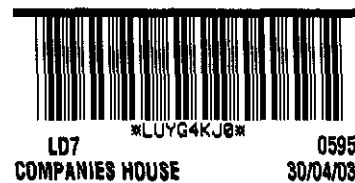


REGISTERED NO: 93338

HAYS HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
30 JUNE 2002



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 2002.

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.

Review of Developments

Investments were acquired 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 £31,039k (2001 – loss £92,427k).

Interim dividends totalling £36,462k were received during the year (2001 - Nil).

No interim dividends were paid during the year (2001 - Nil).

No final dividend was proposed (2001 - £ Nil).

Future Developments

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

Directors

The following were directors of the company during the year:

S J Charnock
P A Dungate
N A McLachlan
G J Williams
R A Lawson (Chairman) (Appointed 1 July 2001)
J W Martin (appointed 14 March 2003)
C S Matthews (appointed 1 November 2002)

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 were as follows:

| | 1p Ordinary Shares in Hays plc of: | | | Share Options | | | Maximum number of shares receivable under the long term Incentive Plan |
|--------------|---------------------------------------|-----------------|----------------|----------------------|---------------------|-----------------|--|
| | 30 June 2001 | 30 June 2002 | 1 July 2001 | Granted in period | Lapsed in period | 30 June 2002 | |
| S J Charnock | 132,218 | 123,468 | 90,615 | 182,713 | (8,024) | 265,304 | 106,520 |
| P A Dungate | - | - | 44,582 | 88,048 | (7,741) | 124,889 | - |

R A Lawson, G J Williams and N A McLachlan are also directors of Hays plc and their interests therein are 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, are willing to continue in office.

By order of the Board



S J Charnock
Secretary

HAYS HOLDINGS LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2002

The directors are obliged under company law to prepare financial statements for each financial year and to present them annually to the company's members in 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 result for that period, and they must comply with applicable 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 confirm that the above requirements have been complied with in the financial statements. The accounts have been prepared on the going concern basis since the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

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

By order of the Board

A handwritten signature in black ink, appearing to read 'S. J. Charnock', written in a cursive style.

S J Charnock
Secretary

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 2002 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in equity shareholders' funds and the related notes 1 to 14. 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.

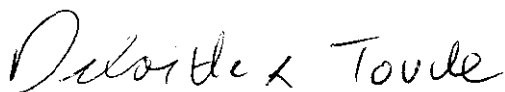
Basis of audit opinion

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

29 April 2003

HAYS HOLDINGS LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2002

| | Note | 2002 £'000 | 2001 £'000 |
|--|------|-----------------|-----------------|
| CONTINUING ACTIVITIES | | | |
| Net operating charges | 2,6 | - | (92,600) |
| OPERATING LOSS | | - | (92,600) |
| Loss on sale of fixed asset investments | 6 | (70,387) | (13) |
| Income from shares in group companies | | 36,462 | - |
| Net interest receivable | 3 | 4,124 | 260 |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (29,801) | (92,353) |
| Tax charge on loss on ordinary activities | 5 | (1,238) | (74) |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 12 | (31,039) | (92,427) |
| Equity dividends paid and proposed | | - | - |
| AMOUNT TRANSFERRED FROM RESERVES | | <u>(31,039)</u> | <u>(92,427)</u> |

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

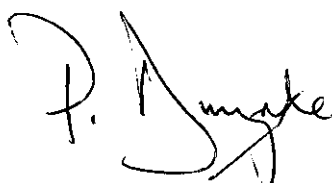
HAYS HOLDINGS LTD

BALANCE SHEET 30 JUNE 2002

| | Note | 2002 £'000 | 2001 £'000 |
|---|------|--------------------|--------------------|
| FIXED ASSET INVESTMENTS | 7 | <u>831,362</u> | <u>873,130</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 162,682 | 162,682 |
| Cash at bank and in hand | | <u>397</u> | <u>397</u> |
| | | 163,079 | 163,079 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 9 | <u>(1,019,173)</u> | <u>(1,080,003)</u> |
| NET CURRENT LIABILITIES | | <u>(856,094)</u> | <u>(916,924)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (24,732) | (43,794) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 10 | (22,101) | - |
| | | <u>(46,833)</u> | <u>(43,794)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 87,987 | 59,987 |
| Profit and loss account | 12 | <u>(134,820)</u> | <u>(103,781)</u> |
| EQUITY SHAREHOLDERS' DEFICIT | | <u>(46,833)</u> | <u>(43,794)</u> |

The financial statements were approved by the Board of Directors on 28 April 2003.

Signed on behalf of the Board of Directors



P A Dugate
Director

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | 2002 £'000 | 2001 £'000 |
|--|-----------------|-----------------|
| Loss for the financial year | (31,039) | (92,427) |
| Increase in share capital | <u>28,000</u> | <u>-</u> |
| Net decrease in equity shareholder's funds | (3,039) | (92,427) |
| Opening equity shareholders' (deficit)/funds | <u>(43,794)</u> | <u>48,633</u> |
| Closing equity shareholders' deficit | <u>(46,833)</u> | <u>(43,794)</u> |

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

(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) The company has adopted FRS 19 "Deferred Tax" in this year's financial statements. Under the new accounting policy 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.

2. NET OPERATING CHARGES

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Provision against carrying value of investment | - | (92,600) |
| | - | (92,600) |

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

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

| | | |
|---|--------------|------------|
| 3. NET INTEREST RECEIVABLE | 2002 | 2001 |
| | £'000 | £'000 |
| Interest receivable from group undertakings | 260 | 260 |
| Interest receivable from third party | 14 | - |
| Interest receivable from associate company | 3,850 | - |
| | <u>4,124</u> | <u>260</u> |

4. 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.

| | | |
|--|--------------|-----------|
| 5. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES | 2002 | 2001 |
| | £'000 | £'000 |
| United Kingdom Corporation Tax | 1,107 | 52 |
| Group relief | 131 | 22 |
| | <u>1,238</u> | <u>74</u> |

Total profit and loss account charge.

Factors affecting tax charge for the period:

| | | |
|---|-----------------|-----------------|
| Loss on ordinary activities before tax | <u>(29,801)</u> | <u>(92,353)</u> |
| Loss on ordinary activities before tax at 30% (2001: 30%) | (8,940) | (27,706) |
| Effects of: | | |
| Permanent differences | 10,178 | 27,780 |
| | <u>1,238</u> | <u>74</u> |

Total actual amount of current tax

The adoption of FRS 19 has had nil impact on the tax charge for the current or preceding year.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

6. EXCEPTIONAL ITEM

On 27 July 2001 the company completed the disposal of Hays Chemicals Ltd for a consideration of £106.8 million. £60.1 million of the sale price was paid in cash at completion, with the balance of £46.7 million being settled by a loan carrying a coupon of 9% for first three years rising to 15% by year five. As part of the transaction, the company reinvested disposal proceeds of £0.6m in a 49% stake in Albion Chemicals Ltd, the purchase vehicle.

After providing for retained liabilities the disposal gave rise to a loss of £70.4 million in the current year. In the prior year a charge of £92.6 million was made reflecting the impairment in the carrying value of the company's investment in Hays Chemicals Ltd in anticipation of the disposal.

7. 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 2001 | 995,237 | (122,107) | - | - | 873,130 |
| Additions | 28,000 | - | 625 | 46,855 | 75,480 |
| Disposals | (213,812) | 92,714 | - | - | (121,098) |
| Interest receivable on loan to associate | - | - | - | 3,850 | 3,850 |
| As at 30 June 2002 | 809,425 | (29,393) | 625 | 50,705 | 831,362 |

The company acquired a 49% stake in Albion Chemicals Ltd, a chemical distribution business incorporated in Great Britain, as part of the transaction described in note 6.

The company acquired the entire share capital of Hays Distribution Services Limited from Hays plc during the year, in return for the issue of shares by the company to Hays plc. This transaction has been accounted for as a group reconstruction. Group reconstruction relief has been applied, under section 132 of the Companies Act 1985. This has resulted in the company's investment in Hays Distribution Services Limited being recorded at the nominal value of the shares issued.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

The following were subsidiaries of the company at 30 June 2002:-

| | <u>Activities</u> |
|---|---------------------------------------|
| Acquired during the year from a fellow group undertaking: | |
| Hays Distribution Services Ltd | Specialised distribution activities |
| Held at 1 July 2001 and throughout the year: | |
| Hays Commercial Services Limited | Office support services |
| Hays Personnel Services (Holdings) Limited | Specialist staff recruitment agencies |
| All-Travel Marketing Support Services Ltd |) |
| Apollo Despatch (Franchising) Limited |) |
| 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 Group Services 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 |) |

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

Subsidiaries of the company *continued:-*

| | <u>Activities</u> |
|-------------------------------------|-------------------|
| Midland Dykem (Chemicals) Limited |) |
| NLCS Limited |) |
| Northern Document Exchange Limited |) |
| OBS Enterprises Limited |) |
| OBSDOC Rotherham Limited |) |
| Optical Courier Services Limited |) |
| Paperstream Limited |) |
| Parcel Link Limited |) |
| PSG Holdings Limited |) |
| PSG Limited |) |
| Rockall Data Services Limited |) |
| Rockall Scotia Resources Limited |) Non trading |
| Rutland Exchange Limited |) |
| Southern Re-Usable Supplies Limited |) |
| TAV Staff Agency Limited |) |
| Total Mailing Services Limited |) |
| Transalarch Data Management Limited |) |
| Transalarch Seguridad Limited |) |
| United Kingdom Cold Storage Limited |) |
| Westbond Chemicals Limited |) |
| Weyside Fifteen Limited |) |
| Weyside Sixteen Limited |) |
| Weyside Twenty Limited |) |
| Weyside Twenty-Two Limited |) |

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

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

| | | |
|--|------------------|------------------|
| 8. DEBTORS | 2002 £'000 | 2001 £'000 |
| Amounts owed by subsidiary undertakings | 162,682 | 162,682 |
| | <u>162,682</u> | <u>162,682</u> |
| 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2002 £'000 | 2001 £'000 |
| Amounts owed to subsidiary undertaking | 212,407 | 249,899 |
| Amounts owed to parent undertaking | 805,958 | 829,951 |
| Amounts owed to fellow subsidiary undertaking | 119 | 97 |
| Group relief creditor | 131 | 22 |
| Corporation tax creditor | 547 | 23 |
| Other creditors | 11 | 11 |
| | <u>1,019,173</u> | <u>1,080,003</u> |
| 10. PROVISIONS FOR LIABILITIES AND CHARGES | 2002 £'000 | 2001 £'000 |
| Provision for Hays Chemicals liabilities | <u>22,101</u> | <u>-</u> |

The provision relates to liabilities retained on the disposal of the Hays Chemicals Ltd. It is not possible to estimate the timing of the crystallisation of these liabilities.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2002

| | | |
|---|----------------|----------------|
| 11. CALLED UP SHARE CAPITAL | 2002 £'000 | 2001 £'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 (2001 - 59,986,713) Ordinary Shares of £1 each | <u>87,987</u> | <u>59,987</u> |

The company issued 28,000,000 ordinary shares to Hays plc during the year. The consideration for this share issue took the form of a transfer by Hays plc of the ownership of Hays Distribution Services Limited to the company. This transaction has been accounted for as a group reconstruction. Group reconstruction relief has been applied, under section 132 of the Companies Act 1985, and consequently no share premium has arisen.

| | |
|---------------------------------------|--|
| 12. RESERVES | Profit and loss account £'000 |
| Balance at 1 July 2001 | (103,781) |
| Amount transferred to/(from) reserves | (31,039) |
| Balance at 30 June 2002 | <u>(134,820)</u> |

13. BANK GUARANTEES

This company and other UK group companies are members of a UK clearing bank cash pooling facility. All of the UK 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 2002

14. RELATED PARTY DISCLOSURES

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 financial statements of Hays plc may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.