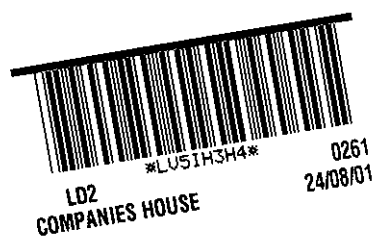


The Empower Group Limited

Report and accounts

for the period from 3 August 1999 (date of incorporation) to
31 December 2000

Registered number: 3821351



Directors' report

For the 17 months ended 31 December 2000

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the 17 months ended 31 December 2000.

Principal activities

The principal activity of the company is to provide change management consulting services to clients on a world wide basis.

The Empower Group is a global consultancy business helping clients by maximising the strategic impact of their people. Empower operates in five service areas being organisation performance, talent architecture, branding and communications, research and diagnostics and HR outsourcing.

Business review

The company was incorporated on 3 August 1999 as Manpower Strategic Services Limited. On 4 August 2000 the name of the company was changed to The Empower Group Limited. On 1 January 2000 the company commenced trading.

In furtherance of its principal activity, the company made acquisitions during the year 2000 of companies in the United States of America, in the Asia/Pacific area headquartered in Australia and in the United Kingdom. It is planned that continued expansion of the company's geographic and service coverage will take place in 2001 through both internal growth and further acquisitions.

2000 was a year of start up and the initial phase in the implementation of a structure on which to base the sound future growth of the company.

Results and dividends

The results for the period are set out on page 5.

No dividend is proposed or payable for the period.

Directors

The directors who served during the period were as follows:

D Arkless	(appointed 5 August 1999)
M Lynch	(appointed 16 August 1999)
K Corfield	(appointed 1 December 1999)
A Wright	(appointed 1 December 1999)
Instant Companies Limited	(appointed 3 August 1999, resigned 5 August 1999)

Directors' report (continued)

Directors (continued)

Directors' interests

The directors who held office at 31 December 2000 had the following interests in the \$0.01 common stock of Manpower Inc, the ultimate parent undertaking:

	Number of options			Exercise period	Exercise price (US\$)
	At 3 August 1999	Granted in the period	Exercised in the period		
D Arkless	20,000	-	(20,000)	-	-
	10,000	-	-	2002 - 2009	29.56
	-	15,000	-	2001 - 2010	29.56
M Lynch	12,000	-	-	1996 - 2003	17.13
	11,500	-	-	1999 - 2006	32.00
	-	15,000	-	2002 - 2009	34.50
	-	8,000	-	2001 - 2010	29.56
K Corfield	-	2,500	-	2001 - 2010	29.56
A Wright	-	1,500	-	2001 - 2010	29.56

No director had any interest in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Auditors

Arthur Andersen were appointed auditors in the year. The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



D Arkless
Director

22nd August 2001

23 Buckingham Gate
London
SW1 6LB

Auditors' report



To the Shareholders of The Empower Group Limited

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

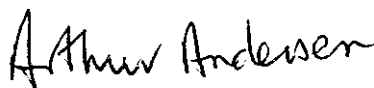
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

20 Old Bailey
London
EC4M 7AN

22 August 2001

Profit and loss account

For the period from 3 August 1999 (date of incorporation) to 31 December 2000

	Notes	2000 £
Turnover	1	121,547
Cost of sales		-
Gross profit		121,547
Other operating expenses (net)		(2,998,643)
Operating loss		(2,877,096)
Finance charges (net)	2	(121,026)
Loss on ordinary activities before taxation	3	(2,998,122)
Tax on profit on ordinary activities	6	-
Loss on ordinary activities after taxation		(2,998,122)
Retained loss for the period	15	(2,998,122)

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses in the period other than the loss for the period.

All results derive from continuing activities.

Balance sheet
31 December 2000

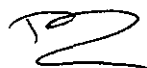
	Notes	2000 £
Fixed assets		
Goodwill	7	219,679
Tangible assets	8	216,958
Investments	9	14,404,330
		<u>14,840,967</u>
Current assets		
Debtors	10	162,370
Cash at bank and in hand		224,344
		<u>386,714</u>
Creditors: Amounts falling due within one year	11	<u>(4,370,095)</u>
Net current liabilities		<u>(3,983,381)</u>
Total assets less current liabilities		10,857,586
Creditors: Amounts falling due after more than one year	12	<u>(267,820)</u>
Net assets		<u>10,589,766</u>
Capital and reserves		
Called-up share capital	14	550,000
Share premium account	15	13,037,888
Profit and loss account	15	<u>(2,998,122)</u>
Equity shareholders' funds		<u>10,589,766</u>

The accounts on pages 5 to 15 were approved by the board of directors on behalf by:

22 August 2001 and signed on its

D Arkless

Director



The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

31 December 2000

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

a) Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 248 of the Companies Act 1985 on the basis that it is a medium-sized group. As a wholly owned subsidiary of Manpower Inc, which prepares group accounts that are publicly available the company is exempt from the requirements of FRS1 to present a cash flow statement.

b) Intangible assets - Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	10 years
Furniture, fixtures and fittings	5-10 years
Office equipment	3 years

d) Investments

Fixed asset investments are shown at cost less provision for impairment.

e) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

f) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Notes to accounts (continued)

1 Principal accounting policies (continued)

g) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

h) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

i) Segment information

All turnover arises from consultancy services supplied in the UK.

2 Finance charges (net)

Interest receivable and similar income.

	2000 £
Bank interest received	1,608

Interest payable and similar charges

	2000 £
Interest payable to fellow group companies	(11,484)
Other loans	(52,959)
	(64,443)
Exchange loss on foreign currency borrowings less deposits (net)	(58,191)
	(122,634)

Finance charges (net)

	2000 £
Interest payable and similar charges	(122,634)
Less: Interest receivable and similar income	1,608
	(121,026)

Notes to accounts (continued)

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2000 £
Depreciation and amounts written off tangible fixed assets	
- owned	374
Amortisation of goodwill	10,068
Operating lease rentals	
- land and buildings	150,686
Auditors' remuneration for audit services	10,000
	<hr/>

4 Staff costs

The average monthly number of employees (including executive directors) was 7:

Their aggregate remuneration comprised:

	2000 £
Wages and salaries	461,519
Social security costs	55,187
Bonuses	181,000
	<hr/>
	697,706

5 Directors' remuneration and transactions

Remuneration

The remuneration of the directors was as follows:

	2000 £
Emoluments	305,008
Company contributions to money purchase pension schemes	-
	<hr/>
	305,008
Relocation expenses	44,455
	<hr/>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. One director exercised share options in the period making a gain of £178,338.

Notes to accounts (continued)

5 Directors' remuneration and transactions (continued)

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £
Emoluments	196,959
Company contributions to money purchase schemes	-
	<u>196,959</u>

6 Tax on profit on ordinary activities

No corporation tax is payable due to the losses made in the period.

7 Intangible fixed assets – Goodwill

	2000 £
Cost	
At 3 August 1999	-
Additions	509,462
At 31 December 2000	<u>509,462</u>
Amortisation	
At 3 August 1999	-
Charge for the year	(10,068)
Impairment losses	(279,715)
At 31 December 2000	<u>(289,783)</u>
Net book value	
At 31 December 2000	<u>219,679</u>
At 3 August 1999	<u>-</u>

Notes to accounts (continued)

7 Intangible fixed assets – Goodwill (continued)

Acquisitions

In November 1999 and August 2000, the company acquired two consulting businesses for a total consideration, wholly in cash of, £509,462, of which £190,000 was deferred and paid in early 2001.

Following a review of the company's strategy, the directors consider the goodwill arising on the acquisitions to be impaired as a result of a reduced useful economic life of two years.

8 Tangible fixed assets

	Leasehold improvements £	Furniture, fixtures and fittings £	Office equipment £	Total £
Cost				
At 3 August 1999	-	-	-	-
Additions	83,678	89,202	44,452	217,332
At 31 December 2000	83,678	89,202	44,452	217,332
Depreciation				
At 3 August 1999	-	-	-	-
Charge for the year	-	-	374	374
At 31 December 2000	-	-	374	374
Net book value				
At 31 December 2000	83,678	89,202	44,078	216,958
At 3 August 1999	-	-	-	-

9 Fixed asset investments

	2000 £
Subsidiary undertakings (acquired in the period)	14,404,330

Notes to accounts (continued)

9 Fixed asset investments (continued)

Subsidiary undertakings

The company has investments in the following subsidiary undertakings, all of which are engaged in change management consulting services.

	Country of incorporation or principal business address	Holding %
Brecker & Merryman Inc	USA	100
Clark Hummerston Pty Limited	Australia	100
Green Hanson-Clark Hummerston Pty Limited	New Zealand	100
Falls Corporate Research Pty Limited	Australia	100
Company Services Associates Limited	United Kingdom	100

10 Debtors

	2000 £
Trade debtors	52,286
VAT	66,174
Other debtors	20,255
Prepayments and accrued income	23,655
	<hr/> 162,370

11 Creditors: Amounts falling due within one year

	2000 £
Amounts owed to group undertakings	1,544,985
Other taxation and social security	44,012
Other creditors	13,371
Accruals and deferred income	290,500
Deferred acquisition consideration (see note 13)	2,477,227
	<hr/> 4,370,095

Notes to accounts (continued)

12 Creditors: Amounts falling due after more than one year

	2000 £
Deferred acquisition consideration (see note 13)	<u>267,820</u>

13 Deferred acquisition consideration

The company has deferred acquisition consideration arising in respect of the subsidiaries acquired in the period, as follows:

	2000 £
Amounts falling due within one year	2,477,227
Amounts falling due after more than one year	<u>267,820</u>
	<u>2,745,047</u>

14 Called-up share capital

	2000 £
<i>Authorised</i>	
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>
<i>Allotted, called-up and fully-paid</i>	
550,000 ordinary shares of £1 each	<u>550,000</u>

The company was incorporated on 3 August 1999 with 1 ordinary £1 share issued and fully paid.

On 30 November 2000, 499,999 ordinary £1 shares were issued to convert a loan from Manpower Inc of £8,261,874. The effective issue price was £16.52.

On 29 December 2000, 50,000 ordinary £1 shares were issued to convert a loan from Manpower Inc of £5,326,013. The effective issue price was £106.52.

Notes to accounts (continued)

15 Reserves

	Share premium account £	Profit and loss account £	Total £
At 3 August 1999	-	-	-
Share issues	13,037,888	-	13,037,888
Retained loss for the year	-	(2,998,122)	(2,998,122)
At 31 December 2000	<u>13,037,888</u>	<u>(2,998,122)</u>	<u>10,039,766</u>

16 Reconciliation of movements in shareholders' funds

	2000 £
Loss for the financial period	(2,998,122)
New shares issued	<u>13,587,888</u>
Net addition to shareholders' funds	10,589,766
Opening shareholders' funds	-
Closing shareholders' funds	<u>10,589,766</u>

17 Financial commitments

Capital commitments

Capital commitments contracted but not provided for are £16,147.

Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2000 Land and buildings £
Expiry date	
- within one year	91,906
- between two and five years	118,150
- after five years	<u>118,150</u>
	<u>328,206</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Notes to accounts (continued)

18 Subsequent events

After the end of the year the company, either directly or indirectly through its subsidiaries, has paid a total of £13 million in cash on further acquisitions in the UK (£4 million) and outside the UK (£9 million), with deferred consideration payable partly dependent on the future profitability of the companies purchased.

19 Ultimate controlling party

The directors regard Manpower Inc, a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

As a subsidiary undertaking of Manpower Inc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Manpower Inc.

Copies of its accounts are available from 5301 N. Ironwood Road, Milwaukee, WI 53201.