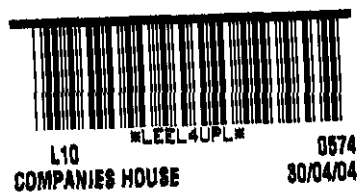


REGISTERED NO: 93338

HAYS HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
30 JUNE 2003



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 2003.

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

Results and Dividends

The company's profit on ordinary activities after taxation was £278,239k (2002 – loss £31,039k).

Interim dividends totalling £68k were received during the year (2002 - £36,462k).

No interim dividends were paid during the year (2002 - Nil).

No final dividend was proposed (2002 - £ Nil).

Future Developments

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

On 4 February 2004 the company disposed of its investment in Hays Distribution Services Limited, as part of the Group's disposal of the Logistics division. No additional loss over and above the impairment charge (per note 4) is expected to be incurred as a result of this disposal.

Directors

The following were directors of the company during the year:

S J Charnock	
P A Dungate	
R A Lawson	(Chairman)
J W Martin	(Appointed 14/03/2003)
C S Matthews	(Appointed 01/11/2002)
N A McLachlan	(Resigned 08/09/2003)
G J Williams	(Retired 30/04/2003)

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 were as follows:

	1p Ordinary Shares in Hays plc of:			Share Options		30 June 2003	Maximum number of shares receivable under the long term Incentive Plan	
	30 June 2002	30 June 2003	1 July 2002	Granted in period	Lapsed in period		2003	2002
S J Charnock	98,468	98,468	265,304	91,666	-	356,970	106,520	106,520
P A Dungate	-	-	124,889	40,740	-	165,629	-	-

R A Lawson, J W Martin and C S Matthews 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 LLP, are willing to continue in office.

HAYS HOLDINGS LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2003

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 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

30 APRIL 2004

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 2003 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in equity shareholders' funds and the related notes 1 to 17. 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 2003 and of its profit 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

30 April 2004

HAYS HOLDINGS LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2003

	Note	2003 £'000	2002 £'000
Net operating charges		<u>(779)</u>	<u>-</u>
OPERATING LOSS	2	(779)	-
Profit/(loss) on disposal of fixed asset investments	3	299,932	(70,387)
Amounts written off fixed asset investments	4	(24,000)	-
Income from shares in group companies		68	36,462
Interest receivable and similar income	5	<u>4,312</u>	<u>4,124</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		279,533	(29,801)
Tax charge on profit on ordinary activities	7	<u>(1,294)</u>	<u>(1,238)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	278,239	(31,039)
Equity dividends paid and proposed		<u>-</u>	<u>-</u>
AMOUNT TRANSFERRED TO/(FROM) RESERVES		<u>278,239</u>	<u>(31,039)</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 2003

	Note	2003 £'000	2002 £'000
FIXED ASSET INVESTMENTS	8	<u>499,304</u>	<u>831,362</u>
CURRENT ASSETS			
Debtors	9	185,108	162,682
Cash at bank and in hand		<u>11,267</u>	<u>397</u>
		196,375	163,079
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(444,866)</u>	<u>(1,019,173)</u>
NET CURRENT LIABILITIES		<u>(248,491)</u>	<u>(856,094)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		250,813	(24,732)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(19,407)	(22,101)
		<u>231,406</u>	<u>(46,833)</u>
CAPITAL AND RESERVES			
Called up share capital	12	87,987	87,987
Profit and loss account	13	<u>143,419</u>	<u>(134,820)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>231,406</u>	<u>(46,833)</u>

The financial statements were approved by the Board of Directors on 30 April 2004.

Signed on behalf of the Board of Directors



R A Lawson
Director

HAYS HOLDINGS LTD

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

YEAR ENDED 30 JUNE 2003

	2003 £'000	2002 £'000
Profit/(loss) for the financial year	278,239	(31,039)
Increase in share capital	<u>-</u>	<u>28,000</u>
Net increase/(decrease) in equity shareholders funds	278,239	(3,039)
Opening equity shareholders' deficit	(46,833)	(43,794)
Closing equity shareholders' funds/(deficit)	<u>231,406</u>	<u>(46,833)</u>

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable UK 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) 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. OPERATING LOSS

	2003 £'000	2002 £'000
Provision against intercompany debtors	<u>(779)</u>	<u>-</u>
	<u>(779)</u>	<u>-</u>

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 2003

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

During this year the company sold its investment in Hays Personnel Services (Holdings) Ltd to the ultimate holding company, Hays plc. The consideration received was £600.0m, which took the form of a reduction in the amount owed by the company to Hays plc. The cost of the investment was £300.0m.

In the prior year a loss of £70.4 million was incurred on the disposal of Hays Chemicals Ltd.

4. AMOUNTS WRITTEN OFF FIXED ASSET INVESTMENTS

	2003 £'000	2002 £'000
Provision against carrying value of investment	(24,000)	-
	<u>(24,000)</u>	<u>-</u>

The company's investment in Hays Distribution Services Ltd has been written down to its expected realisable value.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
Interest receivable from group undertakings	194	260
Interest receivable from third party	-	14
Interest receivable from associate company	4,118	3,850
	<u>4,312</u>	<u>4,124</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.

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2003

7. TAX CHARGE ON ORDINARY ACTIVITIES	2003	2002
	£'000	£'000
United Kingdom Corporation Tax	1,294	1,107
Group relief	-	131
	<hr/>	<hr/>
Total profit and loss account charge.	<u>1,294</u>	<u>1,238</u>
Factors affecting tax charge for the period:		
Profit/(loss) on ordinary activities before tax	<u>279,533</u>	<u>(29,801)</u>
Profit/(loss) on ordinary activities before tax at 30% (2002: 30%)	83,860	(8,940)
Effects of:		
Permanent differences	<u>(82,566)</u>	<u>10,178</u>
	<hr/>	<hr/>
Total actual amount of current tax	<u>1,294</u>	<u>1,238</u>

The permanent differences principally relate to the gain on the sale of an investment to the ultimate holding company (see note 3).

8. 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 2002	809,425	(29,393)	625	50,705	831,362
Disposals/transfers	(300,183)	10	-	-	(300,173)
Provision against carrying value	-	(24,000)	-	-	(24,000)
Loans repaid in year	-	-	-	(12,003)	(12,003)
Interest receivable on loan to associate	-	-	-	4,118	4,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2003	<u>509,242</u>	<u>(53,383)</u>	<u>625</u>	<u>42,820</u>	<u>499,304</u>

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2003

9. DEBTORS	2003 £'000	2002 £'000
Amounts owed by subsidiary undertakings	185,108	162,682
	<u>185,108</u>	<u>162,682</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003 £'000	2002 £'000
Amounts owed to subsidiary undertaking	236,147	212,407
Amounts owed to parent undertaking	207,786	805,958
Amounts owed to fellow subsidiary undertaking	250	119
Group relief creditor	-	131
Corporation tax creditor	645	547
Other creditors	38	11
	<u>444,866</u>	<u>1,019,173</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES	2003 £'000	2002 £'000
Provision for Hays Chemicals liabilities	<u>19,407</u>	<u>22,101</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 possible to estimate the timing of the crystallisation of these potential liabilities.

12. CALLED UP SHARE CAPITAL	2003 £'000	2002 £'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>

HAYS HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

YEAR ENDED 30 JUNE 2003

13. RESERVES	Profit and loss account £'000
Balance at 1 July 2002	(134,820)
Amount transferred to reserves	278,239
Balance at 30 June 2003	<u>143,419</u>

14. BANK GUARANTEES

This company and the Hays Group UK subsidiaries 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.

15. 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 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 2003

16. ADDITIONAL INFORMATION ON SUBSIDIARIES

The following were subsidiaries of the company at 30 June 2003:-

	<u>Activities</u>
Held at 1 July 2002 and throughout the year:	
Hays Commercial Services Limited	Office support and UK Mail services
Hays Distribution Services Ltd	Specialised distribution activities
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 2003

16. 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)	

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

17. POST BALANCE SHEET EVENTS

On 4 February 2004 the company disposed of its investment in Hays Distribution Services Limited, as part of the Group's disposal of the Logistics division.

No additional loss over and above the impairment charge (per note 4) is expected to be incurred as a result of this disposal.