to Associated Company £'000	Net Book Value £'000
As at 1 July 2003	509,242	(53,383)	625	42,820	499,304
Additions	17,085	-	-	-	17,085
Disposals	(28,000)	24,000	-	-	(4,000)
Charge in year	-	(199)	-	-	(199)
Amounts written off	-	-	(625)	(42,820)	(43,445)
As at 30 June 2004	498,327	(29,582)	-	-	468,745

The balances of shares and loans at 1 July 2003 are stated at cost. For additional details of subsidiary undertakings see note 17.

10. DEBTORS

	2004 £'000	2003 £'000
Amounts owed by subsidiary undertakings	95,265	185,108
Corporation tax	734	-
Other debtors	2,970	-
	<u>98,969</u>	<u>185,108</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to subsidiary undertaking	184,787	236,147
Amounts owed to parent undertaking	187,986	207,786
Amounts owed to fellow subsidiary undertaking	250	250
Corporation tax creditor	-	645
Other taxation and social security	2,685	-
Other Creditors	88	38
Accruals and deferred income	500	-
	<u>376,296</u>	<u>444,866</u>

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

12. PROVISIONS FOR LIABILITIES AND CHARGES	2004 £'000	2003 £'000
Provision for disposed business liabilities	<u>19,127</u>	<u>19,407</u>

The provision comprises potential liabilities relating to the disposal of the chemicals business for site restitution costs and a long-term power off-take agreement. It is not practicable to estimate the timing of the crystallisation of these liabilities as they are dependent upon the plans of the majority shareholder of the chemicals business. The movement in the year of £280k is due entirely to utilisation of the provision.

13. CALLED UP SHARE CAPITAL	2004 £'000	2003 £'000
Authorised: 100,000,000 Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid: 87,986,713 Ordinary Shares of £1 each	<u>87,987</u>	<u>87,987</u>

14. RESERVES	Profit and loss account £'000
Balance at 1 July 2003	143,419
Amount transferred from reserves	(36,885)
Balance at 30 June 2004	<u>106,534</u>

15. BANK GUARANTEES

This company is a member of a UK clearing bank cash pooling facility for companies in the Hays Group. All of the UK Hays Group companies guarantee any overdraft under this arrangement. The maximum gross overdraft facility under the terms of this arrangement is £55m.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

16. RELATED PARTY DISCLOSURES AND CONTROLLING PARTY

The ultimate and immediate controlling entity is Hays plc, which is incorporated in Great Britain.

The parent undertaking of the smallest and largest group of which the company is a member and which prepares consolidated accounts is Hays plc.

The company has taken advantage of the exemption granted to subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the Group, not to disclose transactions with other Group companies and investees of the Group qualifying as related parties.

Copies of the group accounts of Hays plc can be obtained from 141 Moorgate, London EC2M 6TX.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

17. ADDITIONAL INFORMATION ON SUBSIDIARIES

The following were subsidiaries of the company at 30 June 2004:-

	<u>Activities during the year</u>
Hays Commercial Services Limited	Office support and UK Mail services
All-Travel Marketing Support Services Ltd)
Apollo Despatch Limited)
Bowker & King Limited)
Castleton Data Services Limited)
Corporate Mail Services Limited)
Data Express Limited)
David Gutteridge (Herts) Limited)
Document Interlink Limited)
Dykem (North) Limited)
Enham Arch Limited)
Farmhouse Securities Limited) Non trading
Hays Colours Limited)
Hays Contract Distribution Limited)
Hays Group Limited)
Hays IT Services Limited)
Hays Marine Holdings Limited)
Hays Nominees Limited)
Hays Specialist Distribution Limited)
Hays Specialist Holdings Limited)
Hays Storage Services Limited)
Highshares Limited)
ICS Logistics Limited)
ICS Worldwide Couriers Limited)
Inkhold Limited)
Inter-Selection Group (Holdings) Limited)
Leather's Chemical Company Limited)
Metro Express Limited)
Midland Dykem (Chemicals) Limited)
Northern Document Exchange Limited)
OBS Enterprises Limited)
OBSDOC Rotherham Limited)
Optical Courier Services Limited)
Paperstream Limited)
Parcel Link Limited)
PSG Holdings Limited)

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2004

17. ADDITIONAL INFORMATION ON SUBSIDIARIES (continued)

PSG Limited)	
Rockall Data Services Limited)	
Rockall Scotia Resources Limited)	
Rutland Exchange Limited)	
TAV Staff Agency Limited)	
Transalarch Data Management Limited)	Non trading
Transalarch Seguridad Limited)	
United Kingdom Cold Storage Limited)	
Weyside Fifteen Limited)	
Weyside Sixteen Limited)	
Weyside Twenty-Two Limited)	
Hutchinson Smith Limited)	

All of these subsidiary companies are 100% owned and are registered in England and Wales and incorporated in Great Britain.

The proportion of voting rights of subsidiaries held by the company is the same as the proportion of shares held.

18. POST BALANCE SHEET EVENTS

On 3 June 2004, Hays plc (the ultimate parent company) announced its intention to demerge its DX Services business in the calendar year 2004. The demerger is subject to shareholder approval. Following this demerger it is anticipated that the company investments will be written down by approximately £42m.