annual report 2005

randstad holding

core data

(amounts in millions of €, unless otherwise indicated)

	2005	2004	Δ%
Revenue	**6,638.5**	5,764.2	15.2
Gross profit	**1,405.2**	1,218.2	15.4
Operating profit	**290.9**	225.6	28.9
Operating profit before amortization other intangible assets and impairment goodwill (EBITA)	**299.1**	226.4	32.1
Net income [1]	**241.9**	194.1	24.6
Net income [1] before amortization other intangible assets and impairment goodwill (after taxes)	**249.1**	194.7	27.9
Net cash flow from operating activities	**238.2**	264.7	(10.0)
Free cash flow	**146.0**	200.7	(27.3)
Shareholders' equity	**536.2**	507.1	5.7
Net cash [2]	**206.0**	149.0	38.3
Interest cover [3]	**424.0**	121.7	
Average number of staffing employees (fte)	**254,400**	224,600	13.3
Average number of corporate employees (fte)	**13,430**	12,260	9.5
Number of branches, year-end	**1,708**	1,633	4.6
Number of in-house locations, year-end	**703**	687	2.3
Closing price (in €)	**36.69**	28.95	26.7
Number of ordinary shares issued (in millions), year-end	**115.7**	115.6	
Market capitalization, year-end	**4,243.9**	3,347.2	26.8
Price/earnings ratio	**18**	17	
Ratios in % of revenue			
Gross margin	**21.2%**	21.1%	
Operating margin	**4.4%**	3.9%	
EBITA	**4.5%**	3.9%	
Net income margin [1]	**3.6%**	3.4%	
Basic earnings per ordinary share (€)	**2.10**	1.68	25.0
Diluted earnings per ordinary share (€)	**2.09**	1.68	24.4
Diluted earnings per ordinary share before amortization other intangible assets and impairment goodwill	**2.15**	1.68	28.0
Dividend per ordinary share (€)	**0.84**	0.66	27.3
Payout per ordinary share in % [4]	**40%**	39%	

1 Net income: net income for ordinary shareholders.
2 Net cash: cash and cash equivalents minus borrowings.
3 Interest cover: operating profit before depreciation, amortization and impairment goodwill (EBITDA) on financial income and expenses (net finance costs less dividend preferred shares).
4 Payout per ordinary share in %: dividend per ordinary share on basic earnings per ordinary share.

Revenue split by geographical area, 2005

Belgium/Luxembourg	12%
France	7%
Germany	12%
Italy	3%
Netherlands	37%
North America	18%
Spain	6%
United Kingdom	3%
Other European countries and India	2%
Total in millions of €	6,638.5

Revenue split by service concept, 2005

Mass-customized	80%
In-house services	14%
Interim professionals, recruitment & selection	4%
HR solutions	2%
Total in millions of €	6,638.5

active in 19 countries
254,400 flexworkers & interim professionals
13,430 corporate employees

randstad matches supply and demand in labor and provides hr services

adding value for our clients with four distinctive service concepts:

- mass-customized services
- in-house services
- interim professionals, recruitment & selection
- hr solutions

and in no way provide guarantees for future performance. All operating and business environments are subject to risk and uncertainty. For this reason, we can offer no assurances that the forecasts published here will prove correct at a future date.

This annual report was prepared in English and Dutch. Please note that in case of unclarity, the Dutch text is decisive.

contents

annual report 2005

'Randstad works...'
Ben Noteboom, CEO, Randstad Holding.

profile

Corporate mission

The Randstad Group's mission is to rank among world leaders in matching supply and demand of labor and HR services.

What Randstad does

The Randstad Group aims to meet the constantly growing need for flexibility of labor, improved productivity and outsourcing of HR-related activities in the workplace.
We achieve this goal in a number of ways. We offer a range of services that cover almost every aspect of HR services, from staffing, which means finding quality temporary personnel (flexworkers & interim professionals) and permanent employees for quality work with our clients, to the provision of a whole range of specialized services, such as HR consultancy and HR process management services.

What makes us different

When clients and flexworkers, interim professionals and candidates work with Randstad, they benefit from our 45 years of experience. We have built and perfected our services over time, always innovating to adjust them to the changing needs of our clients and candidates. Randstad is known for its firm and consistent values (to know, serve and trust), which we summarize through our philosophy 'good to know you'. Through 'good to know you', we bring all our experience and knowledge to our clients. In addition, Randstad operates in line with four building blocks that form the foundation of our strategy:

- strong concepts
- best people
- excellent execution
- superior brands

How we work

In principle, the way we work is the same throughout our markets. Our goal is to provide clients with the best solution to their HR needs and to provide our flexworkers, interim professionals and candidates with challenging opportunities in the labor market. Our services can be divided in four categories: regular staffing (including high-volume specialties), or mass-customized services as we call them; in-house services; interim professionals, recruitment & selection; and HR solutions. All these offerings are supported by standardized processes for greater efficiency. We call this our 'strong concepts' approach. For example, in regular staffing, we work according to a unique unit structure. A unit is a team of two consultants who work together for a specific group of clients, one covering for the other at all times, so that a client or flexworker always finds an informed person to talk to. Moreover, the consultants that are speaking with the client about their needs are the same people who recruit the candidates for the position, resulting in the best possible match. In addition, many of our consultants have very specialized sector knowledge, often gained through training with Randstad. This enables us to offer specialty matching, such as health care, hospitality, call center staffing, etc. Consultants throughout Randstad all work according to the same concept. The consultants themselves are carefully selected according to a very specific profile. This is part of another strategic principle in our company, which we call our 'best people' approach. Our consultants are supported by Group-wide administrative processes designed for efficiency and effectiveness, ensuring excellent execution. These defined, standardized ways of working make it easier for us to roll out specialties in new markets according to our 'copy & paste' method. All together, these systems and methods ensure that our people can focus on what is really important: delivering a high quality service, in keeping with the expectations for which our brands have become symbols.

'My job is to help the disabled find jobs - it's the most satisfying work I've ever done...'
Marta del Moral, consultant, Randstad Foundation, Spain.

1 strong concepts

Our 'strong concepts' approach delivers excellent work methods, a better ability to adapt quickly to client needs, and enhanced knowledge of flexible work and solutions. This ensures a reliable and consistent quality of service to both client and flexworker. We have different solutions for each market segment: mass-customized; in-house services; interim professionals, recruitment & selection; and HR solutions.

2 best people

The 'best people' principle benefits clients because our consultants are highly educated and trained. This makes them an equal partner for clients. Randstad consultants simply know their business and their clients better. Because retention is a priority, we offer a wide variety of training programs to all our corporate employees. Our goal is to fill at least 80% of management vacancies through internal promotion. This secures continuation of our company culture and strategy.

Alongside staffing and permanent placement in both regular staffing and specialty sectors, we also offer in-house services. This activity successfully aims to improve client productivity. Located on the client's premises, the consultants work closely with the client's HR and operational managers on recruitment, training, planning and retention of flexworkers for a number of specific jobs. These consultants, who perform the role of process managers, work for one client only, and also provide management information and advice on (cost) efficiency.

A third category is interim professionals, recruitment & selection, focusing on the senior and middle-management sector, by recruiting and selecting professionals for secondment, interim and project-based client needs, or for permanent jobs.

Finally, HR solutions meets a growing demand for outsourcing of non-strategic HR activities. These services range from payrolling to full HR management and outsourced management of HR processes.

Where we work

Randstad was founded in 1960 in the Netherlands by Frits Goldschmeding. In the past 45 years, we have gradually expanded into the 18 other geographic markets that represent more than 80% of the world market for our services. Currently, Randstad is active in Belgium, Canada, China, Denmark, France, Germany, Hungary, India, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. Randstad pursues growth in its geographic markets through our organic growth model supported by bolt-on acquisitions to accelerate our development.

Our core values

We are a company that has become known for firm and consistent values throughout our organization, which we summarize as 'good to know you'. It is based on the corporate core values we have lived for many decades:

To know, serve and trust

People working for Randstad must have a genuine desire to provide good quality service. In addition, we must have a high degree of knowledge about the needs of both our clients and our flexworkers, interim professionals and candidates. The same applies to the way in which we interact with our corporate employees and other stakeholders (shareholders, employers' and employees' organizations, suppliers, etc.). Mutual trust is key in all these relationships and interactions.

Striving for perfection

Randstad aspires to distinguish itself through the high quality of its services. For that reason, striving for perfection is integral to our corporate culture and continuity goals, and is therefore firmly embedded in all our aims and objectives.

Simultaneous promotion of all interests

The Randstad Group is an integral part of the business and social environment in all its markets. We feel strongly about making a contribution to society. Consequently, we aim to take into account the interests of all our stakeholders. This thinking extends to acting responsibly towards our living and working environment, and to opportunities for applying our competencies, also as a means of alleviating poverty and disadvantage.

3 excellent execution

Our 'excellent execution' approach ensures that benefits are delivered to our clients rapidly and efficiently, with corporate pride in getting the details right, supported by standardized processes. Productivity management via the unit steering model and our integrated risk management are other components of this building block. As such, these became part of day-to-day operations.

4 superior brands

Superior brands are the recognition that clients will receive the top-level service they expect, worldwide. We ensure that our clients and our flexworkers, interim professionals and candidates know us well and respect us highly. Our focus on a few strong brands means clients recognize us easily and that our own people act in the proud knowledge that they represent a world leader in its field.

profile

what we do

brands

mass-customized

This is our regular business – staffing, permanent placement and (high-volume) specialties. It is structured according to our unique unit approach. Expert consultants in teams of two form the unit. They provide our clients with temporary employees (flexworkers) and permanent employees, making the match based on knowledge of both the client's needs and the candidate's skills, capabilities and requirements. Our units work with an extensive range of general job profiles, but also often have specialized expertise in a specific business sector or job type.

randstad
tempo-team
otter-westelaken

in-house services

This is a very efficient total solution for managing a high-quality workforce with client-specific skill sets, aimed at improving labor flexibility, retention, productivity and efficiency. We work on site exclusively for one client, providing a limited number of well-defined job profiles. These flexworkers are on the Randstad payroll – they are our employees. We often work with the client to determine specific performance criteria, and we provide total HR management, including recruitment & selection, training, planning, retention and management reporting.

randstad inhouse services
CAPAC INHOUSE SERVICES a Randstad Company

interim professionals, recruitment & selection[1]

For middle and more senior management positions, we recruit employees with professional qualifications, either for permanent positions or on secondment, interim or project basis with clients. This service includes a number of related recruitment and training programs that are often fee-based.

randstad professionals
YACHT
martinwardanderson
Emmay HR a Randstad company

HR solutions[2]

We offer a comprehensive range of HR project management, HR management and HR consultancy services that are based on our extensive experience in this field. The range, from outplacement, career management and payroll management for small and medium enterprises to major HR process outsourcing services for large corporations, frees up time to allow our client HR managers to concentrate on essential strategic HR issues for their company. These services are usually offered separately from our regular staffing and permanent placement offering, and are almost always fee-based.

randstad HR solutions

1 For consistency reasons, an amount of € 8.6 million (2004: < € 0.5 million) of additional recruitment and selection revenue is still reported within the mass-customized segment.
2 HR solutions is still included in the business segment mass-customized, but is separately disclosed on this page for information purposes.

countries		statistics	2005	2004	Δ%
Belgium (115)[3]	Poland (18)				
Canada (25)	Portugal (13)	Revenue total (in millions of €)	**5,462.7**	5,026.6	9%
Denmark (10)	Spain (143)	Revenue specialties[5]	**1,461.5**	1,154.0	27%
France (119)	Sweden (3)	Flexworkers (average fte)	**214,300**	200,900	7%
Germany (206)	Switzerland (18)	Corporate staff (average fte)	**11,310**	10,500	8%
Hungary (1)	Turkey (1)	Branches, year-end	**1,649**	1,590	4%
Italy (120)	United Kingdom (65)	In-house locations, year-end	**176**	280	(37)%
Luxembourg (4)	United States (325)	Countries	**17**	16	
Netherlands (639)					

countries	statistics	2005	2004	Δ%
Belgium (88)				
France (50)	Revenue total (in millions of €)	**909.2**	526.9	73%
Germany (71)	Flexworkers (average fte)	**37,000**	21,100	75%
Italy (12)	Corporate staff (average fte)	**1,160**	750	55%
Netherlands (166)	In-house locations, year-end	**527**	407	29%
Spain (22)	Countries	**8**	7	
United Kingdom (44)				
United States (74)				

countries	statistics	2005	2004	Δ%
Belgium (9)				
China (1)	Revenue total[5] (in millions of €)	**288.3**	226.1	28%
France (1)	Interim professionals (average fte)	**3,100**	2,600	19%
Germany (11)	Corporate staff (average fte)	**440**	430	2%
India (5)	Branches, year-end	**48**	34	41%
Netherlands (14)	Countries	**7**	5	
United Kingdom (7)				

countries	statistics	2005	2004	Δ%
Belgium (11)				
Netherlands (29)[4]	Revenue total[5] (in millions of €)	**137.1**	90.9	51%
	Flexworkers (average fte)	**4,400**	3,200	38%
	Corporate staff (average fte)	**410**	340	21%
	Branches, year-end	**40**	29	38%
	Countries	**2**	2	

3 The number between brackets indicates outlets.

4 These branches (2004: 20 branches) are shared with activities of other business segments.

5 Revenue specialties, interim professionals and recruitment & selection, and HR solutions are included in calculating the target revenue specialties ≥ 30%.

executive board

Ben Noteboom (1958), CEO and chairman of the executive board

Graduated in law. Following international management positions with a major chemical company, Ben Noteboom joined Randstad in 1993. He was initially responsible for integration of acquisitions, such as Werknet into Tempo-Team in the Netherlands and Flex Intérim in France. Held senior management positions with Randstad and Capac. From 2000, he was responsible for in-house services Europe-wide, joining the executive board in 2001. In March 2003, he was appointed chairman of the executive board and CEO of Randstad Holding nv. He is responsible for the mass-customized concept, human resources & management development, business concept development, social & general affairs and corporate communications & branding and for Randstad in the US, Canada and the UK. He is also a supervisory board member of Buhrmann NV (a Dutch listed company).

Robert-Jan van de Kraats (1960), CFO

A certified auditor, Robert-Jan van de Kraats began his career with one of the big four accountancy firms. In 1989, he joined an international technology group as director finance and IT for the Netherlands. He held various senior positions with an international credit-insurance group from 1994 and was appointed CFO and member of the managing board in 1999. He joined Randstad as CFO and member of the executive board two years later. Since 2001, he has also been responsible for business development in Asia, Yacht, IT, investor relations, shared service centers and facilities & purchasing.
Robert-Jan van de Kraats is also a supervisory board member of Ordina NV (a Dutch listed company).

Jacques van den Broek (1960)

Following graduation in law, Jacques van den Broek fulfilled a management position with an international trading company until he joined Randstad in 1988 as branch manager. Later, he was appointed regional director in the Netherlands and, subsequently, marketing director Europe. In 2002, he moved to Capac as managing director, also taking on responsibility for Randstad in Denmark and Switzerland. Jacques van den Broek joined the executive board in 2004. He is now also responsible for Randstad in Belgium and Luxembourg, Sweden, France, Poland and Portugal, Tempo-Team, Randstad Inhouse Services, innovation, HR solutions and international accounts.

Leo Lindelauf (1951)

Following a study at a college for social work, Leo Lindelauf began his career as a community worker. In 1979, he joined Randstad, working as district and regional manager before being appointed regional director in the Netherlands. Subsequently, he became managing director of Tempo-Team in 1994. In 1999, he became managing director operations for Randstad Europe, which included a position as general manager of Randstad Netherlands. Appointed to the executive board in 2001, he is responsible for Randstad in the Netherlands, Germany, Spain, Italy and Hungary and the start-up of Randstad Turkey.

Jim Reese was responsible for Randstad in the United States, Canada and the UK until he stepped down on June 1, 2005.

report from the executive board

Strategy

Strategy from 2002

Our mission is to rank among the world leaders in matching supply and demand of labor and HR services. The strategy to achieve this mission was determined in early 2002, and specific goals to and beyond 2007 were defined at that time. This report by the executive board explains the underlying strategy and progress on our targets. It aims to offer greater insight into how our business works, the markets where we operate and the way we measure performance.

We further want to give an impression of the Randstad environment we have created. In this environment, our consultants are able to match a daily average of 254,400 flexworkers and interim professionals with approximately 74,000 clients, annually. It further enables us to offer services that cover every aspect of the labor market, from finding temporary personnel to providing HR solutions. The Randstad Group's longer-term strategic goal is to generate sound financial performance that enables us to invest in longer-term, sustainable capacity for (organic) growth, while maintaining a solid balance sheet. Progress on this goal is measured through performance on three strategic targets to and beyond 2007. These strategic targets are:

- EBITA[1] margin of 5-6%;
- Specialties contribute $\geq$ 30% to total revenue;
- Different geographical revenue mix, resulting in 70% non-Dutch revenue.

While pursuing these targets, Randstad strives to gain market share.

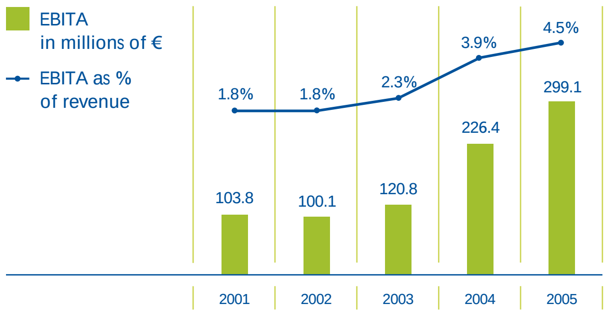
Strategic goals – progress in 2005

In terms of revenue and net income, 2005 was the best year ever in the history of Randstad.
Some performance highlights in 2005 were:

- Strong organic growth of 14%, resulting in outperformance in most of our markets;
- EBITA in 2005 amounted to € 299.1 million (2004: € 226.4 million) resulting in an increase in EBITA margin to 4.5% in 2005 (2004: 3.9%);
- Diluted earnings per share (EPS)[2] of € 2.15, including a positive one-off tax effect of € 0.09 (2004: EPS of € 1.68, including a positive one-off tax effect of € 0.38);
- Dividend per ordinary share of € 0.84 (2004: € 0.66);
- Expansion into Asia (China and India);
- Acquisitions to support our growth strategy to keep expanding into new markets and specialties; we reached agreement on two acquisitions under the HR solutions banner and two in recruitment activities;
- Continued growth and investment to expand specialties: roll-out of 233 new units and approximately 470 new people.

Consequently, our people have made significant progress on achieving the strategic targets that are explained on page 10.

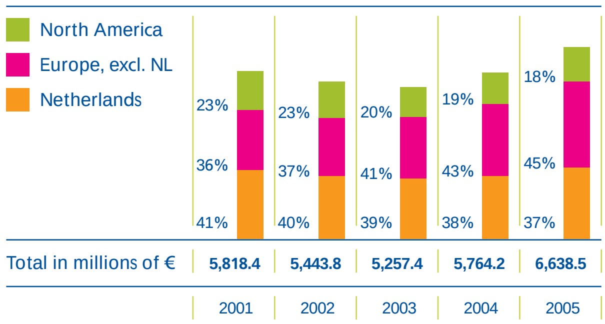
EBITA[1] and EBITA margin



Specialized revenue spread

	2005	2004
Transport/logistics	**16.3%**	18.0%
Call centers	**15.6%**	12.2%
Yacht	**15.3%**	15.4%
Construction/engineering	**11.2%**	10.4%
Finance & office	**8.7%**	11.0%
Health care	**7.5%**	8.2%
HR solutions	**7.3%**	6.2%
Catering	**3.7%**	3.7%
IT	**3.3%**	2.0%
Other	**11.1%**	12.9%
Total in millions of €	**1,886.9**	1,471.0
% of total revenue	**28.4%**	25.5%

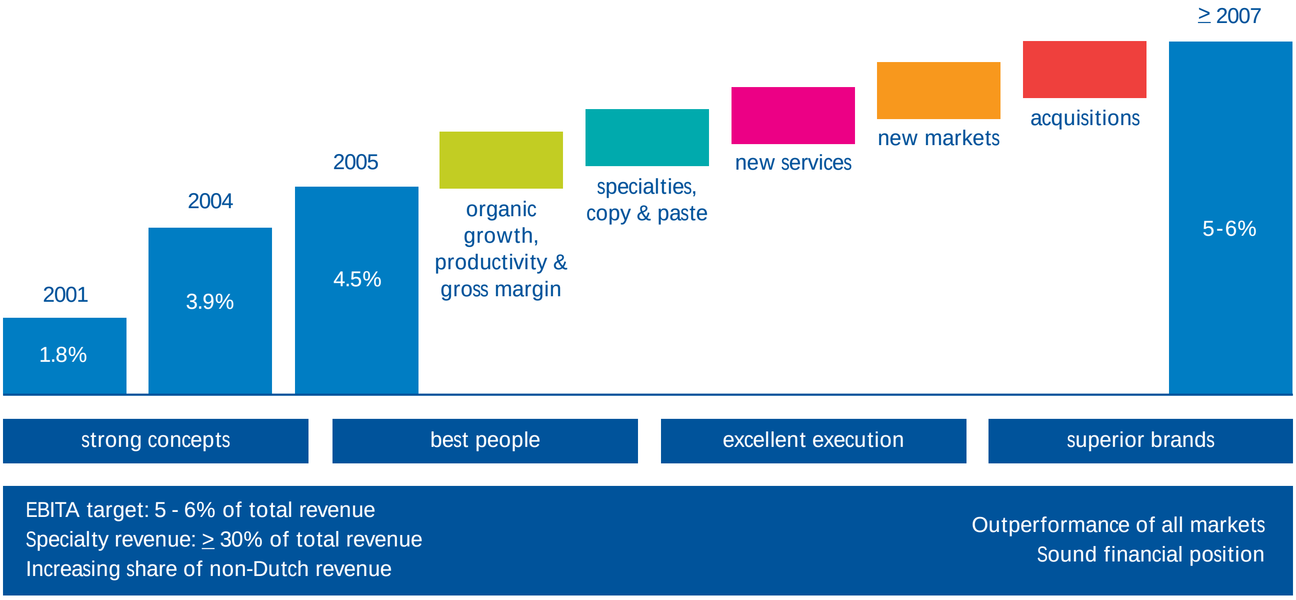
Revenue 2001-2005



1 EBITA: operating profit before interest, taxes, amortization of other intangible assets and impairment goodwill.
2 EPS: diluted earnings per share before amortization of other intangible assets and impairment goodwill.

Strategy to and beyond 2007

The Randstad Group has a clear strategy for achieving its overall goals and targets. This strategy was defined in early 2002 and is proving successful for us. It has a number of components that are shown in the graphic below. We achieve strategic (organic) growth, gain market share and maintain a healthy balance sheet with sound financial ratios through a number of strategic growth drivers. These growth drivers are the geographic rollout of our strong concepts and specialties ('copy & paste'), focus on increased productivity to generate targeted margins, the launch of new services, entry into new markets and bolt-on acquisitions. Some of the growth drivers, such as the regulatory environment and the economic situation in our markets, are to a major extent outside our immediate control. However, by entering selected markets in a timely way, we can take advantage of changes in the economic cycle. Over time, through our labor market expertise, we can influence our regulatory environment, by offering our knowledge and experience to governing bodies that turn to us for advice. Those drivers that we can manage and steer are pursued vigorously, enabling us to move forward on our targets. All these strategic components are supported by the strategic building blocks – strong concepts, best people, excellent execution and superior brands. We have visualized our strategy and goals in the graphic below.



This graphic is meant as an illustration only; the actual impact cannot be measured in this graph.

Our working environment

The regulatory environment
Recognition of the importance of flexibility in the workplace has grown over time, fueled by the fact that the right level of flexibility can stimulate employment and productivity in an economy. Randstad has played a proactive role in this recognition. We are continually striving for the creation of regulatory environments where flexworkers are protected and there is well-regulated flexibility in the labor market. There is a clear link between work creation and well-regulated flexibility of the HR market. For example, German deregulation in 2004 has created more flexibility in its workplaces. Randstad had made a strategic decision to invest in Germany and was, therefore, well positioned to respond to this greater flexibility, enabling us to grow significantly above market growth in the reporting year. Further deregulation in the Netherlands in 2004 has also generated additional growth. In 2005, deregulation in France enabled us to enter the permanent placement sector. Both Germany and France are struggling with high unemployment levels, especially among young and marginalized groups. Staffing can offer these groups an entry into the labor market.

Economic cycles
Although these are primarily beyond Randstad's direct control, all economic environments offer potential for growth. If GDP growth is low and there is uncertainty in the market, clients need flexibility and HR services, such as outplacement; if GDP growth is high, the labor market needs people and skills. In tight labor markets, companies need even more support in finding the right personnel. Whether GDP growth is high or low, Randstad has offerings that meet needs in varying stages of the economic cycle. Even in a situation of low GDP growth, Randstad sees growth opportunities, due to our broad service offering, market share, penetration level, and potential deregulation in our geographical markets.

How our building blocks and growth drivers contributed to performance in 2005

All our building blocks and growth drivers are inter-related. In combination, they represent a strong foundation and offer opportunities for Randstad to achieve strategic goals. The building blocks support our growth drivers.

Our building blocks

Strong concepts
In 2005, the 'copy & paste' roll-out of strong concepts, such as in-house services, and specialties – call centers, airport services, finance, etc. - enabled us to achieve strong organic growth of 14% leading to outperformance in most of our markets. Very strong performers in 2005 were Germany (28%), France (17%), Belgium & Luxembourg (16%) and the Netherlands (14%). 233 specialty units were launched in 2005.

Development main geographic markets Randstad Group, 2005

in millions of €	Revenue	Δ%	Organic revenue growth[1]
Netherlands	**2,457.6**	14	14
North America	**1,181.0**	8	8
Belgium/Luxembourg	**795.2**	18	16
Germany	**787.8**	28	28
France	**469.2**	17	17
Spain	**415.1**	8	8
Italy	**187.6**	21	21
United Kingdom	**184.3**	2	3

1 change in local currency in %, excluding acquisition effects

Best people
A strong concept is only as good as the people who execute it. This is why people are our greatest asset. We focus strongly on making a Randstad employee feel that they can develop their skills and grow with us. Our training opportunities and management development program reflect this dedication. For our mid-sized and large operating companies, our goal is to fill 80% of management vacancies through internal promotion – in 2005, we achieved 81.1%.

Excellence in execution
Both the quality and value of our strong concepts and the ability of our best people to perform depend on having the best administrative practices and processes that ensure our excellent execution. In 2005, we introduced a number of new best practices – the unit steering model, which improves the monitoring of consultant productivity at unit level, and the testing of controls to secure our 'in control' position.

Superior brands
Name recognition and an excellent image are very important for a service organization; we achieved significant progress on both in key geographic markets. Global surveys show that this led to major increase in Randstad brand awareness.

Our growth drivers

Organic growth, productivity and gross margin
Organic growth is one of Randstad's primary business goals. In order to generate organic growth, whilst maintaining or improving profitability levels, we steer on productivity and gross margin. Under productivity, we include standardization of processes, productivity management and cost control. Productivity, measured by the number of flexworkers and interim professionals deployed per corporate employee rose by 3.4%. Gross profit per corporate employee grew by 5.3%. Although recruiting and hiring of new corporate employees are up, stringent cost control enabled us to reduce operating expenses as a percentage of revenue to 16.8% (2004: 17.2%). We offset gross margin pressure by offering higher-quality service, and tailoring our service offering to local conditions by introducing services that have added value in specific markets. In 2005, gross margin is slightly above 2004. Productivity and gross margin are also monitored after the introduction of new specialties and/or new services, and after entering new markets.

Specialties
For specialties, see our building block 'strong concepts' above.

New services
We distinguish between two kinds of 'new services'. One is the development of a totally new offering, such as HR solutions. This service is currently offered to clients in the Netherlands and Belgium. The other is the rollout of existing strong concepts and specialties to new geographic markets. In 2005, we launched approximately 30 new services, such as specialties, permanent placement and in-house services in our geographic markets.

New markets
Based on substantial growth potential, we have selected markets in Eastern Europe and Asia as targets. Three new markets were added in 2005 – China, India and Turkey. We entered India through acquisition of EmmayHR. China and Turkey are start-ups.

Acquisitions
Our acquisition strategy is designed to stimulate growth in selected geographic markets and specific specialty sectors. In 2005, we reached agreement on a number of acquisitions. We reinforced HR solutions by acquiring payroll service provider Gamma in the Netherlands, and career management specialist Galilei in Belgium. We strengthened our recruitment services by acquiring financial recruiter Martin Ward Anderson in the UK and EmmayHR in India. In January 2006, we acquired Bindan and Teccon in Germany.

Targets explained

EBITA margin
Our strategic targets are based on our vision for growing the Randstad Group's business in a sustainable way. An EBITA margin of between 5% and 6% ensures a sound financial position for the Group, with healthy ratios, while enabling us to continue our investments in growth. In 2005, we were able to grow EBITA margin to 4.5% from 3.9% in 2004.

Specialty services
'Specialties' are specific market segments, such as health care, finance and IT, that require our consultants to have not only local expertise, but also specialist sector knowledge. In combination with new services, such as HR solutions, these specialties enable us to add higher value for clients and flexworkers. From a business perspective, the 'copy & paste' method of rolling out specialties means we can leverage existing components, such as front and back offices and our brands. Specialties and other added-value services can make an above-average contribution to EBITA. In 2005, we added 233 specialty units; we are well ahead of schedule on our specialty rollout. Selected strategic acquisitions helped accelerate this growth. Specialties now represent 28.4% (2004: 25.5%) of our total revenue.

Geographic distribution
The Netherlands is Randstad's original home market. As global staffing markets develop and grow, we want to achieve leading positions in most of these markets. Having a diverse geographic spread will allow us to take advantage of growth opportunities. Our target is to have 70% of all revenue come from outside our home market by 2007. In 2005, this share grew to 63% from 62% in 2004. This growth was achieved by high organic growth in virtually all our markets. As growth in the Netherlands in 2005 was relatively high, the effects of our improved geographic distribution were diluted to some extent. A further component in geographic reach is our International Account Management (IAM) that coordinates activities with global clients. IAM aims to grow our cross-border business with existing and new international clients, that are managed centrally and executed locally.
Our target was to aim for at least 70% of all revenue from outside our home market. However, strong growth in the Netherlands, combined with sound profitability, focus in the US market on profit rather than market share, and some other developments (e.g. foreign currency effects), have made us conclude that we have to deviate from this target. We will continue to aim for a higher share of non-Dutch revenue without adding a specific target.

'Best people is about being empowered by best practice, training and experience…'
Ken Darvell, corporate accountant, Randstad UK.

Development strategic targets

	2001	2004	**2005**	2007 and beyond
EBITA	**1.8%**	**3.9%**	**4.5%**	**5-6%**
EBITA per concept:				
Mass-customized	2.0%	4.4%	4.9%	5-7% in most markets
In-house services	2.2%	3.1%	3.9%	3-4% maybe more
Interim professionals, recruitment & selection	2.3%	5.1%	6.6%	≥ 8%
Specialties	**20.0%**	**25.5%**	**28.4%**	**≥ 30.0%**
Geographical spread (non-Dutch revenue)	**59.0%**	**62.0%**	**63.0%**	**increasing**

Strategic goals in 2006

For 2006, we have defined a number of focus areas designed to further improve our performance. These areas are in line with our ongoing strategy to achieve sustainable growth into the future. The Group's focus in 2006 will be to:

- Achieve significant progress on our general targets to 2007:
  - EBITA to 5-6% of total revenue;
  - Specialties to ≥ 30% of total revenue;
  - Different geographic revenue mix.

  While pursuing these targets, Randstad strives to gain market share.
- Achieve significant progress towards our 20% market share target in Germany;
- Further expand in Asia;
- Further develop interim professionals and recruitment & selection segments;
- Further develop HR solutions.

The way Randstad works – building blocks and growth drivers

The Randstad Group's strategy is aimed at sustainable organic growth supported by selected bolt-on acquisitions to accelerate building our position in specific markets. This section describes how we work in detail.

With 45 years of experience in the staffing industry, we have developed, tried and tested methods of working in very different markets. These methods form our building blocks:

- strong concepts;
- best people;
- excellent execution; and
- superior brands.

The building blocks were defined through a combination of long expertise in the staffing industry, our people's knowledge of the labor market and current market conditions, and our ability to anticipate changing requirements. This means we know and understand our client, flexworker and candidate needs, ranging from regular staffing through to senior interim professionals. Randstad consultants are at the heart of our operations – they make the match. The Randstad building blocks and growth drivers are all interrelated and interdependent – each supports the other and helps create the total Randstad operating and business environment. And in combination, they form the basis of our strategic approach to grow in all our markets.

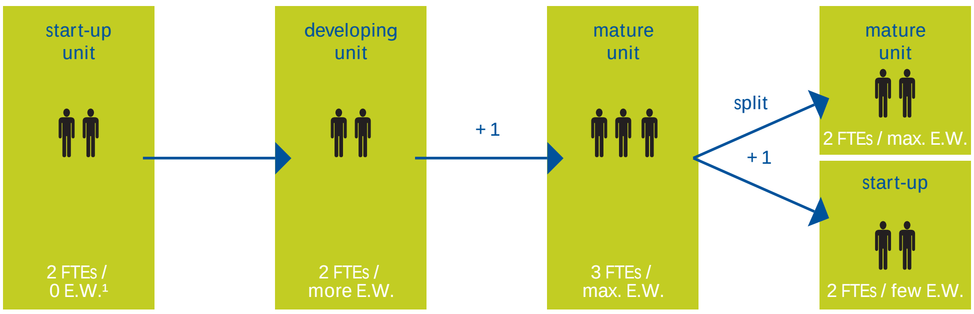
Organic growth model
Our primary focus is on organic growth. We grow by applying our proven method of working. We have strict criteria for the expansion of our branch and unit networks. At first, we start each unit with two consultants. It is their task to grow the unit to maturity, with the help of a third consultant. Once a unit reaches maturity, we add a fourth consultant and subsequently split the unit between a start-up unit and a mature unit. The start-up unit then follows the developing cycle once again. As the business grows, more and more units are added. The next step is then to open new branches.
In addition, as market shares grow, we expand into adjacent specialties or segments, where we repeat our growth process via the 'lily-pad' model (see graphic below), where more lilies grow from a common stem until they cover an entire pond.
In 2005, we were able to expand the number of (specialty) units, mainly through our existing branch network. The overall organic growth rate in 2005 was 14%.

Whether we expand geographically or in business segments, the process is greatly helped by our proven concepts. This also makes it possible to rapidly copy successful specializations across to other areas; this is known as the 'copy & paste' method. The percentage of specialties in our revenue mix grew during 2005 from 25.5% to 28.4%.
We are present both in markets where staffing and recruitment have reached an advanced stage of development, and in markets where staffing and recruitment are still relatively new concepts. In markets where growth of classic staffing or recruitment services is topping out, we introduce entirely new HR services, such as outplacement, consultancy and outsourcing of HR management. These services are usually introduced under the HR solutions label. HR solutions services have grown by 51% in 2005.

Finally, we are also growing through acquisitions. In general, we prefer to add relatively small acquisitions to our existing business. Such acquisitions are typically made to fill out a specific segment or area in our overall growth strategy. Our term for these types of acquisitions is 'bolt-on' acquisitions. There are some situations in which organic growth from scratch is a less attractive option. In those markets, we also consider mid-sized acquisitions. All acquisitions are evaluated on cultural as well as financial fit.

Strong concepts
Strong concepts form the basis of our service offering. For Randstad, a strong concept is a service that has a proven track record in one or more markets. At Randstad, we currently work with four strong concepts – mass-customized, in-house services, interim professionals including recruitment & selection, and HR solutions. Within mass-customized,

Lily-pad model



[1] E.W. = employees working

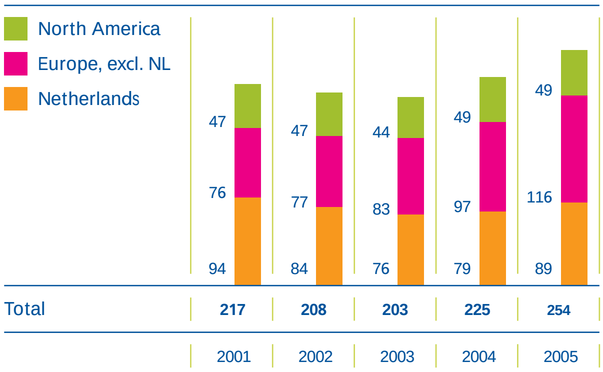
we offer regular staffing on a large number of job profiles. In addition, we specialize in specific sectors. These are known as specialties. Both strong concepts and specialties can be replicated in other or new markets, taking into account local market conditions, and make use of existing front and back office capacity and branding. For example, our service concept for call centers was pioneered in the Netherlands and subsequently 'copied & pasted' to all our existing markets, where it is growing rapidly. Specialties are described in toolkits so that, with minor adjustments for local market conditions, they can easily be implemented in new markets. At present, there are several 'copy & paste' specialties, such as HR solutions, transport/logistics, Yacht, call centers, health care, etc. Yacht is one of our strong performers in the specialties segment. It includes the secondment of controllers, engineers, IT developers, etc. In 2005, revenue growth of Yacht was an impressive 28%. In addition, 233 new specialty units were launched in 11 countries.

HR solutions

Another example of a strong concept at Randstad is the development of HR solutions, an extension of our core competencies. Clients are increasingly outsourcing their HR activities in order to focus on other HR priorities. To meet this demand, HR solutions offers a broad, tailored range of services, such as administration, recruitment and selection, payrolling and process management. Randstad can help clients achieve efficiencies and improvements in HR processes. Clients can even outsource the total management of their HR department. Through a Randstad-designed HR scan, we analyze, suggest and implement improvements in HR processes and supporting IT systems that can result in significant cost savings for clients. This concept has been tested in both the Netherlands and Belgium. When they were first launched, our approach was to offer individual service offerings, such as payrolling and HR management. During 2005, all these services in both the Netherlands and Belgium have been brought together to form a broad-based, clearly branded service offering. In 2005, HR solutions grew by 51%.

'Next step? Branch manager, I hope. Internal promotion focus means the opportunity is there…'
Jane Degn-Andersen, voted best consultant in 2005 at Randstad Denmark.

Average number of staffing employees per day, 2001-2005
based on continuing operations, in 1,000s



Average number of corporate employees

Best people

By the nature of our business, all our efforts are focused on people. They are our greatest assets. Randstad employees are eager to serve others and have both the sales acumen and the social skills to interact with clients and flexworkers. They must have real ability to analyze, collate and understand local market conditions and needs. In addition, Randstad employees must understand what makes a good client-flexworker match. Increasingly, they are also managing other HR activities, such as permanent placement through recruitment and selection for our clients. To attract and develop the best flexworkers and interim professionals, we must select, develop, retain and promote the best corporate employees. Randstad is highly selective in its recruitment programs. Besides the quality skills required throughout Randstad, our people must also have thorough knowledge of a specific sector, such as permanent placement or airport services. All our new consultants participate in a comprehensive induction program, where they are familiarized with the specifics of the ‘strong concept’ approach. The program is also designed to ensure all our new co-workers understand the meaning behind each of our core values that form the basis of our unmistakable Randstad culture. All our efforts are teamwork. Therefore, consultants do not work on a commission basis and all financial incentives are team-based. In this motivating environment our teams of two consultants, who work together on sales and service, deliver higher quality.

Career development

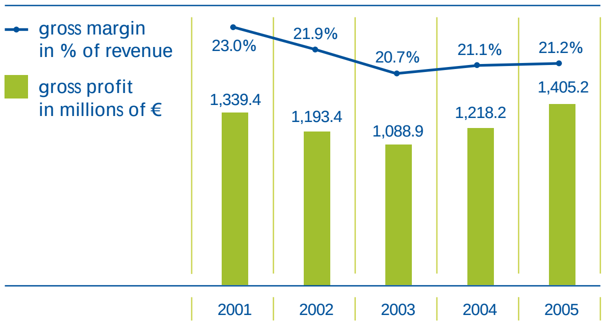
At Randstad, we recognize the high caliber of our personnel. Retention of quality personnel is always a top, strategic priority. At the Randstad Group, our goal is to challenge them and ensure they have career opportunities that match their abilities. Career development is driven and tracked by a comprehensive, structured appraisal system. We identify possible candidates for promotion early. Training is an integral part of management development. Our corporate employees can participate in training programs. Managers are developed through leadership programs and trained in other business-related competences. The executive board plays a hands-on role in these programs. Randstad’s own Staffing Institute provides many of the training programs, often in cooperation with top universities. At present, our rapid growth and need for an extensive pool of talent prepared to move up the organization, has led to the Blue Sky program. This program singles out consultants and branch managers who have the ability and desire to move into management positions. We prefer internal promotion wherever feasible – in 2005, 81.1% of all management vacancies in our mid-sized and large operating companies were filled through internal promotion.

Excellent execution

Excellent execution is a key component in everything we do. All our execution is based on best practice and fully-defined

‘Happy flexworker means happy client – both are equally important…’
Björn Söderberg, key account manager, Randstad Sweden.

Gross margin and gross profit 2001-2005



Geographic composition gross profit
in millions of €

Countries	2005	2004	Δ%
Belgium/Luxembourg	**145.7**	121.0	20
France	**64.7**	55.1	17
Germany	**197.4**	164.8	20
Italy	**32.2**	28.2	14
Netherlands	**609.8**	539.8	13
North America	**224.0**	198.9	13
Spain	**68.1**	58.5	16
United Kingdom	**33.0**	33.7	(2)
Other countries	**30.3**	18.2	66
Total	**1,405.2**	1,218.2	15

processes. We can copy and paste strong concepts and specialties easily, because the processes and execution these require are laid down in best practices. Our whole service offering is based on excellence in execution of services to clients, flexworkers, interim professionals and candidates, and the administration of those services. Consistent focus on excellence in execution can create client value as processes are transparent and efficient. It also supports Randstad’s outperformance of markets, as clients recognize the value of efficiency, thus increasing our revenue.
At an individual level, the excellent execution building block fits well with our core value: striving for perfection. When we think an activity is worth doing, and we set our minds to doing it, we believe in doing it right.

Setting standards

Execution is based on the standardization of processes/tools, stringent productivity management and strict cost control across the organization. All front and back-office processes and branding have been standardized to support both excellence in execution and the ‘copy & paste’ concept. Over the past four years, considerable investment has been made in the creation of excellent IT platforms in Germany, the Netherlands and the United States, among others. These systems can accommodate current activities and have

sufficient capacity to enable us to manage growth into the future. Common sourcing of interior decoration, furniture and other brand carriers, have contributed to an improved brand image while generating significant cost savings.
Productivity and efficiency are key targets. We measure productivity by the number of flexworkers deployed or candidates placed per corporate employee, and through gross profit per corporate employee. In 2005, we initiated guidelines for improving productivity per unit – the unit steering model. This is an ongoing program into 2006.
Cost control covers every area of our business and must be linked to leverage; operating expenses as a percentage of revenue decreased from 17.2% in 2004 to 16.8% in 2005.
Operating working capital, which is mainly driven by the trade receivables position, is another important topic in our business. In line with our strategy, we have designed and implemented a standardized procedure (blueprint) for managing these receivables. In recent years, this has helped us achieve a significant reduction in days sales outstanding (DSO). Despite the implementation of our new IT system in the Netherlands, called Mondriaan, we were able to decrease our moving average DSO position from 54 days in 2004 to 53 days in 2005.
Our whole execution is further reinforced by a comprehensive and integrated risk framework – this is described in full on pages 21-24. In addition, as Randstad is engaged in a service industry, integrity and reputation are crucial business components. Randstad has long adhered to the vast majority of principles and best practices contained in the Dutch corporate governance code. For full information on the governance code, please see pages 41- 42.

Superior brands
Our brands and image have a recognized value in the market-place. They stand for all that we are. They are the guarantee to the market that our corporate employees, flexworkers, and interim professionals are of the highest caliber. We have made significant improvements in brand recognition throughout our markets, with the 'good to know you' philosophy based on our long-standing core values, firmly embedded in all our business relationships. All Randstad activities throughout our markets are branded consistently. In practical terms, we have a database of branding support tools available to our people. These tools enable us to brand all possible marketing and other communication activities. In line with standardization of our processes, consistency and efficiency in branding is achieved Group-wide by making all tools available through a dedicated intranet site. This means marketing departments throughout Randstad can download whatever they need for campaigns and other promotional activities. As only local adjustments are needed, marketing budgets can be deployed more efficiently, and the speed of implementation is very high. On a lighter note, the song that accompanied our advertising campaign in the Netherlands and Belgium – good to know you – was in the Dutch hit parade for seven weeks.

Sponsorships
Not everything in life is about work. That is why Randstad sponsors various activities that take place outside of the usual 9-5 work environment. The two areas where we have the most sponsorship relationships are sport and culture.

Alje Kuiper, business development director, Randstad Netherlands:

'From police lieutenant to Randstad? It was a major move. I often joke that both are "blue and there to serve". As a police officer, it's about 80% waiting and 20% action. I wanted a challenge that would be action all the time, with a positive focus on serving society. Randstad gave me that. I'm responsible for concept and product innovation. The great thing about that is I not only develop concepts, but also get to implement them. Recruitment is one of those concepts, consultancy and assessments in HR solutions are others. All innovation emerges from working with clients – that's where it all happens.'

Sponsoring usually takes place at the operating company level, since our colleagues in the countries can better gauge the needs of the community, and decide whether the sponsorship request properly reflects our core values.
When an organization enters into a partnership with Randstad they can be certain of one thing – we back up our financial support by lending our knowledge and skills as well.
Randstad sponsors the Dutch National Olympic Committee and the Dutch Sports Federation. As part of this partnership, we offer top athletes career coaching. Randstad is a proud supporter of TEAM ABN AMRO in the Volvo Ocean Race. We handle the human resources administration of the seven 'high potential' sailors currently sailing around the world on board ABN AMRO TWO.

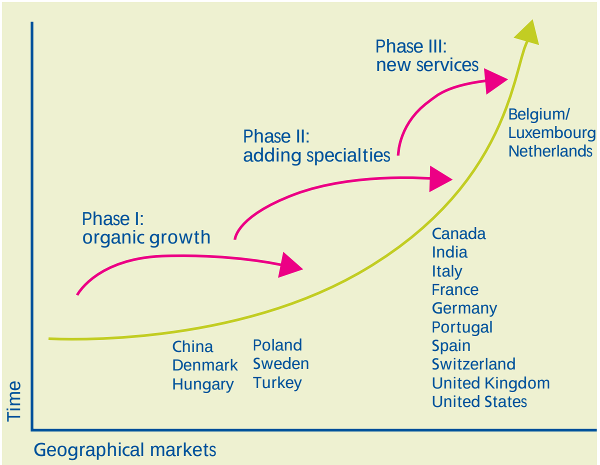
Market reviews

Our markets
No two Randstad markets are the same. Each has its own specific characteristics. Opportunities for growth are primarily driven by how well we execute our business. Subsequently, regulatory environment, penetration level and phase in the economic cycle play a role. At Randstad, we rank markets according to maturity and potential for growth. Growth potential is determined in part by current 'penetration' levels – this means the extent to which the staffing industry is tapping into the potential market. Penetration levels are to a large extent determined by the regulatory environment. In general terms, penetration levels are higher in mature markets, such as Belgium, the Netherlands, the United Kingdom and the United States. Penetration levels tend to be low in very new markets, such as Poland, Hungary, Turkey and China, where the concept of flexible work is often still in its infancy. The intermediate level, markets where staffing is gaining recognition for its contribution to flexibility in the workplace and as an entry into the labor market for the young or unemployed, is represented by countries like Italy, Spain and Portugal. Often, deregulation has occurred quite recently in these markets. Germany forms the exception to the rule. In some respects, it also belongs in the 'intermediate' category. Although the staffing industry has long been established in Germany, penetration is still low. It is only recently that deregulation has opened up this high-potential market. The position of each country is summarized in the graph that explains our 'copy & paste' growth strategy. Within this growth strategy we divide our geographical markets in three phases. In the first phase, growth is mainly driven by organic growth. Adding specialties is the main denominator of growth in the second phase. In the third phase, growth tends to come from offering new services, such as HR solutions, to clients.

New markets
Based on substantial growth potential, we have selected markets in Eastern Europe and Asia. In 2005, Randstad entered three new markets – China, India and Turkey. All are truly

'When I first joined Randstad, I spent a month at the Liege, Belgium branch – I was enchanted with the culture…'
Annamaria Bilinszki, one of Randstad's first consultants in Hungary.

'Copy & paste' growth strategy: three phases



Main market developments, Europe and North America, 2005
in billions in local currency

Countries	Market-size 2005[1]	Δ%[1]	Market-share in %	Market position
Belgium/Luxembourg	**3.2**	11	25	1
Canada	**2.9**	7	3	5
Denmark	**4.4**	18	4	4
France	**19.1**	4	3	7
Germany	**7.5**	15	11	1
Italy	**4.3**	10	4	6
Netherlands[3]	**6.7**	11[2]	37	1
Poland	**0.9**	20[2]	19	1
Portugal	**0.6**	6	7	3
Spain	**2.6**	6	16	2
Sweden	**10.9**	21	1	7
Switzerland	**1.9**	14	3	5
United Kingdom	**24.5**	1	1	10-15
United States	**72.2**	7	2	8

1 Randstad estimates.
2 Based on consistent and updated estimates.
3 Based on the estimates of CBS that has a different definition of the staffing market, our market share amounts to 30% maximum.

Gross margin differentials explained: assessed added value experienced by clients (please see page 16 for guidance)

	Netherlands	Germany	France	United States	Belgium
Flexible labor	++	++	++	– –	++
Outsourcing HR activities	+	+	+/–	++	+
Social acceptance/ quality	++	+/–	–	+/–	++
Lower unit labor cost per hour	+	+	n.a.	n.a.	n.a.
Idle time management	+/–	++	n.a.	n.a.	n.a.
Level of specialties	++	+/–	+/–	++	+

new markets for the staffing industry. They have huge growth potential into the future. All new markets will be established according to the Randstad (organic) growth model, but we do not exclude the possibility of bolt-on acquisitions to accelerate our growth. The continual expansion into new markets is strategic, as it enables Randstad to enhance its geographic spread and potential for (earnings) growth into the future.

Gross margins – the differences

A further indicator in different types of markets is gross margin. The level of gross margin achievable in all markets is based on the level of (perceived) added value we deliver to clients, but also on the labor culture. Labor culture influences the level of flexibility in the market. The US and UK labor markets, for example, are not regulated very tightly. This in contrast to countries such as the Netherlands and Germany, where labor is closely regulated. As a result, flexibility in the workplace in the US and UK does not depend in the same way on the staffing industry as the Netherlands and Germany. Employers in the US and UK have more freedom to manage their own flexibility if the economy picks up or declines. In these markets, higher gross margins are earned through specialties as they provide experienced personnel in higher skilled job profiles. This is why Randstad tailors its service offering to demand and value-added potential in each individual market. In the last table on page 15, we indicate how gross margins in some of our main geographic markets are influenced by specific factors. Flexible labor is one of those aspects. It relates to the willingness of employers to pay a certain premium for flexworkers and interim professionals. For example, in France and the Netherlands, it is not possible to discharge employees without paying severance payments – this in contrast to the United States. Therefore, clients in France and the Netherlands are willing to pay a premium for flexworkers.
Another aspect is idle time. In certain countries, such as the Netherlands and Germany, clients are prepared to pay a certain premium for outsourcing the risk of possible idle time of their employees. In Belgium, and to a lesser extent in the United States and France, idle time is not considered an aspect for which clients are willing to pay a premium.
Via ++, +, +/–, – and – – we have given an indication of the extent to which clients are prepared to pay a premium for each individual aspect of flexwork in each specific country. In 2005, the average gross margin was 21.2% (2004: 21.1%).

‘It’s all about that “yes” feeling when you make a good match…’
Prisca Buysmans, consultant, Randstad Belgium.

While individual markets may differ, the organic growth model supported by our building blocks and strategic acquisitions enables us to manage this diversity strategically. In 2005, we were able to achieve significant organic growth and outperform the majority of our markets, as these individual market reviews show.

Randstad in Belgium and Luxembourg

In 2005, Randstad in Belgium reinforced its position as overall market leader by outperforming the market by 5%. Furthermore, we are market leader in the specialty markets for health care/paramedics, call centers, household services, transport, construction and finance.
Alongside regular staffing and in-house services, Belgium introduced HR solutions in late 2004. We reinforced this range of HR services through the cooperation agreed with payroller A.S.S. In addition, we reached an agreement to acquire career management company Galilei at the end of 2005, a move that will also support our position as provider of HR solutions. Demand for outplacement is growing. New legislation requires companies to offer outplacement guidance to any employee over 45 who is made redundant.
Randstad Belgium’s goal is to maintain and expand this qualitative and quantitative market leadership in specialty business, whilst further increasing productivity. In addition, Randstad Belgium will continue to focus on further development of its HR solutions.
Government services are seen as a potential future market. Currently, staffing companies only have limited access to government sectors. The regulatory environment is being reviewed and the near-term expectation is that some restrictions will be lifted or eased. Another sector where we see growth potential is small and medium-sized enterprises (SMEs). Staffing has a relatively low penetration rate in the SME sector.
By systematically positioning Randstad as a strong, trusted and innovative brand and all-round HR partner, we believe we can further reinforce our leading position and target new sectors.

Randstad Luxembourg generated 20% organic growth against market growth of 10%. Focus on the skilled trades, construction and IT specialties resulted in an increase of specialties in its total revenue mix.

Randstad in Canada

Greater focus on sales and specialties enabled Randstad Canada to outperform the market by more than 40%.
With an organic growth of 51%, we have taken market share in all provinces; Randstad is market leader in the important Montreal region. The branch network was expanded to 25 (2004: 19) to support and drive growth. As part of our ongoing strategy to further develop our specialty

business, accounting was added to the offering in 2005. Due to changing demographics, Canada is forecasting labor shortages in skilled trades and other professional profiles. In anticipation, Randstad Canada is positioned as an expert in the skilled trades specialty, both for permanent staff and flexworkers. In addition, we are focusing on small and medium-sized enterprises (SMEs), as penetration rates are comparatively low in this segment.

Randstad in China

After thorough market research, Randstad has launched a professional recruitment start-up in Shanghai. This Yangtse River Delta area is one of the fastest growing economic regions in the world. Many multinationals are already present, but the international staffing business is in its infancy. The local sector is dominated by labor brokers for blue-collar workers; this is not a segment that Randstad will focus on in China. Randstad sees the start-up in Shanghai as establishing a footprint. Initial targets are recruitment and selection services, as there is strong demand for functional specialists and middle management. Our strategy will follow the Randstad growth model of emphasis on organic growth supported by selected acquisitions. Once firmly established in the Shanghai region, we will explore and expand into other regions.

Randstad in Denmark and Sweden

Randstad has outperformed the Danish market by 22%, not only in flexworker matching, but also in permanent placement, launched in 2004. Specialties, such as hospitality & catering, call centers and technical personnel, have contributed significantly to a 40% growth in revenue during 2005. In addition, in-house services was launched and already has two sites in full operation.
Due to a strong economy, significant job creation is expected in the next two years. In anticipation, one new branch was opened.

'Many of our flexworkers come via word of mouth - that's the best advertising...'
Jérôme Demilly, senior consultant, Randstad France.

Geographic spread revenue mass-customized
in % of revenue

Total in millions of €	**5,462.7**
Netherlands	36.2%
North America	18.2%
Belgium/Luxembourg	12.1%
Germany	11.4%
Spain	7.1%
France	6.8%
Italy	3.2%
United Kingdom	2.1%
Other	2.9%

Geographic spread revenue in-house services
in % of revenue

Total in millions of €	**909.2**
Netherlands	30.1%
North America	20.7%
Germany	14.6%
Belgium/Luxembourg	12.2%
France	10.4%
United Kingdom	7.3%
Spain	3.1%
Italy	1.6%

Geographic spread revenue interim professionals, recruitment & selection
in % of revenue

Total in millions of €	**288.3**
Netherlands	79.6%
Germany	11.3%
Belgium	7.4%
France	1.1%
United Kingdom	0.6%

Randstad focuses on the high-skilled industrial market in Sweden. Organic growth was 9%, slightly below this specialized market development. We will be building gradually on our current position. Already well-established in the Stockholm and Gothenburg areas, we have opened a new branch in the center of the country. Now Randstad's branch network covers around 80% of the potential Swedish market.

Randstad in France

With 17% growth, Randstad significantly outperformed the market growth of 4% in 2005, and in terms of growth is 'best in class' for the third consecutive year in the French market. Growth is driven by both regular staffing activities and specialties, especially in the call center, engineering, high-tech and skilled trades segments. In 2005, Randstad France also moved into a new region – Alsace-Lorraine. Many multinational clients are located in this economically important region. Now, Randstad is present in all major French industrialized regions. The branch network grew to 120 (2004: 111) and we launched 35 new specialty units. With 50 in-house locations, France is one of our biggest in-house services markets.
Major changes have taken place in the French regulatory environment as part of government strategy to tackle unemployment. New legislation has opened up permanent placement to the staffing industry from January 1, 2005. We were well prepared and had embedded permanent placement into the unit structure.

Randstad in Germany

Randstad achieved impressive growth in 2005. Revenue in Germany grew by 28%, compared with a market growth of 15%, resulting in a strengthening of our market-leading position. Germany is now almost number three in terms of revenue in the Randstad Group. We are growing fast in all our business segments. We opened 14 new branches in 2005.

'I work with best people - success breeds success...'
Donna Vitanov, field support center, Randstad North America.

All specialties are performing very well, with call centers and HR outplacement services as highlights. In-house services added 16 new sites and now has 71 nationwide, with automotive, logistics and manufacturing as the main sectors. Randstad had made a strategic decision to invest in Germany some years ago. For a time, the economic and regulatory environment challenged growth. Deregulation in 2004 opened up growth opportunities and stimulated the market. Randstad is taking full advantage of these growth opportunities from a very favorable position. Since the penetration rate in Germany is still relatively low, more growth can be expected in the future.

Yacht continued to show strong growth and a more than significant increase in profitability. Although slow growth is still challenging Germany's economy and internal consumption is cautious, the demand for interim professionals in engineering remains robust.

Our position in Germany will be further strengthened by acquisitions of Bindan and Teccon at the start of 2006. Bindan will strengthen our mass-customized position, whilst Teccon will further reinforce our interim professional position.

Randstad in Hungary

During 2005, our branch in the center of Budapest was expanded and now offers a full range of mid-level permanent placement services, primarily to international companies. The focus is on the financial, logistics and IT sectors. Significant foreign investment in Hungary offers opportunities for Randstad. The financial services sector is opening up, driven by the presence and expansion of top international banks. One highlight for the Budapest team was winning a tender to recruit and select 150 staff for a major US bank. In 2006, units will be set up to expand our services by offering regular staffing alongside permanent placement services.

Randstad in India

Staffing is in early development on the Indian sub-continent. Randstad has opted to enter the Indian market through an acquisition of a well-established recruitment company based in Mumbai. EmmayHR is one of India's top providers of recruitment, selection and training. Recruitment & selection is a key service for both companies and candidates as there is fast-growing demand for skilled personnel due to rapid growth in new services and production, and driven by the increasing level of activities of international companies in India. In addition to Mumbai, EmmayHR has branches in Pune, Bangalore and Hyderabad. EmmayHR gives us a strong position in this high-potential market.

Randstad in Italy

Once again, Randstad Italy generated double-digit growth in 2005. Market growth was 10% and, with 21% organic growth, we outperformed significantly. The branch network was expanded to 120 (2004: 95). Specialties contributed significantly to growth, with call centers performing exceptionally well. In-house services is also contributing to growth. As Italy's economy shifts from predominantly manufacturing to services, demand for different skills is growing. Randstad is meeting that need through comprehensive (re-)training programs for flexworkers.

Randstad Group in the Netherlands

In the Netherlands, market-leader Randstad achieved strong growth in 2005. Organic growth was up 14% and we outperformed the market. Some specialties generated outstanding performance; call centers and construction both grew by 60%. Finance also performed notably well. Demand for outplacement services has grown because of new regulations. Supervision of compulsory outplacement programs has intensified. Clients are opting to work with Randstad as the quality and compliance of our programs is guaranteed.
Through the ongoing development of HR solutions, we now serve the whole labor market, from regular mass-customized staffing through specialties to full personnel management for large, medium and small companies. The acquisition of payroller Gamma will support further growth of HR solutions. Randstad Professionals also grew strongly in 2005. Distinct from Yacht, which offers senior interim professionals and is also performing very well, Randstad Professionals focuses on middle management. This potential market is huge. A recent assignment for Randstad Professionals was the recruitment and management of 800 financial advisors for a major bank in the Netherlands.

Following a slow start in the first quarter of 2005 compared to market growth, Tempo-Team ended the year almost on par with the market and retained its number two position in the Netherlands. The primary reason for the slow start is Tempo-Team's industrial focus. It specializes in seven sectors – logistics, food, hospitality & catering, teleservices, government, financial services and health care; 60% of its current business is in industrial sectors, and these sectors have grown minimally in 2005. Through the course of the year, performance has improved by additional focus on sales to non-industrial sectors. In addition, Tempo-Team launched a new service – SmartMatch. This permanent placement service delivers three candidates for specific job profiles within two weeks. The service was launched in the logistics specialty and is proving successful due to its speed of service and cost effectiveness. A major international company has already awarded Tempo-Team preferred supplier status, based on the SmartMatch concept. Tempo-Team plans to roll out the service to other specialty sectors in 2006.

Since its activities did not fully fit Randstad's portfolio, we divested ProfCore in January 2006.

Many of Randstad's strong concepts and specialties were developed in the Netherlands. Capac Inhouse Services was the model for Randstad Inhouse Services that is now growing rapidly throughout the Group. In 2005, Capac faced difficult

Outlets by country, year-end

	Branches		In-house locations		Total	
Countries	**2005**	2004	**2005**	2004	**2005**	2004
Belgium/Luxembourg	**138**	135	**89**	69	**227**	204
France	**120**	111	**50**	52	**170**	163
Germany	**217**	203	**71**	55	**288**	258
Italy	**120**	95	**12**	14	**132**	109
Netherlands	**523**	511	**296**	311	**819**	822
North America	**315**	338	**109**	117	**424**	455
Spain	**143**	125	**22**	22	**165**	147
United Kingdom	**69**	67	**47**	39	**116**	106
Other countries	**63**	48	**7**	8	**70**	56
Total	**1,708**	1,633	**703**	687	**2,411**	2,320

market conditions. Industrial and manufacturing is declining in the Netherlands. Capac ended the year on par with the industrial market.

Yacht interim professionals once again showed major growth in 2005. Revenue was up by an impressive 30%. Growth was generated primarily by greater demand in well-established Yacht sectors, such as finance, IT and engineering. But demand also grew for relatively new services, such as legal, communications and HR. Traditionally, Yacht interim professionals were on our payroll. Now, we are recruiting freelancers, which opens up a larger pool of potential interim professionals and mitigates potential idle time risks.

Randstad in Poland

Following acquisitions in 2004, we have retained our market-leader position in 2005. The market grew by 20% in 2005. Randstad generated growth of 29%. The branch network grew to 15 (2004: 11). We opened our first in-house location in Poland late 2004. Randstad is the first to offer this type of service and we see major growth potential into the future. Staffing currently has a low penetration rate in Poland. Demand for regular staffing, specialties and in-house services still comes primarily from international companies active in Poland. However, domestic demand is increasing, especially in Warsaw. Specialty services are now being rolled out in Poland.

Randstad in Portugal

Ranking number three in the Portuguese market, Randstad outperformed the market by 17%. Revenue was up by 23%. Specialties, specifically call centers and hospitality & catering, showed solid growth. In-house services is performing well. Interim professionals has taken off, especially in sales & marketing, finance and engineering. Two new branches were opened in 2005 and we now have 12 in the main economic areas of Lisbon and Porto. Portugal's economic structure is changing. A number of service sectors, such as tourism, are growing in importance. In anticipation, Randstad is developing the hospitality specialty and intensifying its airport services.

Randstad in Spain

Randstad continues to grow significantly in Spain. Revenue increased by 8% (market: 6%), with a healthy contribution from specialties. Skilled trades, call centers and airport services performed especially well. Demand is growing for value-adding HR services. Many companies are outsourcing more and more HR activities, such as recruitment and training. Already a strong performer for Randstad, airport services is poised for major growth. The state-owned airline, Iberia, had a monopoly on airport handling. Services are now being privatized, opening up this sector. With our established reputation, Randstad sees this as a real opportunity.

Randstad in Switzerland

The flexworker market grew by 14% in 2005. Randstad achieved major outperformance, growing by 40%. Specialties made a significant contribution to total revenue growth. Alongside hospitality, call centers and finance, the skilled trades specialty was launched to meet growing demand. This in response to major growth in the construction sector. Permanent placement proved successful within the finance and pharmaceutical sectors. In 2005, we launched our first in-house services site. This is a brand-new concept for Switzerland. Companies are clearly more confident than in recent years. But they are looking for cost efficiencies, more flexibility, and higher productivity. In-house services is an ideal solution for these kinds of requirements.

'I was Randstad's first consultant in Spain. That was 13 years ago - just goes to show what organic growth can achieve...'
Fermín Abella, manager Randstad Professionals, Spain.

Randstad in Turkey

Entry into Turkey is part of a longer-term vision for growth. Our first step is a start-up in Istanbul. Randstad is positioning in what we see as a major potential growth market. Turkey has a bigger population than any individual EU country and its economy is outperforming the eurozone average. Our branch will focus initially on permanent placement and will apply the growth model to this exciting new market.

Randstad in the United Kingdom

In terms of organic growth, Randstad UK underperformed in 2005. Measures have already been initiated and are expected to bear fruit in 2006. In-house services performed particularly well.
At year-end, Randstad acquired Martin Ward Anderson, a leading financial recruitment company in the UK. This acquisition provides Randstad with significant expertise in the attractive UK recruitment market and a platform for further growth. Furthermore, permanent placement will be an increased focus in 2006.

Randstad in the United States

The primary focus in 2005 and beyond is on profitability rather than gaining market share. This led to a review of how Randstad serves the largest and most diverse staffing market in the world. As a result, profitability was up on the previous year. In 2005, many of our large clients have been transferred into our in-house concept, releasing capacity in the branches to further develop our specialty offering. Randstad is now working to diversify its specialty offerings, as each region of the US has its own major service industries and requirements. The US market approach focuses on the stage of development of Randstad in each of the top 50 staffing sectors. Ranging from highly-developed markets with specialty diversification to low penetration markets with a focus on basic staffing needs, this approach allows for steady, profitable growth in each market. A thorough client analysis resulted in a significant improvement in gross margin. Although organic growth was slightly below market in 2005, the US team is confident that prioritizing local sectors will generate performance improvements in 2006.
Randstad has started negotiations to divest a small unit of its operations that does not fully fit Randstad's portfolio.

Risk & opportunity management

Randstad's philosophy and approach
At Randstad, entrepreneurship throughout the organization is stimulated; people are encouraged to identify and seize opportunities. At the same time, we recognize that risks are inherent to entrepreneurship. Risks must be identified and controlled. Identifying and managing risks is integrated into the way we work. Our processes and best practices for day-to-day operations incorporate an integrated risk management approach. We look not only at potential downsides, but also take into account the impact of not capitalizing on corporate strengths and opportunities. Therefore, risk & opportunity management is firmly embedded in Randstad's strategy.
One of the core elements of our strategy is 'excellence in execution'. The risk & control framework forms an important component of this strategic building block.

Seizing opportunities and avoiding mistakes
Good risk & opportunity management means knowing when to give full throttle, but also when to apply the brakes. In short, it comes down to seizing opportunities, whilst avoiding mistakes and undesirable behavior, at the same time.

With our risk & control framework, we aim for:
- Properly monitoring our strategy: by frequently assessing our strategic direction, ensuring full capitalization on strategic strengths and, simultaneously, validating the consistent execution of our strategy;
- Excellence in execution: through thorough execution, we focus on the most efficient and effective way to conduct our business, enabling us to:
  - Recognize opportunities;
  - Avoid mistakes;
- Ensuring continuity of the company;
- Avoiding significant negative financial impact on profit & loss and the cash position of the Group.

Securing Randstad's 'in control' position

Securing our 'in control' position
The risk & control framework is the practical implementation of the core of our risk & opportunity management strategy. However, the risk & control framework is derived from our more broadly-defined, integrated approach: our control environment. In Randstad's control environment, all relevant aspects of our strategy and operations, including culture and ethics, come together in order to provide the right setting to secure our 'in control' position.
Randstad designed the risk & control framework (derived from the COSO framework) that sets the standard for our risk & opportunity management. The risk & control framework is part of the 'excellence in execution' building block that directly links Randstad's vision, mission and objectives with the execution of strategy by the Group.

The Randstad risk & control framework is built on four core components:

- *Tone at the top*
  The basis of good risk & opportunity management is established in the right 'tone at the top'. This is reflected in a consistent attitude and behavior of management, in order for all Randstad employees to absorb the same attitude. A business code of conduct and a company integrity code have been implemented throughout the organization. The importance of internal controls to the business is widely recognized throughout the organization. Cases of inappropriate management behavior are openly disclosed throughout our organization in order to increase awareness and prevent reoccurrence.

- *Risk & opportunity management and key controls*
  Identifying and analyzing risks and opportunities is an ongoing process and a critical component of effective internal control. Based on this, as well as the Group's risk tolerance analysis, the key controls within Randstad's business processes are listed in the key control register, of which the effectiveness are continuously validated and monitored.
  Furthermore, all individual companies at Randstad report quarterly on the basis of responsibility sheets. Responsibility sheets explicitly define the core responsibilities of local management and how these should be applied and executed. These responsibility sheets are discussed in quarterly review meetings between the executive board and local management.
  Insurable risks are periodically assessed, in conjunction with the risk tolerance assessment, in order to determine which risks should be transferred to the insurance market.

- *Best practices, policies and processes*
  Strict corporate procedures are in place regarding financial reporting, investment procedures, powers of attorney and authority structures. Randstad also has an integrity code. Furthermore, blueprints for selective best practice working processes, including control measures, are defined, and are being implemented throughout all individual operating companies. These best practices support our ambition to 'copy & paste' learning throughout the organization.

- *Planning & performance measurement and management*
  Randstad's strategy is firmly embedded in its operations. A business planning and reporting cycle is in place to measure if we consistently execute our strategy and deliver on our strategic objectives. The business planning cycle is derived from the strategic planning cycle, in which key performance indicators (KPI's) and milestones are defined to measure actual performance versus planning.
  Furthermore, the company has a monthly reporting cycle, reflecting both financial and non-financial information. Moreover, it is supported by regular bilateral meetings between a member of the executive board and local management. Intensive review meetings between the executive board and local management take place on a quarterly basis.

Audit and review activities
Internal and external teams periodically review the effectiveness of the risk & control framework. The executive board, Group control and local management teams have quarterly review meetings. The Group audit committee, together with the CEO and CFO, corporate accounting, business control and the external auditor discuss and monitor risk management and control systems, quality of financial information, compliance with recommendations of auditors and tax planning. Furthermore, ad hoc local internal audit committees, consisting of the Group CFO, the local CEO and CFO, corporate accounting and business control, discuss and monitor progress in case of specific issues.
A separate audit function at group level has been established, and is responsible for developing, implementing and maintaining policies, procedures and reporting related to our risk & opportunity management and internal controls. Its annual plan includes activities that monitor and report on the effectiveness of key controls in business processes and ensures that identified weaknesses are properly addressed. Results are discussed in review meetings, attended by the internal audit team and the local management team involved.
An external auditor performs the external audits. Group control, in close cooperation with a specialized external advisor, performs the insurable risk audit.

Risk tolerance
The executive board encourages grasping of new opportunities to achieve Group objectives, using an innovative approach, whilst taking controlled risks. 'Risk tolerance' is defined to ensure that the company operates within the boundaries of risk & opportunity management.

The risk tolerance (or risk appetite) of the Group is the based on internal and external components, such as:
- Business performance measures: EBITA target 5-6%;
- Financial strength in the long term: Internal limit for interest coverage ratio and repayment capacity ratio;
- Liquidity in the short term: cash flow from operations and working capital;
- Compliance with (local) rules and regulations;
- External (economic) environment;
- Reputation.

Risk & opportunity mapping: our risk assessment further explained
At Randstad, we classify and identify risks and opportunities using two dimensions (as illustrated in the table below): risk impact and type of risk. Within risk impact, we distinguish between torpedo risks and latent risks. Torpedo risks can have an immediate financial impact or immediately threaten continuity of the company, whereas latent risks do not have an immediate impact, but could become torpedo risks if not properly managed.
The type of risk constitutes the second dimension of the framework, and includes strategic, operational, legal/ compliance, organizational and financial risks. All types of risks could potentially lead to reputation risks.

Risk mapping at Randstad

	Business risks		Legal/ Compliance	Organi-zational	Financial
	Strategic	Operational			
Torpedo risks					
Latent risks					
Reputation risks					

Once a risk is identified, we approach it through:
- Estimation of the significance of that risk;
- Assessment of the likelihood of the risk occurring;
- Assessment of the effectiveness of internal controls; and
- Development of specific actions that are needed to reduce risk to an acceptable level.

Obviously, there is no cost-beneficial way to eliminate risk. However, management must assess how much risk is prudently acceptable and strive to maintain risks within this level.

All relevant risks are analyzed and reviewed in a systematic way along the lines of the Randstad risk & control framework. The risk & opportunity management process is an integral part of the business planning and review cycle.

To what type of relevant risks is the Randstad Group exposed?

Business risks
The Randstad Group's business risks are comprised of both strategic and operational risks.

Strategic risks generally relate to the business environment. This covers the attractiveness of markets, regulatory changes, behavior of competitors and the general economic environment. Our responsiveness to these changes is crucial in executing our strategy.

Examples:
- Deregulation in law has had a positive impact to the whole staffing industry in Germany. Randstad recognized opportunities in Germany at an early stage. Being the first mover in this consolidating market, we benefited to a large extent from this.

- Conversely, due to focus on other initiatives, Randstad has not yet entered the deregulating Japanese market.
- The dependency on the attractive Dutch market is seen as a strategic business risk. Due to our improved profitability and executed international growth and expansion strategy and fueled by a number of acquisitions, our dependency on the Dutch market has decreased.

Operational risks are linked to those areas where the Randstad Group aims to create value on a daily basis. Personnel are our most important assets. This means unfavorable shifts in the retention rates of corporate personnel, and especially consultants, are managed and monitored carefully. Operational risks in secondment are idle time and flexworker sick leave.

Examples:
- For a staffing company, it is of utmost importance that hours worked by flexworkers are properly paid to the flexworkers and correctly invoiced to clients. Periodically, our operating companies perform a key control that assesses whether total hours worked equals total hours invoiced.
- Turnover of consultants: we have recognized that a too-high turnover rate frustrates growth opportunities. To ensure that turnover stays at an acceptable level, we monitor the turnover rate, conduct employee satisfaction surveys and design and implement training and management development programs. Furthermore, an extensive introduction program with active involvement of local management is in place.

Legal risks
Legal risks concern compliance with legislation. On the one hand, risks arise from continually changing and evolving legal environments and the influence of collective labor agreements (CLAs). On the other hand, changes in regulations can drive opportunities (see also: strategic risks).

Another type of legal risk is the contractual liability between client, Randstad and flexworker. This risk also includes damage caused by flexworkers and effects of strike actions.

Example:
- Randstad aims at delivering according to its standard terms & conditions. In case we agree to deliver on non-standard terms, we specify Randstad's maximum liability and financial exposure as clearly as possible, in close consultation with our (local) legal department. Pricing should be sufficient to absorb risk-related costs. Our goal is to never accept consequential losses and/or product liability.

Organizational risks
These refer to risks originating from the Randstad Group's internal organization. IT is crucial to operational continuity. In addition, organizational risks cover possible fraud/theft incidents, internal control, policy implementation, the integration processes for acquired companies and the adequacy of fall-back/crisis procedures. Randstad also includes rapidity and agility of response and reaction time in its organizational risk category.

Examples:
- Payrolling and invoicing processes depend on IT systems.

Renate Deken, recruitment manager, Randstad Netherlands:

'What's fascinating about my job is that I do HR in an HR company. It gives you a new perspective. I spend my time recruiting and selecting consultants, management trainees and managers for Randstad itself. To me, best people means you have a contract for so many hours a week, but you feel connected 24 hours a day. That's what I look for when I'm selecting. The same applies to the large events I manage. It was great to hear we'd brought together 'the best crew ever' for the Olympic Holland Heineken House in Athens. We're striving for the same compliment on the hospitality personnel we are supplying at the ABN Amro pavilions around the world during the 2005 - 2006 Volvo Ocean Race.'

Timely payment to the flexworkers is crucial for their retention and, subsequently, is crucial to the organization. The Group CIO constantly monitors this.
- Randstad strives to have integrated IT systems (back and front office), in order to benefit from increased efficiencies of scale. Randstad's dependency on and exposure to security issues of IT systems is constantly increasing, and therefore needs to be strengthened continuously.

Financial risks
Typical non-business risks are included here. These involve risks, such as those relating to the accounts receivable portfolio (the largest asset on our balance sheet) and tax-related risk. For a description of specific risks, such as foreign exchange risks, interest rate risks, credit risks and liquidity risks, please see page 57 of the financial statements.

Examples:

- Randstad has policies in place to limit credit risk. Blueprints have been implemented at every operating company for the accounts receivable procedure, resulting in a low level of bad debt expenses. Randstad's Credit risk exposure to its largest customer is less than 2%.
- Randstad has set an EBITA target of 5 to 6% over revenue through the cycle. As such, there is a strategic need for structural flexibility within the cost structures of the company. Randstad has implemented a variety of instruments to manage such flexibility. Examples are the unit steering model, targeted mix and duration of labor contracts of interim professionals and selected flexworkers in Germany and the Netherlands, active management of staff turnover, internal use of flexworkers, restricted duration of rental contracts, and outsourcing of certain parts of IT. Another example of flexibility is our policy on interest rates. Interest on almost all interest-bearing borrowings is variable. Randstad is of the opinion that, for a large part, it has a natural hedge against higher interest rates as higher interest rates are usually accompanied by an economic upturn and normally a higher EBITDA level. This means that in the interest coverage ratio (EBITDA on financial income and expenses), both numerator and denominator are correlated.

Reputation risks

If the risks noted above are not properly managed, they could potentially become reputation risks, which could harm our relationship with stakeholders and could turn into strategic risks. Randstad defines reputation risks as the leverage of other risks. We manage these risks by executing our core values, as they are described in our code of conduct, every day in every branch. We are aware of the interest and expectations of our stakeholders. We actively communicate with them and invest in our public relations.

Developments in 2005 and priorities for 2006

Control environment

In 2005, Randstad implemented the company integrity code that relates to complaints, reports and concerns of employees about possible misconduct (whistleblower procedure) Randstad further implemented a blueprint. This is an integrated holding/operating company authorization and governance framework, whereby the local managing director can control daily operations, while the holding controls material decisions through pre-approvals.

Controls

Randstad performs an annual company-wide risk assessment. A project team consisting of internal and external specialists reviewed every operating entity and holding function in 2005. The objective was to identify and document key risks in the company's business processes, to review the effectiveness of controls that mitigate these risks and to increase risk awareness and discipline.

Main findings are that risk awareness and the effectiveness of key controls have improved again in 2005.

In 2005, the focus has been on enhancing the effectiveness of existing internal controls. Furthermore, we established a separate business control function at group level with responsibility for developing, implementing and maintaining policies, procedures and reporting related to our risk management and internal controls.

To further improve our internal risk and opportunity management the company plans to strengthen:

- Its legal function;
- The integration of risk and opportunity management into its business control cycle; and
- Awareness for risk and opportunity management at all management levels in the organization.

Monitoring

Randstad rolled out a group responsibility sheet for all senior staff, including corporate functions. In practice, this means senior staff uses the sheet to evaluate and sign off on their control over strategic, tactical and operational aspects of their accountabilities and areas of responsibility, and compliance with relevant laws and regulations.

The audit committee met four times in 2005; topics discussed included the provision of financial information by the company, the operation of internal risk management and control systems, compliance with recommendations of internal and external auditors, the policy of the company on tax planning, the relationship with the external auditor, the financing of the company and the applications of communication and IT. Furthermore, the audit committee reviewed the audit committee charter.

Dutch corporate governance code

In accordance with best practice provision II.1.4 of the Dutch corporate governance code and the recommendations of the monitoring committee, Randstad has substantiated, in the paragraphs described above, the internal risk management and control systems.

Furthermore, the assessment of the effective working of internal controls regarding financial reporting is outlined in the concluding paragraph, as required by the Dutch corporate governance code.

Conclusion

The executive board is responsible for Randstad's internal risk management and control systems and for reviewing their effectiveness. These systems are designed to manage the risks that could prevent us from achieving our objectives, but cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations can be prevented.

The executive board has reviewed and analyzed the risks to which our Group is exposed, and has reviewed the control environment for the financial year 2005. The outcome of this review has been shared with the audit committee and supervisory board, and has been discussed with our external auditor.

Based on the activities performed during 2005, the executive board believes that the risk management and internal control systems provide reasonable assurance that the financial information from these systems is reliable and in compliance with rules and regulations.

Income & financial position analysis

International Financial Reporting Standards (IFRS)
The financial statements for 2005 have been prepared in conformity with IFRS. Apart from a different classification of a number of items, the effects of changes in accounting principles, compared to previous accounting principles, are limited. The main differences are:
- As of January 1, 2005, preferred shares are classified as liabilities instead of as equity. Consequently, dividend on preferred shares will be included in net finance costs as from 2005.
- The fair value of share-based payments must be recognized as personnel expenses during the vesting period; the negative impact on operating expenses amounted to € 4.3 million (2004: € 1.6 million negative).
- Amortization of other intangible assets identified for acquisitions as from 2004; goodwill is not amortized anymore, but tested on impairment.

Other changes have no material effect. More details in respect of the transition to IFRS are included in Note 47 of the consolidated financial statements.

Income statement

Revenue
Group revenue strongly increased by 15% to € 6,638.5 million, from € 5,764.2 million in 2004. Organic growth was an impressive 14%. Acquisitions effects contributed 1% to growth, and the impact of currency effects on growth in revenue was, on balance, nil. In 2005, we outperformed in most of our markets. Strong organic growth performers were Germany (28%), Belgium & Luxembourg (16%) and the Netherlands (14%), resulting in a strengthening of our leading market positions in these countries. Also, France (17%) and Italy (21%) contributed significantly to this growth. In the US, organic growth was slower, reflecting our efforts to focus on profitability rather than on gaining market share.

Prior years' acquisitions in Sweden, Poland and Belgium performed in line with expectations.

'What I like about Tempo-Team is the no-nonsense culture, the openness and clarity. We're doers...'
Alieke de Vries-Reurink, branch manager, Tempo-Team.

Consolidated income statement, 2005

in millions of €		2005		2004
Revenue	**6,638.5**		5,764.2	
Cost of services	**5,233.3**		4,546.0	
Gross profit		**1,405.2**		1,218.2
Selling expenses	**771.6**		686.3	
General and administrative expenses	**342.7**		306.3	
Total operating expenses		**1,114.3**		992.6
Operating profit		**290.9**		225.6
Net finance costs		**(9.2)**		(2.2)
Income before taxes		**281.7**		223.4
Taxes on income		**(39.8)**		(20.7)
Net income		**241.9**		202.7
Attributable to ordinary shareholders:				
Net income	**241.9**		202.7	
Less: dividend on preferred shares	**–**		8.6	
Net income for ordinary shareholders		**241.9**		194.1
Earnings per ordinary share (€):				
Basic		**2.10**		1.68
Diluted		**2.09**		1.68
EBITA [1]		**299.1**		226.4
EBITDA [2]		**339.2**		267.8

1 EBITA: operating profit before amortization other intangible assets and impairment goodwill.
2 EBITDA: operating profit before depreciation, amortization and impairment goodwill.

Gross profit and gross margin

In 2005, gross profit increased from € 1,218.2 million to € 1,405.2 million. Gross margin of 21.2% was slightly above last year's 21.1%. One of the main contributors to gross margin growth was North America, mainly as a result of changes in the client portfolio and our focus on profitability rather than on revenue growth. We were able to increase gross margin in North America by 0.8% to 19.0% in 2005. In the Netherlands and Belgium, the gross margin was more or less stable compared to the previous year. Gross margin in Germany decreased from 26.7% to 25.1%, due to an increasing share of large accounts and gradual changes in business mix, compensated by improved productivity.

Operating expenses

Total operating expenses were € 1,114.3 million in 2005, compared to € 992.6 million in 2004. The impact of currency effects on operating expenses was negligible. Acquisitions resulted in an increase of operating expenses of approximately € 12 million. Operating expenses in relation to revenue declined from 17.2% in 2004 to 16.8% in 2005, reflecting our investments in growth (among others 75 branches and 233 specialty units opened in 2005) whilst improving efficiency. Personnel expenses increased with 13.9% compared to last year (2005: € 759.6 million; 2004: € 666.8 million). The average number of personnel (in full-time equivalent) increased by 9.5% compared to last year. A high intake of corporate employees, to support our growth, caused an increase in recruitment and training expenses. Operating expenses were negatively impacted by a number of non-recurring items of approximately € 5.0 million. This mainly relates to an impairment charge on goodwill as a result of a less positive outlook due to changed regulations. Additionally, amortization charges on other intangible assets were up in 2005 (€ 3.4 million) compared to 2004 (€ 0.8 million), following the acquisitions in 2004 and 2005.

Net finance costs

Following the implementation of IFRS, the dividend on preferred shares (€ 8.4 million) is classified within net finance costs as of January 1, 2005. In the comparative figures 2004

'Clients want the best people.
People want the best companies.
That's where we come in…'
Frans Lusterman, commercial director, Yacht Netherlands.

Consolidated balance sheet at December 31, 2005

in millions of €		2005		2004
Assets				
Property, plant and equipment	99.3		79.3	
Intangible assets	111.3		81.1	
Deferred income tax assets	339.7		336.2	
Other non-current assets	4.9		8.7	
Non-current assets		555.2		505.3
Current receivables	1,292.5		1,073.7	
Cash and cash equivalents	453.8		369.8	
Current assets		1,746.3		1,443.5
Total assets		2,301.5		1,948.8
Equity and liabilities				
Shareholders' equity		536.2		507.1
Non-current liabilities	688.3		535.6	
Current liabilities	1,077.0		906.1	
Liabilities		1,765.3		1,441.7
Total equity and liabilities		2,301.5		1,948.8

Balance sheet and cash indicators

	2005	2004
Balance sheet		
Operating working capital[1] in millions of €	398.7	303.0
Average operating working capital as % of revenue	5.3%	4.8%
Days Sales Outstanding (moving average)	53	54
Net cash[2] in millions of €	206.0	149.0
Interest cover (EBITDA on financial income and expenses)	424.0	121.7
Net debt on EBITDA	n.a.	n.a.
Cash flow in % of revenue		
Net cash flow from operating activities	3.6	4.6
Free cash flow	2.2	3.5

1 Operating working capital: trade and other receivables minus trade and other payables plus dividend preferred shares.
2 Net cash: cash and cash equivalents minus borrowings.

of the income statement, no dividend on preferred shares is included in net finance costs. Earnings per share for ordinary shareholders are not impacted by this change in classification. On November 18, 2005, the dividend on the preferred shares was reset from 5.17% to 4.32%. As of this date, the dividend amounts to € 0.284 per preferred share, or € 7.2 million annually (previously: € 8.6 million annually). For the year 2005, the dividend is calculated pro rata: € 8.4 million (€ 0.333 per share).

Taxes on income
The effective tax rate in 2005 amounts to 14.1%. As in 2004, taxes on income in 2005 were materially impacted, mainly by a decrease in the corporate income tax rate in the Netherlands. As a result of this reduction, and due to our tax planning, an amount of deferred tax liabilities (so-called recapture obligations) could be released to the income statement. In 2005, the positive one-off tax effects amounted to € 10.5 million, or 3.7% in effective tax rate (2004: € 44.0 million, or 19.7% in effective tax rate).
As per January 1, 2006, Randstad transferred its corporate treasury center from Amsterdam to Brussels, to benefit from the new Belgian tax legislation (notional interest deduction facility).

Earnings per share
As a result of the above, diluted earnings per ordinary share before amortization other intangible assets and impairment of goodwill increased with 28.0% to € 2.15 in 2005 (2004: € 1.68).

Balance sheet

Non-current assets
Total non-current assets increased by € 49.9 million to € 555.2 million. Additions in property, plant and equipment were higher (€ 48.4 million) than the depreciation expenses of € 26.1 million in 2005. Expenditures for leasehold improvements were high, due to the introduction of worldwide interior decoration, furniture and other brand carriers resulting in an improved brand image. In addition, 75 branches were opened during the year.
On balance, intangible assets rose by € 30.2 million, due to goodwill and intangible assets with respect to acquisitions, mainly in the second half of 2005.

Operating working capital
Operating working capital was up by € 95.7 million to € 398.7 million at the end of 2005. This is mainly due to the increase in business activity. The moving average days sales outstanding decreased to 53 days, compared to last year's 54 days, despite the implementation of our new IT system in the Netherlands, called Mondriaan.

Net cash
Net cash amounted to € 206.0 million at December 31, 2005, which was € 57.0 million higher than last year's balance of € 149.0 million. In addition, Randstad has the availability of a significant amount of committed credit facilities (including the possibility of drawing under the syndicated credit facility). Acquisitions of subsidiaries, mainly in the fourth quarter,

Cash flow statement, 2005

in millions of €		**2005**		2004
Cash flow from operations before operating working capital		**317.5**		322.8
Operating working capital		**(79.3)**		(58.1)
Net cash flow from operating activities		**238.2**		264.7
Net additions in property, plant and equipment and software	**(57.9)**		(38.5)	
Acquisitions of subsidiaries	**(34.3)**		(29.6)	
Other	**0.0**		4.1	
Net cash flow from investing activities		**(92.2)**		(64.0)
Free cash flow		**146.0**		200.7
Net cash flow from financing activities		**(81.1)**		(30.5)
Net increase in cash and cash equivalents and current borrowings		**64.9**		170.2
Cash and cash equivalents and current borrowings at January 1		**279.4**		105.3
Net increase in cash and cash equivalents and current borrowings		**64.9**		170.2
Translation (losses)/gains		**(7.8)**		3.9
Cash and cash equivalents and current borrowings at December 31		**336.5**		279.4

impacted the net cash position € 34.3 million negatively in 2005.

Cash flow statement

Cash flow from operations before operating working capital (2005: € 317.5 million) remained at approximately the same level as last year. This year's higher operating profit was balanced against a high receipt of corporate income taxes in 2004. The net cash outflow from investing activities amounted to € 92.2 million (cash outflow 2004: € 64.0 million), as a result of investments in property, plant and equipment and acquisitions. Combined with higher dividend payments in 2005 (€ 84.8 million) compared with previous year (€ 37.4 million), the net increase in cash and cash equivalents and current borrowings amounted to € 64.9 million.

Acquisitions

Randstad's primary focus is on organic growth. In addition, we also grow through acquisitions. In general, we prefer to add small and mid-sized acquisitions to our existing business. Such acquisitions are typically done to fill out a specific segment or geographic area.

During 2005, Randstad acquired Hageweld in the second quarter to improve our leading position in the Dutch technical specialties market. In the second half of 2005, Randstad reached agreements on a number of acquisitions. We strengthened our recruitment services by acquiring financial recruiter Martin Ward Anderson in the UK and EmmayHR in India. In addition, Randstad reinforced HR solutions by acquiring payroll service provider Gamma in the Netherlands, and career management specialist Galilei in Belgium.
In January 2006, we acquired staffing company Bindan and project engineering company Teccon, resulting in a strengthening of our leading market position in Germany. Furthermore, we entered China and Turkey in 2005 via start-ups.

Outlook

Our strong 2005 results have been achieved by the commitment of our employees, acting on the sound foundation of Randstad's strategy. We believe that we will be able to continue to gain market share, improve productivity and add more specialty services in existing markets. Furthermore, we intend to grow into new segments and geographical markets. Our position will also be strengthened through selective acquisitions.

'At Randstad, we look for the best solution, not the fastest profit…'
Niels-Holger Albrecht, process trainer, Randstad Germany.

The regulatory environment

Randstad operates in 19 different markets. Each market has a different regulatory environment. As an organization, Randstad has long been committed to creating equitable working environments for its flexworkers and interim professionals. At the same time, our view is that flexibility in the labor market, with safeguards for flexworkers, has clear, positive effects on companies' productivity and ability to compete. Flexibility can be a very effective tool for both employers and employees.

From 2000, there has been a move within the European Union (EU) to come to a directive on temporary work. This move was driven by the so-called Lisbon Strategy, aimed at sustainable economic growth through the creation of more and better jobs in the EU. Comprehensive research showed that by 2010, the number of flexworkers in Europe could grow from around 2.0 million to 6.5 million. One of the reasons for growth is the staffing industry's ability to give the unemployed and new entrants access to the labor market. A prerequisite is deregulation coupled with safeguards for flexworkers and interim professionals.

Heide Franken, managing director corporate affairs & market innovation, Randstad Germany:

'I worked first for Randstad as a student, was impressed by the business concept and saw clear career opportunities. I've worked in senior positions in Germany, the Netherlands, Switzerland and for Yacht Europe. I returned to Germany in 2001. One of my key tasks was influencing the political and social environment in favor of flexible work. This means I had a significant involvement in the negotiations on Germany's first industry-wide collective labor agreement (CLA). We already had a company-wide CLA. Increasingly, decision-makers are looking to Randstad for advice and insight in flexible labor. Besides my role there, I've also been given the opportunity to chair the recently established Randstad foundation. As I said, clear career opportunities.'

Industry engagement

Until very recently in many EU countries, staffing was disallowed, or staffing companies were prohibited from working in specific sectors. These regulatory environments often dated back many decades. They aimed – rightly – to protect temporary employees from exploitation. Combating exploitation of any kind has always been key in Randstad's approach to its business and its flexworkers and interim professionals. This is why Randstad welcomes and participates in discussions on regulatory initiatives from both a business and a social perspective. We are active in regulatory environments in a number a ways. Randstad is a leading member of the Confederation of Private Employment Agencies (CIETT). At national level, Randstad works for cooperations with social partners – government, employers' associations and labor unions. We participate in national federations in virtually all countries where Randstad operates.

Unilateral deregulation

Progress on EU deregulation has been slow, as reviews in 2003 and 2004 showed. And no EU directive has been agreed upon to date. As a result, a number of countries have pursued unilateral deregulation. Germany is one example. This was one of the most highly-regulated markets in the world. Randstad was a prime mover in negotiating the collective labor agreement (CLA) for the whole staffing industry. It became effective in 2004. In the Netherlands, a new CLA was agreed and came into force in 2004. This new CLA both stimulates and regulates flexibility. In 2005, France deregulated some areas of the labor market that had previously been state run. Now, we can also offer permanent placement in this challenging, high-unemployment market. From a business perspective, Randstad benefits from a well-regulated environment with built-in safeguards for flexworkers and interim professionals. Deregulation enables Randstad to grow its business, introduce specialties and support clients' flexibility goals. France is a clear example where changes in regulation have enabled us to introduce permanent placement. Germany is another good example of how deregulation has opened up the labor market for the staffing industry.

Cross-border services

Another EU directive – the Services Directive - could, if passed by the European Parliament, help clarify the regulatory environment. In November 2005, the European Parliament's Internal Market Committee passed the directive by a small majority. Basically, this directive will regulate how service providers can operate within the EU. As part of this regulatory framework, it sets standards for how services can move and be provided across borders within the EU. The Services Directive aims to create a level playing field in Europe for services, including staffing. It could open up new markets for Randstad while ensuring the rights of (flex)workers, who are moving and working in different countries, are safeguarded. The EU Parliament will vote on the directive in 2006.

Corporate social responsibility

The very nature of our business – matching supply and demand of labor - means Randstad plays an important role in society. Some 13,430 Randstad employees around the world put close to 254,400 flexworkers and interim professionals to work every day. Randstad represents a means for the jobless to enter the labor market. In many of our markets, we also recruit actively from groups that do not traditionally participate in the work force. These groups include the long-term unemployed, immigrants, refugees and asylum-seekers. Through Randstad, many of those marginalized are given employment opportunities free from exploitation.

2005 marked a year of formalizing already existing networks and processes to carry out corporate social responsibility (CSR) activities at Randstad. This section of the annual report first outlines the philosophy behind pursuing a CSR agenda, and furthermore shows concrete examples of what Randstad does internally to be a social responsible corporate employer. We also outline the steps we take to engage stakeholders in our sector. Finally, we offer a detailed account of our activities aimed at bettering society, most notably through our partnership with Voluntary Service Overseas (VSO). While on many fronts, Randstad is a leader in socially-responsible behavior, we recognize that the efforts outlined in this section are only steps that mark our progress in becoming even better corporate citizens.

Our philosophy
One of Randstad's core values, a guiding principle since the 1960s, is the simultaneous promotion of all interests. It was a very conscious decision to embed this statement in our core values and the reasoning is quite straightforward. In our business, we are at the heart of a network of stakeholders with varying interests - clients, flexworkers, interim professionals and candidates, our own employees and suppliers, employers' and employees' organizations, governments, labor unions, and the staffing sector as a whole. Our founder understood that by helping everyone – for example, by helping companies and institutions develop networks, and negotiating collective labor agreements with the Unions - Randstad benefited as well.
Based on this premise, Randstad was the first company to work closely with the government to set out rules and guidelines for the fledgling staffing industry. In the 1970s, Randstad was the first flexible staffing agency to negotiate a collective labor agreement (CLA) with labor unions for its flexworkers. This CLA is now an industry standard. Where before the industry was viewed with suspicion, Randstad's pioneering and proactive efforts helped the staffing industry gain acceptance as an important player in creating a sound, inclusive economy.

'My personal goal is to grow, to learn and seek new opportunities – I'm encouraged every step of the way...'
Tiffany Daniel, IT programmer, Randstad North America.

Some global and local CSR milestones at Randstad in 2005:
- Company-wide code of conduct and formal structure to report misconduct;
- As in Randstad Belgium, Randstad Italy is now SA8000 certified as well; SA8000 is the first auditable international standard on corporate social responsibility;
- Like Spain, a German Foundation was established to help disadvantaged gain employment;
- Over 50 activities with Voluntary Service Overseas, including formal internal 'ambassador' network and Randstad employee volunteers in Namibia and Uganda;
- 4,000 desktops and 450 laptops to Africa, through 'Close the Gap';
- Signatory to the United Nations Global Compact;
- Randstad is included in the Dow Jones World Sustainability Index for the second year in a row;
- In the Netherlands, Randstad, Tempo-Team, Capac and Yacht were each awarded 'Great Place to Work', as was Randstad Belgium for the third time.

This philosophy does not apply to one geographical area, but holds true throughout Randstad. For example, with our help, CLAs for flexworkers in many countries have been established. In those countries where such agreements do not exist, Randstad aims to create the same working conditions for all its flexworkers across the company.
As Randstad grows internationally, we bring with us our ability to engage stakeholders to raise working standards and increase opportunities for people to find work everywhere we operate.
The simultaneous promotion of all interests is a global imperative to the way we do business. It is not exercized only when it is convenient to do so, but at all times.

Social dialogue
Employee participation in social and market issues is encouraged through national works councils and through the Randstad European Platform for Social Dialogue. Despite its name, the European Platform comprises representatives of both senior management and employees from all countries where Randstad operates, including North America. Representatives of Union Network International and associated labor unions are also invited to attend these meetings. In 2005, the platform met twice. Discussion points included: Randstad business results and

human resources trends, as well as human resources and management development standards for the whole Randstad Group.
The Group-wide integrity code, as well as the internal cultural survey, were also discussed. What is discussed at the Platform is communicated throughout the group and highlights of the minutes of the meetings are available to all Randstad employees upon request.

Diversity
Diversity is essential to our continued success. We seek talent from all corners of the world, and the equal and respectful treatment of all employees, flexworkers, interim professionals and candidates are recognized in our HR standards. All the HR procedures we develop must promote equal opportunity and treatment.
Discrimination on the grounds of race, skin color, sex, sexual orientation, creed, age, political conviction, country of origin, disability, or social background is prohibited. The Randstad Group's population aims to reflect the diversity of society. Since Randstad is committed to the equal treatment of employees, flexworkers, interim professionals and candidates across all our geographical markets, our HR standards must be applicable throughout the Randstad organization.
In concrete terms, a number of operating companies are proactively addressing the issue of diversity in the hiring of Randstad consultants, flexworkers and interim professionals by introducing more training and seeking to remove barriers to employment. For example, Randstad France has joined forces with other major companies by signing a diversity charter committing to take steps to promote diversity in the work force. Another example is Randstad Belgium's signing of the 'Charter for Diversity' with the Brussels government, as well as the diversity charter from the Federation of Belgian Enterprises in Belgium. In 2005, Randstad Belgium also set up a department called Randstad Diversity. This department works closely with over 70 NGO-partner organizations. In 2005, Randstad Belgium helped 1,100 people re-integrate into the labor market after long-term unemployment, illness or disability. Similarly, in the Netherlands, HR solutions – in partnership with local governments and social security authorities (UWV) – helped some 5,500 people find work again. To aid in re-integration, Randstad not only provides job searching and matching, but also coaching and other support to help the long-term unemployed successfully re-enter the job market.

Group-wide code of conduct and provision for reporting misconduct
Randstad has a code of conduct that calls for the highest level of professionalism when we do business. Besides ethics, this code of conduct addresses a wide range of topics, including how to handle confidential information and to what level one can accept gifts. We ask all our employees to take the code of conduct into account when interacting with clients, colleagues, and the community.

In our company, if one is witness to an illegal act, has a complaint, or see someone misbehaving, they would normally report it to their supervisor. Sometimes however, this might be an impossible option because they fear retaliation, for example. Randstad would like to think that every activity is being conducted 100% properly, but in a company that puts 254,400 people to work every day, this might not always be the case. For that reason, Randstad would like to be able to address it. This is why, alongside the code of conduct, Randstad has included a provision for reporting misconduct. Called the integrity code, it outlines steps one can take to report a concern. This means that someone acting in good faith can report misconduct without fear of retaliation.
The misconduct can relate to violations of legal obligations, potential improper management practices, or lack of compliance with internal policies.

With the Randstad Group integrity code comes an integrity phone line and website where cases can be submitted, anonymously, if desired. An integrity officer reviews the case and reports back to the reportee. Complaints and concerns are a fixed item on the agenda of the audit committee,

Astrid Mandl, marketing specialist, Randstad Germany and VSO volunteer at United Disabled Persons of Kenya in 2005:

'I have always wanted to volunteer overseas. That's why I was thrilled with the VSO partnership. The process of selecting volunteers is long, thorough and very careful. Only then can you apply to an organization in the field. The final decision is up to that organization. I was only able to take on this great opportunity because Randstad and my colleagues were behind me all the way and enabled me to take time out. Besides, Randstad provided an allowance so I could meet my financial responsibilities at home, since volunteers receive the same salary as local people. Furthermore, my job was guaranteed upon return. What I learned in Kenya? Patience, flexibility and I think I'm now more inventive in finding solutions.'

which reports directly to the supervisory board of Randstad Holding nv.

Social partnerships

Randstad actively seeks social partnerships that reflect our core values and core competences. Our most active group-wide partnership is with the international non-governmental organization Voluntary Service Overseas (VSO). Besides this initiative however, local initiatives by our operating companies also take place. We offer both human and financial/resource support based on a strong match with our social and business goals. Usually, we commit to (long-term) projects related to either labor market issues or the development of individual talent. Besides stimulating employees to participate in our initiatives, we also try to involve clients. These initiatives include:

The Randstad/VSO partnership

In June 2004, the Randstad Group announced a far-reaching partnership with VSO. This partnership is fully in line with Randstad's long-standing commitment to CSR and our desire to apply knowledge and skills on a global level to help alleviate poverty. VSO's core activity is matching volunteers' skills with the needs of communities in the developing world. By borrowing from Randstad's core competencies and leveraging its network, VSO can stimulate even more positive change. Set up in 1958, VSO has placed more than 30,000 volunteers in Africa, Asia, the Caribbean, the Pacific Rim and Eastern Europe. VSO recruits volunteers who bring expertise in such areas as education, health care, HIV and AIDS, and business management. Through the partnership, and alongside approximately € 1 million in financial support over three years, Randstad helps VSO expand its recruitment and fund-raising efforts in Europe and North America. In addition, Randstad employees and flexworkers can also volunteer. Partnership activities involve the whole organization and the response from Randstad Group employees around the world has been enthusiastic. Commitment to the partnership is Group-wide, and many countries have taken the initiative to host events and start activities that have helped raise the awareness of VSO. Currently, there are over 50 initiatives taking place throughout Randstad to support the partnership. Besides the recruitment of volunteers, we have in the past year supported VSO by providing office space, offering legal advice, identifying and filling grant applications, networking and fundraising. In recruitment, we have primarily helped by finding HR and health volunteers and in terms of fund-raising many of our activities enabled VSO to help in tsunami-affected countries. The first Randstad employee left for Namibia in the spring of 2005. Another five were deployed to other projects throughout the year.

Randstad's partnership with VSO is a case example at the MBA school INSEAD. Randstad also circulates an internal magazine every quarter, specifically for the purpose of communicating and promoting the VSO activities that take place at Randstad. 2006 shows promise to build on our partnership. Already nine new Randstad employees have been selected to go overseas in early 2006, and this number will most likely be followed by many more. Also in this new year, Randstad/VSO will release a short film of their work in Namibia. It is our hope that our clients will be inspired by VSO's efforts and join us in helping non-government organizations address social and environmental issues through lending their core competencies.

'I was looking for flexwork but Randstad offered me a job. They saw potential…'
Ombretta Ferrara, consultant, Randstad Italy.

Other social partnerships

In Spain, the Randstad Foundation gives youth, elderly women and the disabled an opportunity to integrate into the labor market. Randstad Germany has also established a Foundation to help the disadvantaged gain work experience.

Randstad US is active in supporting a number of organizations, including the March of Dimes (which promotes children's health) and the YMCA/YWCA.

Randstad sponsors labor market research at the University of Amsterdam (SEO, Stichting voor Economisch Onderzoek). The institute regularly produces 'The Randstad Jobreport', which brings together employment trends in the countries where Randstad operates. Randstad is also funding a Chair at the University of Amsterdam that in 2006 and 2007 will focus on demographic trends and migration as possible solutions for a future lack of workers in Europe. Besides conducting its own research on the labor market, Randstad participates in many labor related research initiatives at other universities as well.

In 2005, the IT department of the Dutch operating companies (I-bridge) donated approximately 4,000 desktops and 450 laptops that were more than three years old to the Non-Governmental Organization (NGO) 'Close the Gap' project for use in Africa. Many of the laptops went to educational projects.

Students in Free Enterprise (SIFE) is supported by Randstad. This global organization runs ethically based business competitions in 1,800 university campuses in more than 40 countries. In Germany, Randstad manages the personnel administration for SIFE's European liaison.

Randstad Netherlands offers NGO affiliates of Charitas a reduced rate on their flexible staffing and HR needs.

The United Nations Global Compact

The UN Global Compact invites companies to commit to a number of key principles on human rights, labor standards, the environment and anti-corruption. Below is a summary of how Randstad will strive to meet and uphold these principles.

Human rights
Randstad promotes respect for the protection of human rights and rejects abuses through our company. Randstad is an active member of CSR Europe and three of our operating companies, Belgium, the Netherlands and Switzerland, are National Partner Organizations. This involves supporting the promotion of the human rights agenda through participation in working groups and benchmark sessions.

Labor standards
Those principles that address labor standards in the UN Global Compact lie close to Randstad's core competences. We have always believed that the highest labor standards are a right. This simply makes good business sense. We adhere to all regulations relating to labor standards in our markets, and in markets where there are little or no regulations, we lobby for their introduction to be applied across the whole sector. Until formal ones are in place, we will continue to apply high standards. We were the first staffing organization ever to negotiate Collective Labor Agreements (CLAs) for our flexworkers, now an industry practice. We continue to strive for well-regulated working conditions wherever we are active, engaging in dialogue with stakeholders to ensure standards are put in place. Randstad rejects all forms of child labor.

Environment
By the nature of our business, Randstad is not a resource intensive company, and, being a people company we place our focus on human rights and the social welfare of people. Nonetheless, where there is a significant environmental impact, efforts are made to ensure our activities are not hazardous to health and the environment. This includes active recycling programs for printer cartridges, and energy efficiency initiatives such as the use of low energy lighting. In terms of energy efficiency, our head office in Diemen uses climate control windows and uses the hot waste water from the city's central electricity power station as a heating source. The use of low energy lighting is also used to keep energy consumption down.

Anti-corruption
Randstad rejects all forms of corruption in the firm belief that the sector, and Randstad itself, benefits from a level competitive playing field. Normal reporting processes, backed up by the integrity code, will ensure that if corruption is discovered, it will not go unaddressed, or unpunished.

Randstad is well-known for the construction of the Clipper *Stad Amsterdam* – the work was carried out by unemployed (young) people, giving them an opportunity to learn new trade skills. Now a training and conference vessel, the Clipper continues its social role. Of the conferences hosted in 2005, two focused on governance and CSR. The INSEAD business school held a meeting on Governance, and the Clipper was loaned to the United Nations Global Compact as a venue to discuss ways of incorporating the Global Compact's 10 Principles of human rights and labor standards into the curricula of educational institutions.

Memberships
To advance the CSR agenda on many levels, Randstad is an active member of a number of organizations. These include:
- CIETT (international confederation of private employment agencies) – through our membership we strive for well-regulated working conditions for our corporate employees, flexworkers and interim professionals;
- INSEAD Business in Society Executive Roundtable – Randstad is a member of the Steering board of the Roundtable to promote CSR at the management level;
- Corporate Social Responsibility Europe (CSR Europe) – our active participation means we can help stimulate socially-responsible business practices;
- The UN Global Compact; and
- Samenleving & Bedrijf (Community & Company) – an organization that works for corporate social responsibility goals, including diversity.

Diemen, February 14, 2006

The executive board,

B.J. Noteboom
J.W. van den Broek
R.J. van de Kraats
L.J.M.V. Lindelauf

'Clients and flexworkers come to Randstad because we listen...'
Oliver Roth, consultant, Randstad Luxembourg.

supervisory board

The supervisory board of Randstad Holding nv

	Initial appointment	Current appointment until AGM in
F.W. Fröhlich, chairman	2003	2007
F.J.D. Goldschmeding, vice-chairman	1999	2007
J.C.M. Hovers	1995	2009
W.A.F.G. Vermeend	2003	2007
L.M. van Wijk	2002	2006
R. Zwartendijk	1999	2008

Other information on the supervisory board

Mr. F.W. Fröhlich, chairman (1942, German nationality) [1, 2]
Economist, former Chief Financial Officer and vice-chairman of the executive board of Akzo Nobel nv; memberships of supervisory boards: Draka nv, Allianz Nederland Groep nv, Gamma Holding nv, Kempen & Co N.V. and ASML nv.

Mr. F.J.D. Goldschmeding, vice-chairman (1933, Dutch nationality) [1, 3]
Economist, founder of Randstad and former president and CEO of Randstad Holding nv; member of the Advisory Council of ING Groep N.V.; member of the supervisory board of GVB-Amsterdam and MEA nv; chairman of Stichting Maatschappij en Onderneming.

Mr. J.C.M. Hovers (1943, Dutch nationality) [1]
Econometrist, former chairman of the boards of Océ N.V. and Stork N.V.; chairman of supervisory boards: GVB-Amsterdam, Inter Access N.V., Smeva nv, Kuster Engineering nv, MPS nv, NEM Holding nv, MEA nv, Mobilly nv; memberships of supervisory boards: Wolterink bv and Mignot & De Block B.V.

Mr. W.A.F.G. Vermeend (1948, Dutch nationality) [3]
Lawyer, former Minister of Social Affairs and Employment, former State Secretary of Finance; professor European Fiscal Economics at the University of Maastricht, senior counsel at Boer & Croon Strategy and Management Group; memberships of supervisory boards, among others: Maison van den Boer bv, Free Record Shop Holding bv, Nationalevacaturebank.nl, Connexxion Holding nv and Meeùs Groep B.V.

Mr. L.M. van Wijk (1946, Dutch nationality) [2]
Econometrist, president and CEO of KLM; vice-chairman of the Board of Directors Air France-KLM; memberships of supervisory boards: Northwest Airlines, Martinair Holland NV and AEGON N.V.

Mr. R. Zwartendijk (1939, Dutch nationality) [3]
Economist, former member of the board of Royal Ahold n.v. and former president and CEO of Ahold USA; chairman of supervisory boards: Nutreco Holding N.V., Koninklijke Numico N.V., Blokker Holding B.V.

1 member of the audit committee
2 member of the nomination & compensation committee
3 member of the strategy committee

report from the supervisory board

As required by Article 26 of the company's Articles of Association, the supervisory board submits the 2005 annual report of Randstad Holding nv. PricewaterhouseCoopers Accountants N.V. audited and approved the financial statements; the auditors' report is included on page 93.

This reporting year was, again, very successful for the company and all its stakeholders. We would like to thank the executive board and all Randstad employees for their dedication and great performance.

The executive board has proposed to declare a cash dividend on ordinary shares of € 97.2 million (€ 0.84 per ordinary share) and a cash dividend on the cumulative preferred shares of € 8.4 million (€ 0.333 per preferred share). We endorse this proposal and further endorse the executive board's proposal to retain the remaining net income of € 144.7 million and add it to reserves. We propose that the annual General Meeting of Shareholders (AGM) adopts the financial statements and the appropriation of net income according to the executive board's proposal.

In the reporting year, the supervisory board and executive board met jointly seven times, according to a pre-arranged schedule. Absenteeism was negligible.
The supervisory board met without the executive board three times, however the chairman of the executive board was present at two of these meetings. The auditors were present at one supervisory board meeting to discuss 2004 financial results and the annual report.

The main topics at these meetings were:

- Strategy: the company's strategic plan dates from 2002, and is updated annually to 2007. The supervisory board discussed the update, with the executive board, and assessed the company's progress in achieving its strategic targets. Particular attention was paid to potential growth avenues, for example strengthening existing positions; expanding into new geographical markets and service offerings; broadening and deepening of HR solutions. Various options for cooperation and acquisition targets were discussed. Priorities were set to achieve the goal of building a robust services portfolio that generates strong earnings throughout the cycle.

- Financial results: supported by in-depth analyses by the audit committee, the financial statements were reviewed, as were the development of costs, productivity, debt ratios and working capital requirements. The supervisory board witnessed a successful completion of the International Financial Reporting Standards (IFRS) implementation process. The financing mix of the company, funding of new initiative, and tax planning were regular topics for discussion, with a focus on financial sensitivities. Special attention was given to the preparation of the in-control statement. For more details on Randstad's risk management and control framework, please see pages 21-24.

- The 2006 budget was extensively discussed with the executive board, including an evaluation in the context of the company's medium-term financial targets and macro-economic developments.

- Operations: The supervisory board constantly assesses the operational performance of the Group as a whole, as well as that of the separate operating companies. Operational sensitivities were assessed, also in light of macroeconomics, market developments, legislation and competitive environment.
  The supervisory board attaches great value to permanent education. To that end, we received several presentations from individual senior managers; both with line and staff management, we evaluated several operating companies in the context of their market and competitors, and key central departments such as corporate communications & branding.

- Corporate governance: compliance with the provisions and best practices of the Dutch corporate governance code was monitored and followed up where necessary. Adjusted regulations for the executive board, the supervisory board and its committees came into force early in 2005. Reporting – if desired, anonymously – of alleged irregularities or misconduct as set out in the integrity code was facilitated by the implementation of toll-free lines in all countries where the company operates.

- Role of auditors and composition of audit team: the role of the external auditors was assessed and the supervisory board concluded to continue the appointment of PricewaterhouseCoopers Accountants N.V. for the year 2005; this conclusion was confirmed by the 2005 AGM.

- Assessment: the supervisory board assessed its and its committees' composition and competences against the profiles as indicated in the by-laws and terms of reference. The functioning of the supervisory board, as a board and that of its individual members, was also assessed; as was that of the executive board; meetings and logistics were evaluated as well.
  The responsibilities of the executive board members were reallocated after Mr. Jim Reese left the company.

'Clients and candidates always come first – that's why we're here…'
Sandra Nazaré, consultant, Randstad Professionals, Portugal.

- Vacancy supervisory board: After a thorough search throughout 2005 the supervisory board has found Mrs. Giovanna Kampouri Monnas prepared to accede to the board; her appointment will be proposed to the AGM of May 2006. With her international profile, considerable experience in commercial management, as well as expertise in marketing and branded goods, Mrs. Monnas is an ideal fit in the profile of the supervisory board. All members are happy to welcome her.
  Prior to her participation in the board meetings, Mrs. Monnas is following an induction program, consisting of an in-depth introduction into various aspects of the operations and meetings with key people.

- Remuneration: the adjusted remuneration policy for the executive and supervisory board, as adopted by the AGM of May 2005, was put in place. Criteria for the executive board's performance-related remuneration components were set and the first tranche of the mid-term incentive was allocated. Stock options, being a long-term incentive, were awarded to executive board members and senior management of the Group.
  At the end of 2005, remuneration was again benchmarked against the peer group.

- Management development: management development and succession planning – issues of strategic importance – are recurring topics on the agenda. Attention focused on the program to appoint and develop management required, both in quantity and quality, to execute the operating companies' business plans in the coming years; to develop best in class tools and processes to facilitate the program; and to create ownership and motivation for an effective execution. The process of familiarizing with senior management and distinguishing talent was enhanced by continued individual presentations by general managers and managing directors at supervisory board meetings.

- On-site meetings: in order to gain more in-depth insight in management and operations of various brands in the various countries and cultures where the company operates, the supervisory board is scheduling meetings at operating companies outside the Diemen head office. The first of these meetings took place in Brussels, where the local management team presented the board with information on the Belgian market and the company's strategic focus; a field visit was most rewarding, giving supervisory board members a better understanding of the local working processes in the various Randstad Belgium concepts and specialties.

Supervisory board committees

Randstad's supervisory board has three committees, which report to the supervisory board after each meeting. The composition of the committees can be found on page 34 of this report.

The audit committee consists of three members; one member is not independent in the sense of the Dutch corporate governance code. This committee met four times, each time in the presence of the auditors and without executive board members for part of the meeting.

Herman Nijns, managing director, Randstad Belgium:

'I joined as a consultant, thinking I'd work at Randstad for three years, get to know the labor market and then move into HR. Over 18 years later and I'm still here - for two reasons. Randstad saw potential in me. First, I was challenged continually through systematic moves and promotions to a broad variety of operational positions. But I couldn't have grown without the great teams who helped me through a continuous learning curve. That applies even more today. A second, maybe even more important, reason is that there's a clear social component in every thing we do. I love the fact our teams are putting over 250,000 people to work every day. That's what I call job satisfaction…'

Topics discussed were the company's financial results and their communication to shareholders and the financial community. The process of IFRS implementation, effective per beginning 2005, was evaluated. The operation of internal risk management and control systems was a topic at each meeting, and particular attention was given to an internal audit project in preparation for the in-control statement. The application of IT was dealt with. Social securities were also on the agenda, as well as tax developments and planning, notably changes in corporate income tax rates and their effects on the company and the transfer of the corporate treasury center to Belgium. The company's financial strategy underwent its annual review and the committee received regular updates on procedures and policies, such as the re-set of the dividend yield on preferred shares. The committee received quarterly reports on legal issues that may materially affect the company's financial reports. Reports from the compliance officer were also a topic on the agenda as well as

corporate governance. An inventory was made of the pension arrangements throughout the group.
Financial statements, auditors' reports and management letters were reviewed and discussed with the external auditor and the executive board on a regular basis. One of the meetings dealt specifically with the relationship with the external auditors: audit assignment current year; audit strategy, scope, and approach; as well as budget next year. Furthermore, the committee assessed its own functioning. The new Terms of Reference, effective early 2005, were evaluated in the fall.

The strategy committee is comprised of three members and met once in the reporting year.
The committee prepared the annual strategic discussion of the full supervisory board with the executive board. It reviewed, jointly with the executive board, the company's strategy: existing strategic aims were updated and growth criteria were evaluated, and various avenues to achieve the goals were discussed. This included analyses of external factors, such as the economy and political climate in our current markets, and of the prospects for future growth in new geographies. Product development was also a major topic. The committee provided advice to the executive board on strategic issues, and made recommendations to the supervisory board with respect to the company's strategic direction.

The nomination & compensation committee has two members. One is also the chairman of the supervisory board, the other is a member of the management board of a Dutch listed company. This committee met four times.
The committee reviewed variable remuneration of the executive board, including targets achieved in the previous and current year, and suggested performance criteria for the next year. It prepared an adjustment of the composition of the performance peer group for total shareholders return (TSR) measurement, necessitated by a take-over within that group. The planned regulations for a new round of the three-year medium-term bonus were assessed and recommendations were made to the supervisory board with respect to the allocation of the first tranche of this mid-term incentive. The committee also advised the supervisory board on the allocation of stock options to the executive board.
Fixed remuneration of both supervisory board and executive board were reviewed, also in relation to external developments. A summary of the remuneration policy and report can be found below.
The search process, initiated in 2004, to fill the vacant supervisory board seat was successfully completed in 2005. Several resumes were assessed and meetings were held with some of the potential candidates, resulting in a shortlist of preferred candidates proposed to the supervisory board.

The supervisory board's rules of procedure and the committee's charters were reviewed in 2004 for compliance with the Dutch corporate governance code. Early in 2005, the adjusted documents were released: By-laws for the supervisory board and terms of reference for the committees. These documents are available on the company's website.
In the view of the supervisory board, best practice provision III.2.1 of the Dutch corporate governance code has been fulfilled: all supervisory board members, with the exception of one, Mr. F.J.D. Goldschmeding, are independent in the sense of the code.

'We set the quality bar a little higher every day...'
Agnieszka Smyk, consultant, Randstad Poland.

Remuneration report 2005

This is a summary of the remuneration policy and the main points of the various compensation components, as well as an overview of the actual remuneration of executive board and supervisory board in 2005. The full Remuneration Policy and Report of Randstad Holding nv is posted on the company website www.randstad.com.

The remuneration policy for the executive board for 2005 and subsequent years and remuneration proposals for the supervisory board were adopted by the annual General Meeting of Shareholders (AGM) on May 10, 2005. In addition, the revised medium and long-term share-based incentive plans were approved by the AGM in 2005.

Remuneration levels are benchmarked against an international labor market peer group and an international performance peer group.

The labor market peer group represents the competitive labor market in which Randstad competes for senior management talent. It is composed of twelve companies headquartered in five countries, reflecting Randstad's international orientation. The peer group companies qualify as international staffing and business outsourcing companies. The group consists of the following companies:

- Adecco S.A., Rentokil Initial Plc, Cap Gemini, Atos Origin SA, Robert Half Intl Inc, LogicaCMG Plc, Manpower Inc, Vedior NV, Kelly Services Inc, Spherion Corporation, Labor Ready Inc and Volt Information Sciences.

Performance criteria to establish the pay-out of variable remuneration components are determined relative to an international performance peer group. This group reflects the market in which the company competes for shareholder preference. The group is comprised solely of staffing companies and can be characterized as 'sector-specific'. The international and sector-specific performance peer group consists of the following companies:

- Adecco S.A., Kelly Services Inc, Labor Ready Inc, Manpower Inc, Robert Half Intl Inc, Solvus Resource (replaced by USG People N.V. after the merger USG-Solvus), Spherion Corporation, Vedior NV and Volt Information Sciences.

'Every part of our working processes has been carefully considered…'
Luciano Mole, facilities manager, Randstad Italy.

1. Remuneration 2005 Executive Board

In 2005, the executive board was compensated in line with the remuneration policy as adopted by the AGM of May 2005 and consistent with the principles as set out in the remuneration report of the supervisory board, and consisted of a number of components that are explained in the following paragraphs.

In keeping with the remuneration policy and actual performance in 2005, almost half of the total remuneration of board members in 2005 was accrued through performance with pre-set criteria.

Fixed compensation

Base salary

In the reporting year, the AGM approved to move salaries step-by-step towards the base salary levels of the defined international labor market peer group; the next step will be made in 2006, based on a recently-updated benchmark.

For the actual 2005 base salaries, reference is made to page 75 of the financial statements.

Variable compensation

The variable portion of the total remuneration package is performance-related. It consists of short, medium and long-term components. Targets and performance conditions reflect the key drivers for value creation and medium to long-term growth in shareholder value. The supervisory board sets the targets prior to each performance period.

Annual cash bonus

Target cash bonus level for all executive board members is 50% and the maximum bonus level is 75% of base salary. This cash bonus depends on the achievement of three performance criteria in the previous year. Two criteria apply to all board members, reflecting their joint responsibility towards the Group as a whole: organic revenue growth and earnings per share (EPS) development. Bonus opportunity ranges between 10% and 30% pro rata for each joint target. The third performance criterion varies per individual board member and is linked to two performance measures relating to the specific areas of responsibility of each board member. Here, bonus opportunity can vary per target, adding up to a maximum of 15%. Actual targets are not disclosed as these qualify as commercially – and potentially share price – sensitive information.

With a diluted EPS (before amortization other intangible assets and impairment of goodwill) of € 2.15 and an organic revenue growth of 14% in 2005, the executive board outperformed on the two joint criteria; the individual targets have not all been achieved by all members. This resulted in bonus percentages varying from 65% to 75% per board member.

3-year performance share plan
In order to create a direct link with shareholder value, a performance share plan was introduced for the period 2004-2007; this plan was approved by the AGM in May 2005. Company performance is measured on a rolling basis over a three-year period. Each year, one-third of the performance shares awarded can vest, based on the achievement of relative total shareholders return (TSR), measured over the previous three years. TSR includes both the change in a company's share price and the value of dividend income.

The allocation of performance shares is related to the ranking of TSR performance of the Randstad Group compared to the international sector-specific peer group.

For the period July 1, 2004 - July 1, 2007, numbers of shares awarded 'at target performance' were determined at the start of this three-year period.
Mid-2005, the first of three equal tranches of performance shares vested. TSR measurements over the period July 1, 2002 until July 1, 2005, ranked Randstad in a second position in its performance peer group, resulting in the vesting of 200% of the first tranche of the performance shares.
The number of performance shares vested, is calculated as follows:
base salary per January 1, 2005 times 200% times one-third, divided by the share price at the start of the plan period (July 1, 2004: € 22.30).

The resulting individual awards per executive board member are specified on page 75.

Performance shares shall be retained for at least two years after the vesting date, with the exception of the sale of shares to cover income taxes due in relation to the award.

Stock options
The allocation of performance options is linked to the achievement of targets measured in terms of relative TSR, i.e. the company's TSR performance compared to the international sector-specific peer group.

The allocation is based on face value[1] as a percentage of base salary, ranging from 0% to 100%.

In case, however, the executive board achieves certain predetermined EPS targets related to budget, the number of options that are granted may increase up to 170% (175% for the CEO) of the base salary, based on the face value of the options.
The company does not disclose the actual EPS targets for 2006 as these qualify as commercially – and potentially share price – sensitive information.

The options granted will vest in three tranches: 25% after one year, another 25% after two years and the remaining 50% three years after grant date; if the executive board member resigns from the company, the not-vested options will be void.

1 Face value implies number of stock options times exercise price.

Monisha Advani (right) with **Madhu Bhojwani**, co-founders and managing directors of EmmayHR, India:

'After 10 years building the company with a highly-motivated young team, only an international organization with Randstad's reputation could have tempted us. And the reputation is justified. Randstad spent 700 days researching the Indian market before zero-ing in on us. We were looking for ways to accelerate our already rapid growth. Our people are excited by the move and they have high expectations. Everything we've seen so far is exactly as promised. We're already receiving an inflow of advanced tools, plus expert support to help us achieve even better performance. And there is a level of engagement and an understanding of multicultural environments that is truly impressive. In fact, impressive says it all.'

The option term is seven years; the options are exercizable as from three years after grant, without any performance conditions or other restrictions.
The exercise price of the options will not be lower than the share price at the grant date or lower than the opening price of the shares on Euronext on the first business day following the AGM on which the shares go ex-dividend. The company offers no financing arrangements at grant or exercise of the options.
The EPS targets for 2004 have been realized; the granting of stock options in May 2005 has been based on 170% (CEO 175%) of base salary. The number of stock option per board member are specified on page 76.

Pension scheme

In 2005, the pension arrangements for the Dutch board members via the Stichting Pensioenfonds Randstad were, for reasons of good governance, converted into a separate defined contribution arrangement for the individual members. They are now placed with an insurance company. The company provides an annual contribution of 27% of base salary to the schemes of the executive board members; the board members themselves contribute 8.5%.

Other benefits

Additional arrangements include: expense and relocation allowances, company car, medical insurance, and accident insurance.

Loans

The company has no loans or guarantees issued to executive board members.

2. Remuneration 2005 supervisory board

The AGM determines the remuneration of the supervisory board members. It may be reviewed annually.

Remuneration is fixed and is not linked to the financial results of the company. Members of the supervisory board do not receive any performance or equity-related compensation and do not accrue any pension rights with the company; the company does not grant stock options or shares to the members of the supervisory board.

Members of the supervisory board who hold shares or derivatives of shares in the company are only allowed to hold such shares as long-term investments. They have adhered to the company regulation on inside information.
The company does not grant loans or guarantees to supervisory board members.

Remuneration levels 2005 for the supervisory board were approved by the AGM of May 2005. Changes were made to better reflect the increased requirements to supervisory board members, as well as the weight of individual responsibilities, and to underline the policy to establish a board in accordance with the international profile of the Group.

Supervisory board fees:	
Supervisory board member	€ 32,750
Supervisory board chairman	€ 55,500
Committee fees:	
Nomination & compensation committee member	€ 3,500
Nomination & compensation committee chairman	€ 4,000
Strategy committee member	€ 3,500
Strategy committee chairman	€ 4,000
Audit committee member	€ 4,500
Audit committee chairman	€ 6,000

The total remuneration 2005 amounted to € 252,750 (2004: € 170,896); for details per board member, see page 78.

The supervisory board received a fixed net cost allowance related to supervisory board meetings of € 2,000 for members and € 3,000 for the chairman, on an annual basis.

Based on a recent update of the benchmark, the supervisory board intends to submit proposals to the AGM of May 10, 2006 to bring their remuneration more in line with the international peer group.

A proposal will be made to the upcoming AGM to appoint Mrs. Giovanna Kampouri Monnas to fill the vacancy in the supervisory board.

Diemen, February 14, 2006

The supervisory board,
F.W. Fröhlich (chairman)
F.J.D. Goldschmeding (vice-chairman)
J.C.M. Hovers
W.A.F.G. Vermeend
L.M. van Wijk
R. Zwartendijk

'Our big advantage is our people…'
Uta Sültmann, recruitment & selection consultant, Randstad Luxembourg.

corporate governance

While corporate governance is based primarily on systems and structures, at Randstad we take the view that culture and behavior are crucially important to sound governance. The foundation of Randstad's corporate governance is, therefore, rooted in our core values. For many years, this culture has been and continues to be developed actively. Consequently, Randstad has a natural and strong focus on integrity and transparency.

Randstad fully endorses the points of departure of the Dutch corporate governance code. The annual General Meeting of Shareholders (AGM) of May 2005 adopted a number of amendments to the Articles of Association, which brought them fully in line with the code. Furthermore, the company's corporate governance structure, including deviations, has been discussed in the shareholders' meeting. No changes to the corporate governance structure have occurred since that date. All our corporate regulations and charters can be reviewed on our website (www.randstad.com).

Executive board

The executive board is responsible for the management of Randstad Holding nv and its subsidiaries. It is responsible for designing and updating the strategy, for the operating model and for business and financial controls. The executive board is also responsible for achieving the company's objectives by executing the approved strategy, always taking into account policies that have been set. The executive board reports to the supervisory board and to the AGM.

Biographies of the executive board members can be found on page 6.

Supervisory board

The supervisory board is charged with the supervision of the executive board and the general development of the company, including its financial policies and corporate structure. The supervisory board evaluates the strategy, development of results, operating model and internal control mechanisms established under the executive board's management. The supervisory board may also provide advice to the executive board. The supervisory board has established three committees: the audit committee, the strategy committee, and the nomination and compensation committee.

Biographies of the supervisory board members can be found on page 34.

Shareholders and annual General Meeting of Shareholders

Communication

The company frequently presents and explains its strategy and results to the investment community. The CFO has direct responsibility for investor relations, with the active involvement of the CEO. The investor relations department organizes presentations for analysts and investors, which can be viewed on our website.

Randstad provides all shareholders and other parties in the financial markets with equal and simultaneous information, consistently and fact-based, about matters that may influence the share price. Briefings on quarterly results are given via group meetings and teleconferences, and are accessible by telephone or via our website. We also communicate with our shareholders through the AGM and our website. Meetings with analysts are accessible via our website and can be reviewed at all times by shareholders. Analyst meetings, presentations to investors and discussions with the investors do not take place during the 'closed period'. The closed period runs from the end of the financial quarter until publication of a quarterly report. The company does not assess, comment upon or correct any analysts' reports or valuations in advance other than on facts.

Annual General Meeting of Shareholders (AGM)

The AGM is held in May. Important matters on which the AGM has approval authority are adoption of the annual accounts; adoption of profit appropriation, additions to reserves; dividends; remuneration system and discharge of the executive board; appointment of the external auditor; appointment, suspension and dismissal of the members of the executive and supervisory boards; remuneration of the supervisory board; authorization to purchase, issue or sell shares in the company's capital; and adoption of amendments to the Articles of Association. The AGM appoints the members of the supervisory and executive boards based on non-binding recommendations from the supervisory board.

Our website provides the minutes of shareholders' meetings.

Voting rights

The share capital of Randstad Holding consists of 115.7 million ordinary shares and 25.2 million Type-B preferred shares (financing prefs).

The holders of approximately 87% of ordinary shares may make unrestricted use of their voting rights at the AGM. The other 13% of ordinary shares have been converted into depositary receipts. Two foundations, Stichting Administratiekantoor Randstad Optiefonds and Stichting Administratiekantoor Randstad Holding, hold those shares to which the voting rights attached to these shares are vested.

'We're starting from scratch here in China, but it's already clear Randstad creates an environment where you can grow as a professional…'
Jane Jiang, project manager, Randstad Professional Recruitment, China.

The depositary receipts issued by Stichting Administratie-kantoor Randstad Optiefonds are fully exchangeable; exchangeability of the depository receipts issued by Stichting Administratiekantoor Randstad Holding is limited.
The depositary receipts issued by the depositories are held by Stichting Randstad Optiefonds and Gaud Holding bv, respectively, and by employees who have obtained depositary receipts by exercising options. Stichting Administratiekantoor Randstad Optiefonds and Stichting Administratiekantoor Randstad Holding are chaired by F.J.D.Goldschmeding (founder of the company).

Type-B preferred shares (financing prefs) are held by a foundation, Stichting Administratiekantoor Preferente Aandelen Randstad Holding. The voting rights attached to these shares are vested in this foundation and its board can exercise them. A board decision is taken to determine who will exercise the voting rights on behalf of the foundation. The board comprises S.C.J.J. Kortmann, A.A. Anbeek van der Meijden and A.H.J. Risseeuw. The board members are fully independent of the company's management as well as from other shareholders. It is their task to represent the joint interest of all parties involved. The foundation's Articles of Association were compiled in accordance with Annex X, Euronext Amsterdam Rule Book, Book II. Depositary receipts issued by the foundation are held by ING Groep N.V., Fortis N.V. , Randstad Beheer bv and Gaud Holding bv.

Auditor
For the 2005 financial statements, the AGM has appointed PricewaterhouseCoopers Accountants NV to audit and express an opinion on the financial statements.

Deviations from the Dutch corporate governance code
Randstad applies all relevant provisions of the Dutch corporate governance code, with some exceptions. These deviations were discussed in the AGM of 2005. They are explained hereafter:

'In-house is new in Switzerland – implementing was hard work, but great fun because you know this is something special…'
Monique Fofana, Randstad Inhouse Services, Switzerland.

II.1.1 A management board member is appointed for a maximum period of four years.

This provision conflicts with our corporate culture and core values. We take the view that appointment for only four years could endanger continuity. Furthermore, it does not match our medium to long-term goals. Moreover, the AGM is entitled to appoint and dismiss directors.

II.2.3 Shares granted to management board members without financial consideration shall be retained for a period of at least five years [...].

As of 2005, the 3-year medium-term bonus is paid out in performance shares. These shares shall be retained for at least two years. We believe it sufficiently enhances shareholder alignment and is in line with the medium-term nature of the bonus plan.

II.2.7 The maximum remuneration in the event of dismissal is one year's salary.

Given Randstad's shareholder structure, with its strong concentration of shares within the shareholder group and to do justice to the seniority of board members, severance for members of the executive board is fixed at two annual base salaries plus one-twelfth of the same annual salary per year of service to a maximum of three annual salaries. This severance arrangement applies only to early termination of the employment contract when the cause of termination does not lie with the board member concerned, or in the case of a change in control.

III.5.11 The remuneration committee shall not be chaired by the chairman of the supervisory board [...].

Randstad's success depends on the quality of its employees, and values management development as a strategic issue. Therefore, we feel that the nomination & compensation committee should be chaired by the chairman of the supervisory board.

Internal risk management and control systems

Please find on pages 21-24 a detailed description of Randstad's risk & control framework, as well as specific actions taken in this area in 2005, including our conclusion.

Randstad shares and investor relations

Randstad shares
Randstad Holding ordinary shares are listed on Euronext in Amsterdam (Ticker symbol RAND). Options on Randstad shares are also traded there.

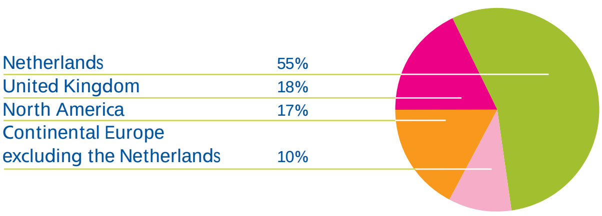
Share capital
At year-end 2005, the issued share capital of Randstad Holding nv consisted of:

	Number	Nominal Value
Ordinary shares	115.7 million	€ 0.10
Type-B preferred financing shares	25.2 million	€ 0.10
Total number of shares	140.9 million	€ 0.10

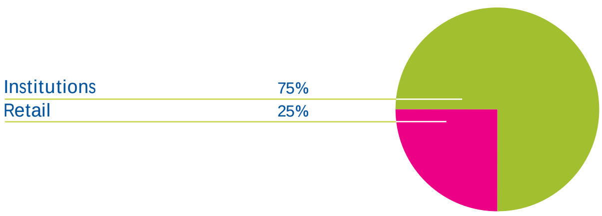
In 2005, 50,416 ordinary shares were issued to accommodate the three-year performance share plan for executive board members. In addition, at year-end, 103,227 ordinary shares were held as treasury stock to cover the obligations of the executive board stock option program 2001/2002.

Indicative spread ordinary shares (free float)
Randstad's free float is estimated at approximately 40%.

Indicative geographical spread ordinary shares



Indicative spread ordinary shares



Major Shareholders
Under the Disclosure of Major Holdings in Listed Companies Act, shareholders are obliged to give notice of interests exceeding certain thresholds to the Dutch Authority Financial Markets (AFM). Almost all these holdings are a combination of (depositary receipts of) ordinary and (depositary receipts of) type-B preference financing shares.

Randstad Beheer bv	25-50%
ING Groep N.V.	10-25%
Fortis N.V.	5-10%
Gaud Holding bv	5-10%
Stichting Randstad Optiefonds	5-10%

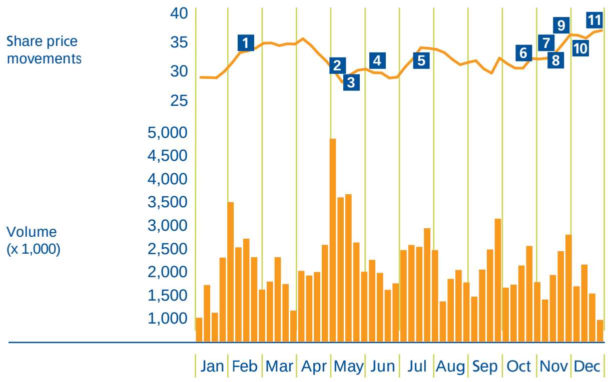
Indices
The Randstad Holding ordinary share is included in the Euronext Midkap Index (AMX). Other indices in which Randstad Holding is included per year-end 2005 are Euronext 100, Dow Jones Stoxx TMI, MSCI Europe, Dow Jones World Sustainability Index, Dow Jones Stoxx Sustainability Index and the ASPI Eurozone Index.

Earnings per share reporting
Randstad reports earnings per share on a fully diluted basis.

	Q1	Q2	Q3	Q4	Full Year
2005[1]	€ 0.24	€ 0.47	€ 0.65	€ 0.79[2]	€ 2.15
2004[1]	€ 0.12	€ 0.31	€ 0.43	€ 0.82[2]	€ 1.68
2003[3]	€ (0.04)	€ 0.10	€ 0.24	€ 0.32	€ 0.62

1 Before amortization of other intangible assets and goodwill impairment.
2 Including one-off tax gain of € 0.09 in 2005 and € 0.38 in 2004.
3 Before amortization goodwill.

Share price movements Randstad Holding ordinary shares



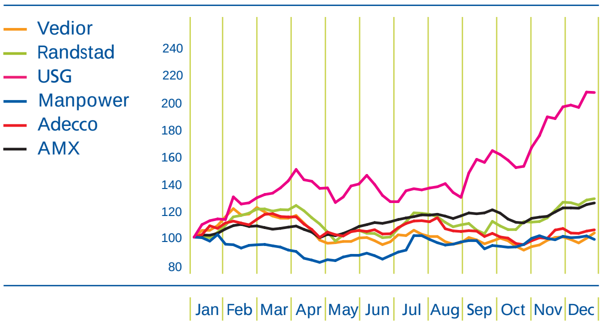
1 17 February: Annual results
2 4 May: Q1 results
3 10 May: AGM
4 16 June: Acquisition Hageweld
5 27 July: Q2 results
6 26 October: Q3 results
7 10 November: Cooperation ASS
8 22 November: Acquisition Gamma
9 28 November: Acquisition EmmayHR
10 13 December: Acquisition Galilei
11 21 December: Acquisition MWA

The share price performed, after a good start at the beginning of the year, strongly again towards the end of the year. Randstad was one of the ten strongest performers of the Amsterdam Midkap Index. Also compared to peers, the Randstad share outperformed the market. The share price ended the year at € 36.69, 27% above the 2004 closing price of € 28.95.

Randstad shares and investor relations

Market capitalization of ordinary Randstad shares amounted to € 4,243.9 million on December 31, 2005 (market capitalization December 31, 2004: € 3,347.2 million).

Share price development Randstad ordinary shares compared versus Euronext Amsterdam Midkap Index and peers



Dividend policy
Randstad's dividend policy is to pay out annually approximately 40% of net income to holders of ordinary shares in the form of a cash dividend.

Investor Relations
The main goals of the Randstad Group's investor relations strategy are to enhance understanding of Randstad's strategy and performance. Furthermore, Randstad's investor relations aims to enhance Randstad's name recognition, strengthen Randstad's reputation among financial target groups and build leadership in external communication to the financial community. This applies to Randstad-specific issues, but also to the changes in the regulatory environments in which we operate, and to more general labor market issues. Randstad is supported by the commitment of a large shareholder who holds a long-term view. This enhances Randstad's strategy to deliver long-term shareholder value. It also means that Randstad's free float is relatively limited, although traded value per day increased in 2005 compared to previous years. Therefore, we constantly aim to further increase the liquidity of the Randstad share through continual improvements in transparency, and to expand our (retail) shareholder base.

We communicate with our shareholders, analysts and the press through a broad range of dedicated activities. Randstad hosted two analyst meetings to comment on the 2004 annual results and second quarter results announcements in 2005. Furthermore, Randstad held conference calls following the first quarter and third quarter results announcements. Webcasts of these analyst meetings and conference calls are available on the corporate website. Furthermore, Randstad organized an analyst day in Germany. Roadshows for existing and potential institutional investors were organized in the Netherlands, the US, the UK, France, Germany and Italy. A large number of one-on-one investor meetings were conducted. Furthermore, Randstad participated in several international conferences on the business services sector, on the Benelux and general conferences.

Financial Calendar

Publication 1st quarter results (pre-market)	April 26, 2006
Analyst conference call 1st quarter results	April 26, 2006
General Meeting of Shareholders	May 10, 2006
Fixing ex-dividend	May 12, 2006
Dividend available for payment	May 31, 2006
Publication 2nd quarter results (pre-market)	July 28, 2006
Press conference and analyst presentation 2nd quarter results	July 28, 2006
Publication 3rd quarter results (pre-market)	October 27, 2006
Analyst conference call 3rd quarter results	October 27, 2006
Publication 4th quarter and annual results 2006 (pre-market)	February 15, 2007
Press conference and analyst presentation 4th quarter and annual results 2006	February 15, 2007
Publication 1st quarter results (pre-market)	April 25, 2007
Analyst conference call 1st quarter results	April 25, 2007
General Meeting of Shareholders	May 8, 2007

'We're not B2B or B2C, we're people to people...'
Marcus Davidsson, specialty consultant engineering, Randstad Sweden.

financial statements

financial statements

supplementary information

consolidated income statement 2005

in millions of €	Note	2005		2004	
Revenue	39, 40	**6,638.5**		5,764.2	
Cost of services	6	**5,233.3**		4,546.0	
Gross profit	39, 40		**1,405.2**		1,218.2
Selling expenses	10	**771.6**		686.3	
General and administrative expenses	11	**342.7**		306.3	
Total operating expenses	12		**1,114.3**		992.6
Operating profit	39		**290.9**		225.6
Financial income	17	**8.1**		5.8	
Financial expenses[1]	17	**(17.3)**		(8.0)	
Net finance costs[1]	17		**(9.2)**		(2.2)
Income before taxes			**281.7**		223.4
Taxes on income	18		**(39.8)**		(20.7)
Net income	19		**241.9**		202.7
Attributable to ordinary shareholders:					
Net income			**241.9**		202.7
Less: Dividend on preferred shares[1]			**–**		8.6
Net income for ordinary shareholders			**241.9**		194.1
Earnings per share attributable to the equity holders of Randstad Holding nv (expressed in € per share):					
Basic earnings per ordinary share (€)	20		**2.10**		1.68
Diluted earnings per ordinary share (€)	20		**2.09**		1.68

1 In 2005, the dividend on preferred shares has been included as financial expenses under net finance costs.

consolidated balance sheet at december 31, 2005

in millions of €	Note	2005	2005	2004	2004
Assets					
Property, plant and equipment	22	**99.3**		79.3	
Intangible assets	23	**111.3**		81.1	
Deferred income tax assets	24	**339.7**		336.2	
Held-to-maturity investments	25	**4.3**		–	
Loans and receivables	26	**0.6**		8.7	
Non-current assets			**555.2**		505.3
Trade and other receivables	27	**1,289.3**		1,062.7	
Income tax receivables	24	**3.2**		11.0	
Cash and cash equivalents	28	**453.8**		369.8	
Current assets			**1,746.3**		1,443.5
Total assets			**2,301.5**		1,948.8
Equity and liabilities					
Issued capital	29	**11.6**		14.1	
Share premium	29	**384.7**		548.0	
Reserves	29	**(102.0)**		(249.1)	
Undistributed net income	29	**241.9**		194.1	
Shareholders' equity			**536.2**		507.1
Preferred shares	30	**165.8**		–	
Borrowings	31	**130.5**		130.4	
Deferred income tax liabilities	24	**357.4**		366.2	
Provisions	32	**34.6**		39.0	
Non-current liabilities		**688.3**		535.6	
Trade and other payables	33	**899.0**		768.3	
Income tax liabilities	24	**27.9**		1.8	
Borrowings	31	**117.3**		90.4	
Provisions	32	**32.8**		45.6	
Current liabilities		**1,077.0**		906.1	
Liabilities			**1,765.3**		1,441.7
Total equity and liabilities			**2,301.5**		1,948.8

consolidated statement of changes in shareholders' equity 2005

		Issued capital		Share Premium	Reserves				Undistri-buted net income	Total
in millions of €	Note	Ordinary	Preferred		Translation	Share-based payments	Treasury shares	General Reserve		
Value at January 1, 2004		11.6	2.5	548.0	–	–	(4.4)	(277.5)	68.5	348.7
Net income 2004 before dividend on type-B preferred shares		–	–	–	–	–	–	–	194.1	194.1
Dividend 2004 on type-B preferred shares		–	–	–	–	–	–	–	8.6	8.6
Translation differences	29	–	–	–	(9.3)	–	–	–	–	(9.3)
Total recognized income 2004		–	–	–	(9.3)	–	–	–	202.7	193.4
Appropriation income 2003		–	–	–	–	–	–	39.6	(39.6)	–
Dividend 2003 on ordinary shares paid		–	–	–	–	–	–	0.1	(28.9)	(28.8)
Dividend 2004 on type-B preferred shares payable		–	–	–	–	–	–	–	(8.6)	(8.6)
Share-based payments	29	–	–	–	–	1.6	–	–	–	1.6
Re-issue of purchased ordinary shares	29	–	–	–	–	–	0.6	0.2	–	0.8
Value at December 31, 2004		11.6	2.5	548.0	(9.3)	1.6	(3.8)	(237.6)	194.1	507.1
Adjustments due to IAS 32 & 39:										
- Preferred shares	29	–	(2.5)	(163.3)	–	–	–	–	–	(165.8)
- Held-to-maturity investments	29	–	–	–	–	–	–	(2.5)	–	(2.5)
Value at January 1, 2005		11.6	–	384.7	(9.3)	1.6	(3.8)	(240.1)	194.1	338.8
Net income 2005		–	–	–	–	–	–	–	241.9	241.9
Translation differences	29	–	–	–	24.7	–	–	–	–	24.7
Total recognized income 2005		–	–	–	24.7	–	–	–	241.9	266.6
Appropriation income 2004		–	–	–	–	–	–	117.8	(117.8)	–
Dividend 2004 on ordinary shares paid		–	–	–	–	–	–	0.1	(76.3)	(76.2)
Share-based payments	29	–	–	–	–	4.3	–	–	–	4.3
Re-issue of purchased ordinary shares	29	–	–	–	–	–	2.4	0.3	–	2.7
Issue of ordinary shares		–	–	–	–	(0.9)	–	0.9	–	–
Value at December 31, 2005		11.6	–	384.7	15.4	5.0	(1.4)	(121.0)	241.9	536.2

The reserves within shareholders' equity per December 31, 2005 are € 102.0 million negative (December 31, 2004 and December 31, 2003 € 249.1 million negative and € 281.9 million negative, respectively).

consolidated cash flow statement 2005

in millions of €	Note	2005		2004	
Net income		**241.9**		202.7	
Taxes on income	18	**39.8**		20.7	
Net finance costs	17	**9.2**		2.2	
Operating profit		**290.9**		225.6	
Depreciation property, plant and equipment	13	**26.1**		29.4	
Amortization software	14	**14.0**		12.0	
Amortization other intangible assets	14	**3.4**		0.8	
Impairment goodwill	23	**4.8**		–	
Share-based payments	8	**4.3**		1.6	
Provisions	38	**(22.1)**		(16.2)	
Income taxes received / (paid)	24	**(3.9)**		69.6	
Cash flow from operations before operating working capital			**317.5**		322.8
Trade and other receivables	38	**(187.3)**		(177.8)	
Trade and other payables	38	**108.0**		119.7	
Operating working capital			**(79.3)**		(58.1)
Net cash flow from operating activities			**238.2**		264.7
Additions in property, plant and equipment	22	**(48.4)**		(27.2)	
Additions in software	23	**(13.6)**		(16.2)	
Acquisition of subsidiaries	23	**(34.3)**		(29.6)	
Disposals of property, plant and equipment	22	**4.1**		4.9	
Held-to-maturity investments	25	**(0.5)**		–	
Loans and receivables	26	**0.5**		3.7	
Repayment from participation	26	**–**		0.4	
Net cash flow from investing activities			**(92.2)**		(64.0)
Free cash flow			**146.0**		200.7
Re-issue of purchased ordinary shares	29	**2.7**		0.8	
Proceeds from non-current borrowings	31	**0.1**		6.7	
Financing			**2.8**		7.5
Financial income received	17	**7.9**		5.8	
Financial expenses paid	17	**(7.0)**		(6.4)	
Dividends paid on ordinary shares	21	**(76.2)**		(28.8)	
Dividends paid on preferred shares B	21	**(8.6)**		(8.6)	
Reimbursement to financiers			**(83.9)**		(38.0)
Net cash flow from financing activities			**(81.1)**		(30.5)
Net increase in cash, cash equivalents and current borrowings			**64.9**		170.2
Cash, cash equivalents and current borrowings at January 1	38		**279.4**		105.3
Net increase in cash, cash equivalents and current borrowings			**64.9**		170.2
Translation (losses) / gains			**(7.8)**		3.9
Cash, cash equivalents and current borrowings at December 31	38		**336.5**		279.4

notes to the consolidated financial statements

(amounts in millions of €, unless otherwise indicated)

1. General information

Randstad Holding nv is a public limited liability company incorporated and domiciled in the Netherlands and listed on the Euronext Amsterdam. The registered office of the company is in Amsterdam. The address is:
Diemermere 25
1112 TC Diemen
The Netherlands

The consolidated financial statements of Randstad Holding nv include the company and its Group companies (together called the 'Group').

Activities
The main activity of the Group is temporary and contract staffing.

Date of authorization of issue
The financial statements were signed and authorized for issue by the executive board and supervisory board on February 14, 2006. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the annual General Meeting of Shareholders (AGM) on May 10, 2006.

2. Summary of the significant accounting policies

2.1 Statement of compliance with IFRS and IFRS 1 (First-time adoption of IFRS)

Compliance with IFRS
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union (hereafter: IFRS).

The financial statements up to and including December 31, 2004, were prepared in accordance with Dutch Generally Accepted Accounting Principles (GAAP). Dutch GAAP differs from IFRS in certain areas, which resulted in adjustments in valuation, accounting and presentation methods. The 2004 comparative figures were restated to reflect these adjustments.

The main changes in accounting policies compared to the previous accounting policies are:
- Goodwill will not be amortized as of January 1, 2004, but will annually be tested on impairment. Amortization of goodwill during 2004, of acquisitions prior to January 1, 2004, has been reversed. For acquisitions as from January 1, 2004, assets and liabilities, including identifiable intangible assets and contingent liabilities, will be accounted for at fair value; the remainder of the purchase price is accounted for as goodwill. Identified intangibles are amortized systematically.
- The fair value of stock options granted after November 7, 2002, and which have not yet vested per January 1, 2005, is recognized as expenses during the vesting period. The fair value of the stock options is based on a binomial valuation model.
- Defined benefit plans: as of January 1, 2004, accounting for defined benefit plans is based on actuarial calculations using the projected unit credit method. Before this date, this method was not used. All cumulative actuarial gains and losses of the defined benefit obligations have been recognized per transition date. The corridor approach is applied to later gains and losses. The net periodic pension costs are recognized as expenses in the income statement.
- Provisions: a provision for the estimated future costs of site restoration in respect of leased premises has been recognized as from the transition date.
- The presentation in the financial statements has been adjusted to IFRS.

IAS 32 (Financial Instruments: Disclosure and presentation) and IAS 39 (Financial Instruments: Recognition and measurement) that relate to financial instruments (such as financial receivables and liabilities, as well as derivatives) have been applied as of January 1, 2005; Dutch accounting principles apply to the comparative 2004 figures. Adjustments due to differences between both accounting policies are determined and accounted for at January 1, 2005. Preferred shares are accounted for as liabilities instead of as equity; dividend on these shares is included in net income under net finance costs instead of as dividend payment out of the available net income. In respect of other financial instruments, the held-to-maturity investments and financial receivables (subsequently) are measured at amortized cost, instead of at nominal value.

Compliance with IFRS1, first-time adoption of International Financial Reporting Standards
These are the Group's first consolidated financial statements in conformity with IFRS. IFRS 1 has been applied in preparing the financial statements. The Group has elected the following exemptions offered by IFRS at transition date, January 1, 2004:
- Business combinations: IFRS 3 was not applied to acquisitions prior to transition date. The classification and accounting treatment of business combinations has not been reconsidered. At transition date, January 1, 2004, goodwill was tested for impairment;
- Share-based payments: IFRS 2 is applied on stock options granted after November 7, 2002, and which had not yet vested as per January 1, 2005;
- Employee benefits: all cumulative actuarial gains and losses at transition date are recognized;
- Cumulative translation differences are deemed to be zero at the date of transition to IFRS;
- The other exemptions in IFRS 1 are not applicable to Randstad Holding nv.

The reconciliation and explanation of the effects of the transition to IFRS on the consolidated equity, net income and cash flow (at January 1, 2004, at December 31, 2004, and over 2004) are included in Note 47. An explanation of the effects due to the adoption of IAS 32 and IAS 39 per January 1, 2005, is also included in this Note.

The mandatory exceptions to retrospective application as mentioned in IFRS 1 – the derecognition of financial assets and liabilities, hedge accounting, estimates and assets classified as held for sale and discontinued operations – were not applicable to the Group's consolidated financial statements.

Deviations between international accounting policies according to IFRS and those which are adopted by the European Union, as well as new IFRS standards or proposals for amendments in existing IFRS standards
There are no differences between the accounting policies according to IFRS and the accounting policies according to IFRS as far as adopted by the European Union, as far as relevant to Randstad Holding nv.

New standards, amendments and interpretations to existing IFRS standards have been published that are mandatory for accounting periods beginning on or after January 1, 2006 or later periods. As far as these standards are applicable to the Group, the Group has not early adopted these, and will adopt these standards in 2006 or 2007. These new standards are expected to have no impact on the assets and liabilities of the Group.

2.2 Basis of preparation

The presentation currency of these financial statements is the euro; this currency is the functional currency of Randstad Holding nv. All amounts, unless otherwise stated, are presented in millions of euro.

The financial statements are prepared under the historical cost convention, modified for fair value adjustments.

For both current (expected to be recovered or settled within 1 year) and non-current (expected to be recovered or settled after 1 year) assets and liabilities the corresponding presentation is used on the face of the balance sheet. Current assets and liabilities are not discounted.

In the preparation of the financial statements, estimates and assumptions are made that could affect the value of assets, liabilities, revenue and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The actual outcome may differ from these estimates and assumptions.
Judgments made by management that could have significant effect on the financial statements and estimates with a significant risk of material adjustments are disclosed in Note 4.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS balance sheet at January 1, 2004 with the exception of IAS 32 and IAS 39, which have been applied as of January 1, 2005.

2.3 Consolidation principles

The consolidated financial statements comprise the financial data of Randstad Holding nv and its subsidiaries.
Subsidiaries are companies where Randstad Holding nv has the power, directly or indirectly, to govern the financial and operational policies, based on a shareholding of more than 50% of the voting power. Subsidiaries are consolidated from the date that control commences until the date that control ceases.
Intragroup balances and income and expenses arising from intragroup transactions are eliminated, as well as any unrealised gains from these transactions. Unrealised losses from intragroup transactions are also eliminated unless there is evidence of impairment of the assets transferred.

See Note 46 for an overview of the major subsidiaries.

2.4 Impairment of assets

The carrying amounts of the Group's assets, with the exception of deferred tax assets and the plan assets in relation to defined benefit pension plans, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are such indications, the recoverable amount of the asset concerned is determined. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is determined. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An asset is impaired if its book value is higher than its recoverable value; the recoverable value is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined by means of the present value of estimated cash flow projections. The discount rates used in discounting the projected cash flows are based on actual interest rates, which align with the terms of the projections, and the specific risks of the asset or business, respectively. Impairments are recognized as expenses in the income statement immediately.

Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested for impairment at least annually.

Impairment losses recognized in respect of a cash-generating unit are first allocated to reduce the carrying amount of the goodwill of the related cash-generating unit and then to reduce the carrying amount of the other assets of that cash-generating unit on a pro rata basis.

The recoverable amount of the Group's held-to-maturity investments or loans and receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

Reversal of impairment
An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of held-to-maturity investments and loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the

asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.5 Foreign currency translation

The Group operates in countries with different currencies. All companies have as functional currency the local currency of the country in which they operate, which is their primary economic environment. The functional currency of the parent company, as well as of a major portion of its subsidiaries, is the euro. The presentation currency is the euro.

Transactions in currencies other than the functional currency of the related company are converted at the foreign exchange rate at the date of the transaction.
Monetary balance sheet items in currencies other than the functional currency of the related company are converted at year-end exchange rates.
Non-monetary balance sheet items that are measured in terms of historical cost in currencies other than the functional currency of the related company are converted at the foreign exchange rates at the date of transaction.
Non-monetary balance sheet items that are measured at fair value in currencies other than the functional currency of the related company are converted at the foreign exchange rates at the dates the fair values were determined.

Exchange differences on cash and cash equivalents and borrowings are included in net finance costs. Exchange differences on other balance sheet items are included in operating expenses.

Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling as of the balance sheet date. The income statements of these operations in currencies other than the euro are translated to euro at average exchange rates.
Upon acquisition of a subsidiary that has another currency than the euro, balance sheet items are translated to euro at the foreign exchange rates ruling at the acquisition date.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have another currency than the euro, are included in a separate component within shareholders' equity. These translation differences are released or charged to the income statement as part of the gain or loss on disposal, whenever a foreign operation is disposed.
The net investment in subsidiaries that have another currency than the euro, includes the participation of the reporting company in the net assets of these subsidiaries, and, if applicable, loans from the reporting company to these subsidiaries, of which settlement is neither planned nor expected to occur in the foreseeable future.

2.6 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing similar services (business segment), or in providing services within a particular economic environment (geographical segment) that are subject to risks and rewards different from those of other segments.
The information per business segment (primary reporting format) and the information per geographical area (secondary reporting format) are included in Notes 39 and 40.

2.7 Revenue

Revenue comprises the fair value of the consideration received or receivable for services rendered in the year to third parties. Revenue from rendered services is recognized in the income statement in proportion to the stage of completion of the contract as of the balance sheet date.
No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

2.8 Expenses

Gross profit is the balance of revenue and the cost of services in relation to staffing employees.

Operating expenses are classified based on the functional model, and are recognized in the year to which they relate.

Selling expenses comprise personnel and accommodation expenses in relation to operational activities at the outlets, advertising and marketing and other selling expenses.

General and administrative expenses comprise personnel and accommodation expenses in relation to the activities at the various head offices, IT and other general and administrative expenses.

2.9 Leasing

Lease contracts in which the majority of risks and rewards inherent to ownership do not lie within the Group, are classified as operating leases. Expenses in respect of operating leases are included in the income statement on the straight-line basis over the term of the lease.

Lease contracts in which the majority of risks and rewards inherent to ownership lies in the Group, are classified as finance leases. Upon initial recognition, the related assets are valued at the lower of fair value of the asset and discounted value of the minimum lease payments. These assets are depreciated based upon the same term of depreciation for similar assets of the Group or the lease term, if lower.
The lease terms to be paid are split up, based upon the annuity method and a fixed interest percentage, between a repayment and an interest portion. The liabilities arising from finance leases are included under non-current liabilities at an amount exclusive of the interest charges. The interest portion included in the periodic lease payments is included as interest expense in the income statement.

2.10 Grants

An unconditional grant is recognized in the income statement when the grant becomes receivable. Any other grant is recognized when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it.
Grants that compensate the Group for expenses incurred are credited to the income statement on a systematic basis

in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the capitalized value of the related assets and recognized in the income statement as part of the depreciation and/or amortization charges.

2.11 Net finance costs

Net finance costs comprise interest expenses and interest income (including similar items), dividend on preferred shares and exchange differences on cash and cash equivalents and borrowings. Interest expenses and income are recognized on a time-proportion basis in the income statement, using the effective interest method. Also included in net finance costs are, if applicable, the interest results in relation to interest due to passage of time of held-to-maturity investments and financial assets, as well as in relation to the valuation of certain provisions.

2.12 Income taxes, deferred tax assets and liablities

Taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and against tax rates enacted at year-end or against tax rates that are substantially enacted at year-end. Tax-exempt income is taken into account in calculating taxes on income. Income taxes on the profit or loss comprise current and deferred taxes.

Losses made by companies within the Group included in consolidated income, are taken into account in calculating taxes on income, as far as the amounts are considered recoverable. Income taxes are recognized in the income statement except to the extent that these taxes relate to items recognized directly in equity, in which case these taxes are also directly recognized in equity.

Deferred tax assets and liabilities are recognized to provide for timing differences between the value of the assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. Deferred tax assets, including those resulting from tax losses carry-forward, are recognized as far as they are considered recoverable. Deferred taxes assets and liabilities are valued against tax rates enacted at year-end or against tax rates for the next few years that are substantially enacted at year-end, and are based on the expected manner of realization or settlement in the coming years.
Deferred tax assets and liabilities are stated at nominal value.

No deferred tax liability is created for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting or taxable profit and differences in relation to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

2.13 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets as well as, if relevant, an estimate of the expected restoration costs in relation to leased premises. Subsequent expenditures (i.e., repair and maintenance) are capitalized, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenditures are charged directly to the income statement. Interest expenses on borrowings to finance the construction of property, plant and equipment are expensed in the period in which they incurred.

Land is not depreciated. Depreciation on other property, plant and equipment is charged to the income statement on a straight-line basis over their estimated useful lives. Property, plant and equipment is depreciated from the date it is available for use.
The residual values and useful lives of property, plant and equipment are reviewed at each balance sheet date and adjusted, if appropriate.

Gains and losses arising upon disposal are included in the income statement.

2.14 Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method.
The consideration of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at acquisition date (including directly attributable acquisition costs). Assets and liabilities acquired in a business combination are measured at fair value at acquisition date, including the estimated fair value of identified intangibles and contingent liabilities. The excess of the consideration of an acquisition over the fair value of the net assets acquired is recorded as goodwill.

In respect of acquisitions prior to January 1, 2004, goodwill is included on the basis of its deemed cost per December 31, 2003, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less accumulated impairment losses.

Goodwill is included in the gains and losses recognized in the income statement at the moment of disposal of the subsidiary.

Negative goodwill arising upon acquisition is recognized directly in the income statement.

Expenditures on internally generated goodwill are recognized in the income statement as expenses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets
Other intangible assets (customer relationships, brand names and flexworker databases) that are acquired by the Group and have definite useful lives are stated at cost less accumulated amortization and impairment losses.

When an intangible asset is acquired in a business combination, its cost is the fair value on an active market at the date of its acquisition. If no active market exists, the cost is determined on a basis that reflects the amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognized as a separate intangible asset but is included in goodwill.

Expenditures on internally generated customer relationships, brand names and flexworker databases are recognized in the income statement as expenses.

Amortization of other intangible assets is charged to the income statement on a straight-line basis over their estimated useful lives. Other intangible assets are amortized from the date they are available for use.

The residual values and useful lives of other intangible assets are reviewed at each balance sheet date and adjusted, if appropriate.

Software
Acquired software (licenses) and developed software are stated at cost less accumulated amortization and impairment losses.

Expenditures in relation to the development of identifiable and unique software products used by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets and amortized over their estimated useful lives. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
Expenditures associated with maintaining computer software programs are recognized as an expense when incurred.

Amortization of software applications is charged to the income statement on a straight-line basis over the estimated useful lives. Software is amortized from the date it is available for use.

The residual values and useful lives of software applications are reviewed at each balance sheet date and adjusted, if appropriate.

2.15 Financial assets
As of January 1, 2005, investments in liability and equity instruments are divided into various categories. Classification of these investments depends on the purposes for which the investments have been acquired. Management determines the classification at the time of the purchase and re-evaluates such designation at each subsequent balance sheet date.

Purchases and sales of all financial instruments are recognized on the settlement date, which is the date an asset is delivered to or by the Group. The costs of financial instruments includes transaction costs.

Held-to-maturity investments
Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intent and ability to hold to maturity.
This category excludes originated loans.
These financial assets are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Loans and receivables
Loans and receivables (originated loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
These financial assets are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Up to and including 2004, financial assets were valued at nominal value after deductions for provisions, when considered necessary.

2.16 Trade and other receivables
Trade and other receivables are initially stated at fair value. Subsequent measurement is at amortized cost using the effective interest method less provision for impairment.
A provision for impairments of trade and other receivables is established when it is more likely than not that the Group will not be able to collect the amounts receivable. The amount of the provision is equal to the difference between the assets' carrying amount and the present value of estimated future cash flows. Impairment losses are charged to the income statement.

2.17 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and in banks as well as time deposits and other short-term highly liquid investments with original maturities of 3 months or less.

2.18 Equity
Ordinary shares are classified as equity. The distribution of the dividend on ordinary shares is recognized as a liability in the period in which the dividend is adopted by the company's shareholders.

At the issue of new shares, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

At the purchase of own ordinary shares that are included in shareholders' equity in the balance sheet, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as deduction from shareholders' equity.

At the sale (re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized under general reserve.

2.19 Share-based payments

Share-based payments are granted to the executive board and senior management. These option plans are settled in ordinary shares. The fair value of these share-based payments, calculated on grant date, is included in personnel expenses and is based on a binomial valuation model and the expected employee services during the total vesting period. The expenses are credited to shareholders' equity for the same amount.

For the executive board, a 3-year medium-term bonus plan is in place, with the intention to reward the executive board on the basis of performance over a longer period. The payment of this bonus is in shares, for which the fair value is based on a Monte Carlo model. The fair value of these share-based payments is also included in personnel expenses and is credited to shareholders' equity for the same amount.

At each balance sheet date, the company revises its estimates of the number of options and shares that are expected to become exercisable, taking into account the lapse of options. The impact of the revision of original estimates, if any, is recognized in the income statement with a corresponding adjustment to shareholders' equity over the remaining period.

2.20 Preferred shares

Based on IAS 32 and IAS 39, preferred shares are classified as non-current liabilities as of January 1, 2005. The preferred shares are valued at amortized cost using the effective interest rate method. Dividend on these preferred shares is included under net finance costs.
At the issuance of preferred shares or at the extension of the term of preferred shares outstanding, the proceeds, net of transaction costs, are classified as non-current liabilities.

Up to and including 2004, preferred shares were classified within equity.

2.21 Borrowings

Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between the proceeds and redemption value being recognized in the income statement over the period of the borrowings using the effective interest method.

2.22 Provisions

Provisions are recognized for legally enforceable or constructive obligations as a result of a past event and for which the settlement is likely to require an outflow of resources and the extent of which can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Provisions for restructuring are recognized when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. These restructuring provisions mainly comprise lease termination penalties and severance payments for personnel. For future operating losses, no provision is created.

Provisions for workers' compensation are based on claims for compensation (of both staffing and corporate employees) in relation to accidents during working hours, for which the Group can be held liable. These provisions relate to the operations of the Group in North America. The North American operations are self-insured for workers compensation claims up to a certain maximum amount (stop-loss insurance), where possible under applicable local laws. An independent actuary calculates the amount of the provision.

Within other provisions, the Group has provided for obligations, if and as far as necessary, in relation to:
- Onerous contracts if the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract;
- Estimated future costs of site restoration in respect of leased premises in accordance with applicable legal or contractual requirements;
- Risks in respect of third party claims;
- Estimated earn-out obligations arising from acquisitions.

2.23 Pensions and other employee benefits

The Group has various pension schemes in accordance with local conditions and practices in the countries in which it operates. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. The Group has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay all employees the pension benefits relating to employee service in the current and prior periods.
The regular contributions constitute net periodic costs for the year in which they are due and are included within personnel expenses and/or costs of services.

A few pension plans are defined benefit plans. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation of the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods less the fair value of plan assets both at reporting date. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of services and compensation (projected unit credit method).
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

In calculating the Group's obligation in respect of defined benefit plans, that portion of actuarial gains and losses that arise subsequent to January 1, 2004, is recognized in the income statement over the expected average remaining service years of the employees participating in the plan to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation or the fair value of plan assets. Otherwise, the actuarial gain or loss is not recognized (corridor approach).

Past service costs are recognized immediately in the income statement, unless changes to the pension plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

In accordance with applicable legal requirements the Group recognizes liabilities for several termination indemnity plans. These liabilities are based on calculations made by independent actuaries, taking into account factors such as age, service years and compensation.

2.24 Operating working capital

Operating working capital includes current assets, excluding cash and cash equivalents and current income tax receivables minus current liabilities, excluding current borrowings, current income tax liabilities and the current part of provisions.

2.25 Net cash / debt

The net cash or net debt includes the balance of cash and cash equivalents and borrowings (both current and non-current).

3. Consolidated cash flow statement

The cash flow statement has been prepared applying the indirect method. Cash in the cash flow statement comprises the balance sheet items, cash and cash equivalents as well as current borrowings, as current borrowings form an integral part of the Group's cash management. Cash flows in foreign currencies have been translated at average exchange rates. Exchange differences concerning cash items are shown separately in the cash flow statement. Income taxes paid/ received are included in the cash flow from operating activities. Income and expenses in respect of interest and dividends paid are included in the cash flow from financing activities.
The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. Changes in assets and liabilities, which are the result of acquisition and disposal of subsidiaries, are taken into account in the calculation of cash flows.

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting amounts will, by definition, seldom equal the actual outcome. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following estimates and assumptions have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

4.1 Impairment of intangible assets

The Group tests, in case of triggering events and at least annually, whether intangibles have suffered any impairment. The recoverable amounts of cash-generating units have been determined using, amongst others, value-in-use calculations. These calculations require the use of estimates. Based on these performed impairment tests, impairment losses are considered to be detected. However, should the actual performance of these cash-generating units become materially worse compared to the performance based upon the estimates, possible impairment losses could arise or could deviate from the detected impairment losses. This impairment loss or the deviation could have a material effect on the carrying amounts of the intangible assets.

4.2 Provisions

Due to the nature of provisions, in the determination of provisions a considerable part is based upon estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved.

The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

4.3 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the world-wide, deferred tax asset on, amongst others, tax losses carry-forward and deferred tax liabilities. There are many uncertain factors that influence the amount of the tax losses carry-forward. The Group recognizes deferred tax assets on tax losses carry-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur.

5. Financial risk management

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses to minimize potential adverse effects on the financial performance of the Group.

Risk management procedures are carried out under policies approved by the executive board.

5.1 Foreign exchange risk
The foreign currency exchange risk of the Group in respect of transactions is limited, because both income and expenses are generated locally. However, currency fluctuations can affect consolidated results, because a portion of the cash flow is generated in currencies other than the euro.
Translation effects may impact shareholders' equity.
The Group has a number of net investments in foreign subsidiaries, whose assets and liabilities are exposed to currency translation risk. Currency exposures to the net assets of subsidiaries are monitored and, when considered necessary, primarily controlled through borrowings denominated in the relevant foreign currencies.
Currencies other than the euro that are of primary importance for the Group are the US dollar and the UK pound sterling.

5.2 Interest rate risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. Interest on almost all borrowings is variable. Floating interest rates are considered a natural hedge against the development in operational results. Where necessary from a risk management perspective, the Group will consider fixed interest rates over longer periods or an interest ceiling. Interest coverage is the leading parameter in managing interest exposure.

5.3 Credit risk
The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that services only are provided to customers with an appropriate credit history. The Group's financial partners are high quality financial institutions with sound credit ratings. The Group has policies in place that limit the amount of credit exposure to any one financial institution.

5.4 Liquidity risk
The Group maintains sufficient cash and has the availability of funding through an adequate amount of committed credit facilities, in order to minimize liquidity risk. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Within the Group, derivative financial instruments are not used nor are hedging activities undertaken.

notes to the consolidated income statement

6. Cost of services

Cost of services include the expenses of staffing employees:

	2005	2004
Wages and salaries	**4,023.9**	3,439.4
Social security charges	**947.1**	866.9
Pension charges – defined contribution plans	**38.2**	32.9
Pension charges – defined benefit plans	**0.6**	0.4
	5,009.8	4,339.6
Other cost of services	**223.5**	206.4
	5,233.3	4,546.0

7. Personnel expenses

Personnel expenses of corporate employees included in total operating expenses amount to:

	2005	2004
Wages and salaries	**558.3**	498.1
Social security charges	**79.4**	69.8
Pension charges – defined contribution plans	**14.6**	13.8
Pension charges – defined benefit plans	**0.7**	0.4
Share-based payments	**4.3**	1.6
	657.3	583.7
Other personnel expenses	**102.3**	83.1
	759.6	666.8

8. Wages and salaries, social security charges and pension charges

Total wages and salaries, social security charges and pension charges included in operating profit are:

	2005	2004
Wages and salaries	**4,582.2**	3,937.5
Social security charges	**1,026.5**	936.7
Pension charges – defined contribution plans	**52.8**	46.7
Pension charges – defined benefit plans	**1.3**	0.8
Share-based payments	**4.3**	1.6
	5,667.1	4,923.3

The expenses in respect of share-based payments have been credited to shareholders' equity.

9. Employee numbers (average fte)

	2005	2004
Staffing employees	**254,400**	224,600
Corporate employees	**13,430**	12,260
	267,830	236,860

10. Selling expenses

Included in selling expenses is an amount of € 9.6 million (2004: € 11.8 million) in respect of impairment losses on trade receivables.

11. General and administrative expenses

Total foreign exchange results included in general and administrative expenses and net income are € 0.6 million gain in 2005 (2004: € 0.3 million loss).
Book profit on sale of property, plant and equipment in the amount of € 0.8 million in 2005 (2004: € 0.9 million) is included under general and administrative expenses.
An impairment loss on goodwill of € 4.8 million is included in general and administrative expenses.

12. Operating expenses by nature

	2005	2004
Personnel expenses	**759.6**	666.8
Depreciation property, plant and equipment	**26.1**	29.4
Amortization intangible assets	**17.4**	12.8
Impairment goodwill	**4.8**	–
Advertising and marketing	**78.4**	69.0
Accommodation	**92.0**	90.5
Other	**136.0**	124.1
Total operating expenses	**1,114.3**	992.6

13. Depreciation property, plant and equipment

	2005	2004
Buildings	**0.3**	1.3
Computer hardware	**7.0**	7.3
Leasehold improvements and furniture and fixtures	**18.8**	20.8
	26.1	29.4

Depreciation is included in selling expenses for the amount of € 14.0 million (2004: € 16.2 million) and in general and administrative expenses for the amount of € 12.1 million (2004: € 13.2 million).

14. Amortization intangible assets

	2005	2004
Software	14.0	12.0
Other intangible assets	3.4	0.8
	17.4	12.8

Amortization is included in general and administrative expenses.

15. Operating leases

In operating profit, an amount of € 117.8 million (2004: € 110.8 million) is included in respect of operating leases.

16. Grants

Grants included in operating profit amount to € 23.3 million (2004: € 24.7 million), of which € 20.9 million (2004: € 24.7 million) is reported under cost of services.

17. Net finance cost

Net finance cost amounts to € 9.2 million in 2005 (2004: € 2.2 million).

	2005	2004
Financial income		
Interest and similar income	7.9	5.8
Interest income due to passage of time:		
- Held-to-maturity investments	0.2	–
	8.1	5.8
Financial expenses		
Interest and similar expenses	7.0	6.4
Interest expenses due to passage of time:		
- Defined benefit pension plans and other employee benefits	0.7	0.6
- Workers' compensation and other provisions	1.2	1.0
	8.9	8.0
Dividend preferred shares	8.4	–
	17.3	8.0

18. Taxes on income

	2005	2004
Current tax expense	90.0	78.1
Deferred tax income	(50.2)	(57.4)
	39.8	20.7

In 2005, the average effective tax rate on income before taxes is 14.1% (2004: 9.3%). The reconciliation from the income tax rate of the country of domicile of the company via the weighted average applicable tax rate (weighted average of the statutory applicable tax rates on the income before taxes of the companies in the Group) to the average effective tax rate is:

	2005	2004
Income tax rate of the country of domicile of the company	31.5%	34.5%
Effect of income tax rates in other (non domestic) jurisdictions	1.1%	0.2%
Weighted average applicable tax rate	32.6%	34.7%
Tax-exempt income	(0.8)%	(10.7)%
Effects prior years and changes in statutory applicable tax rates	(4.4)%	(18.4)%
Change in provisions on deferred tax assets and other	(13.3)%	3.7%
Average effective tax rate	14.1%	9.3%

The change in the weighted average applicable tax rate in 2005 compared to 2004 is caused by a changed mix of results of subsidiaries in countries with different tax rates.
In 2005 and 2004, the item 'effects prior years and changes in statutory applicable tax rates' also includes the effects on the valuation of deferred taxes due to the change in the statutory applicable tax rate in the Netherlands.

19. Earnings Before Interest, Taxes, Depreciation and Amortization

	2005	2004
Net income	241.9	202.7
Taxes on income	39.8	20.7
Net finance costs	9.2	2.2
Operating profit	290.9	225.6
Amortization other intangible assets	3.4	0.8
Impairment goodwill	4.8	–
Operating profit before amortization other intangible assets and impairment goodwill (EBITA)	299.1	226.4
Depreciation and amortization software	40.1	41.4
Operating profit before depreciation, amortization and impairment goodwill (EBITDA)	339.2	267.8

20. Earnings per ordinary share (€)

	2005	2004
Net income attributable to ordinary shareholders of Randstad Holding nv	**241.9**	194.1
Average number of ordinary shares outstanding (in millions)	**115.4**	115.3
Basic earnings per ordinary share (€)	**2.10**	1.68
Average number of diluted ordinary shares outstanding (in millions)	**116.0**	115.8
Diluted earnings per ordinary share (€)	**2.09**	1.68

Basic earnings per ordinary share are calculated by dividing the net income attributable to the ordinary shareholders of Randstad Holding nv by the weighted average number of ordinary shares outstanding during the year, being issued share capital, adjusted for ordinary shares purchased by Randstad Holding nv and held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares (stock options and performance shares).

Weighted average number of ordinary shares outstanding (diluted)

(in millions of shares)	**2005**	2004
Weighted average number of ordinary shares outstanding	**115.4**	115.3
Dilutive effect of share based-payments	**0.6**	0.5
Weighted average number of diluted ordinary shares outstanding	**116.0**	115.8

21. Dividend per ordinary share and per preferred share

Dividends paid in 2005 and 2004 for ordinary shares amounted to € 76.2 million (€ 0.66 per share) and € 28.8 million (€ 0.25 per share), respectively. Dividends paid in 2005 for preferred shares amounted to € 8.6 million (2004: € 8.6 million) or € 0.34 per preferred share (2004: € 0.34 per preferred share). A dividend in respect of 2005 of € 0.84 per ordinary share, amounting to a total dividend of € 97.2 million, will be proposed at the AGM to be held on May 10, 2006. These financial statements do not reflect the liability at year-end from this proposal. The dividend in respect of preferred shares is, following IAS 32 and IAS 39, reported under net finance costs.

Dividends in respect of the ordinary and preferred shares during recent years are:

	ordinary dividend related to:		
	2003	2004	2005
Dividend paid during 2004	28.8		
Dividend paid during 2005		76.2	
Dividend 2005 proposed			97.2

	preferred dividend related to:		
	2003	2004	2005
Dividend paid during 2004	8.6		
Dividend paid during 2005		8.6	
Dividend payable at end of 2005			8.4

22. Property, plant and equipment

Changes in property, plant and equipment in 2004 and 2005 are:

	Buildings and land	Computer hardware	Leasehold improvements, furniture and fixtures	Total
Cost	52.8	73.7	205.0	331.5
Accumulated depreciation	19.8	63.1	162.7	245.6
Book value at January 1, 2004	**33.0**	**10.6**	**42.3**	**85.9**
Book value at January 1, 2004	33.0	10.6	42.3	85.9
Acquisition of subsidiaries	–	0.2	0.3	0.5
Additions	–	11.3	16.3	27.6
Disposals	(4.5)	(0.3)	(0.1)	(4.9)
Depreciation	(1.3)	(7.3)	(20.8)	(29.4)
Translation differences	–	(0.3)	(0.1)	(0.4)
Book value at December 31, 2004	**27.2**	**14.2**	**37.9**	**79.3**
Cost	47.4	78.9	188.9	315.2
Accumulated depreciation	20.2	64.7	151.0	235.9
Book value at December 31, 2004	**27.2**	**14.2**	**37.9**	**79.3**
Book value at January 1, 2005	27.2	14.2	37.9	79.3
Acquisition of subsidiaries	–	0.3	0.4	0.7
Additions	–	16.3	32.1	48.4
Disposals	(2.8)	(0.2)	(1.1)	(4.1)
Depreciation	(0.3)	(7.0)	(18.8)	(26.1)
Translation differences	–	0.4	0.7	1.1
Book value at December 31, 2005	**24.1**	**24.0**	**51.2**	**99.3**
Cost	43.8	98.8	220.2	362.8
Accumulated depreciation	19.7	74.8	169.0	263.5
Book value at December 31, 2005	**24.1**	**24.0**	**51.2**	**99.3**

Leasehold improvements include expected site restoration costs.

The estimated useful lives for each category of property, plant and equipment are on average:

	Term
Buildings	33 years
Computer hardware	4 years
Leasehold improvements	5 years
Furniture and fixtures	4 years

Leasehold improvements are depreciated over the term of the initial lease, in case this term is shorter than 5 years.

Based on recent appraisals made by independent and expert appraisers, the fair value of buildings and land is € 20 to € 25 million higher than book value.

23. Intangible assets

Changes in intangible assets in 2004 and 2005 are:

	Goodwill	Other intangible assets	Developed software	Other software	Total
Cost	10.1	1.8	14.2	50.4	76.5
Accumulated amortization	–	0.4	1.2	35.2	36.8
Book value at January 1, 2004	**10.1**	**1.4**	**13.0**	**15.2**	**39.7**
Book value at January 1, 2004	10.1	1.4	13.0	15.2	39.7
Acquisition of subsidiaries	22.5	15.1	–	–	37.6
Additions	–	–	9.8	6.4	16.2
Amortization	–	(0.8)	(3.4)	(8.6)	(12.8)
Translation differences	0.4	0.2	–	(0.2)	0.4
Book value at December 31, 2004	**33.0**	**15.9**	**19.4**	**12.8**	**81.1**
Cost	33.0	17.0	24.0	52.2	126.2
Accumulated amortization	–	1.1	4.6	39.4	45.1
Book value at December 31, 2004	**33.0**	**15.9**	**19.4**	**12.8**	**81.1**
Book value at January 1, 2005	33.0	15.9	19.4	12.8	81.1
Acquisition of subsidiaries	30.7	8.1	–	–	38.8
Additions	–	–	9.9	3.7	13.6
Adjustments to goodwill	(1.3)	–	–	–	(1.3)
Amortization	–	(3.4)	(7.5)	(6.5)	(17.4)
Impairment	(4.8)	–	–	–	(4.8)
Translation differences	0.5	0.3	–	0.5	1.3
Book value at December 31, 2005	**58.1**	**20.9**	**21.8**	**10.5**	**111.3**
Cost	58.1	25.4	34.1	59.0	176.6
Accumulated amortization	–	4.5	12.3	48.5	65.3
Book value at December 31, 2005	**58.1**	**20.9**	**21.8**	**10.5**	**111.3**

The value at cost for goodwill includes the accumulated impairment.

Other intangible assets include customer relationships for the amount of € 17.1 million (2004: € 14.5 million), brand names for the amount of € 2.0 million (2004: € 0.8 million) and flexworker databases for the amount of € 1.8 million (2004: € 0.6 million).

The estimated useful lives for each category of intangible assets are:

	Term
Other intangible assets	2-8 years
Software	3-5 years

Acquired computer software licenses are amortized, using the straight-line method, over their useful lives of 3 to 5 years or, if the license period is shorter than 3 years, over this shorter period.

23.1 Business combinations

The realizable value of the various cash-generating units for which goodwill is capitalized is based upon value in use. The value in use is determined by means of cash flow projections based on the actual operating results and the expected future performance according to business plans made by management. These plans cover a period of in principle 5 years; cash flow projections after this period are extrapolated, by means of growth percentages, which, based upon the expected developments in the sector for the various cash-generating units, are considered acceptable.

The results of these calculations are that the calculated value in use of the various cash-generating units is higher than the carrying amount of the goodwill, with the exception of one cash-generating unit. As a consequence, an impairment of € 4.8 million is recognized in 2005 (2004: € 0).

During 2005 and 2004 the following companies were acquired:

Company	Acquired %of shares	Acquisition 2005	Acquisition 2004	Activity	Earn-out arrangements
Hageweld B.V. (The Netherlands)	100%	June 20, 2005		1	No
Emmay HR Ltd (India)	100%	November 22, 2005		2	No
Martin Ward Anderson Ltd (United Kingdom)	100%	December 21, 2005		2	Yes
Take Air sa (France)	100%		January 1, 2004	1	No
Job Net Sp. z o.o (Poland)	100%		August 26, 2004	1	Yes
Intersource Holding Sp. z o.o. (Poland)	100%		August 26, 2004	1	Yes
Arvako AB (Sweden)	100%		September 29, 2004	1	Yes
Assist Interim N.V. (Belgium)	100%		December 20, 2004	1	Yes

In respect of Yacht Deutschland GmbH the Group acquired the minority interest of 20% in 2005.

The companies indicated as '1' in the above table have as their main activity temporary and contract staffing.
The companies indicated as '2' in the above table have as their main activity recruitment.

The assets and liabilities arising from acquisitions as well as the breakdown of the total amount of goodwill in 2005 and 2004 are:

	2005			2004		
	Acquiree's carrying amount	Fair value adjustments	Fair value	Acquiree's carrying amount	Fair value adjustments	Fair value
Property, plant and equipment	**0.7**	**–**	**0.7**	0.5	–	0.5
Other intangible assets	**–**	**8.1**	**8.1**	–	15.1	15.1
Loans and receivables	**–**	**–**	**–**	0.4	–	0.4
Current assets minus current liabilities	**3.6**	**–**	**3.6**	7.1	–	7.1
Deferred income tax liabilities	**–**	**(2.5)**	**(2.5)**	–	(4.0)	(4.0)
Net assets acquired	**4.3**	**5.6**	**9.9**	8.0	11.1	19.1
Goodwill			**30.7**			22.5
Total consideration			**40.6**			41.6
Deferred compensations			**(7.9)**			(7.6)
Consideration paid			**32.7**			34.0
Net debt/(net cash) of subsidiaries acquired, included in working capital			**1.6**			(4.4)
Consideration paid, adjusted for net cash/net debt acquired			**34.3**			29.6

Goodwill is mainly attributable to the synergies expected to arise after the Group's acquisition of these companies.

Goodwill is based upon the expected costs of these acquisitions amounting to € 40.6 million (2004: € 41.6 million) of which € 32.7 million is paid during 2005 (2004: € 34.0 million) and the remaining part is included under liabilities as at December 31 of the year of acquisition.
The expected costs of all acquisitions are (to be) paid in cash.
In respect of Martin Ward Anderson Ltd, in the amounts mentioned above, € 16.1 million is included for goodwill and € 7.9 million for the fair value of the net assets; of the latter amount, € 3.1 million arises from fair value adjustments to the acquiree's carrying amount.

The acquired businesses contributed in 2005 to the Group's revenue € 4.1 million (2004: € 19.8 million) and to the Group's operating profit € 0.2 million (2004: € 0.4 million negative).
If these acquisitions had occurred on January 1, 2005, Group revenue and operating profit would have been higher, approximately € 54 million and € 0.5 million, respectively (for acquisitions in 2004: approximately higher Group revenue of € 64 million and higher Group operating profit of € 2 million).

24. Deferred and current income taxes

24.1 Deferred tax assets

Deferred tax assets are attributable to the following:

	2005	2004
Goodwill	**144.5**	125.5
Tax losses carry-forward	**65.3**	88.6
Timing differences	**129.9**	122.1
Total deferred tax assets	**339.7**	336.2

Deferred tax assets relating to goodwill of approximately € 50 million (2004: € 73 million), deferred tax assets in relation to tax losses carry-forward of approximately € 125 million (2004: approximately € 110 million) and deferred tax assets relating to other timing differences of approximately € 20 million (2004: approximately € 17 million), which are considered not recoverable, are valued at nil.

Deferred tax assets in relation to goodwill comprise the tax-effects arising from goodwill that has been directly charged to shareholders' equity at acquisition date, based on (Dutch) accounting principles prevalent at that time.
Deferred tax assets in relation to tax losses carry-forward comprise for an amount of € 39 million (2004: € 21 million) receivables originating from subsidiaries that showed (tax) losses in the current and preceding year. At balance sheet date the net valuation of these deferred tax assets is determined based upon the estimated recoverability, which is based upon management's expectations.

The part of deferred tax assets that is expected to be recovered within one year, is estimated at € 24 million (2004: € 35 million).

24.2 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2005	2004
Recapture obligations	**351.5**	359.9
Timing differences	**5.9**	6.3
Total deferred tax liabilities	**357.4**	366.2

The deferred tax liability in respect of recapture obligations ensues from incorporation in the Netherlands of tax losses incurred in the United States of America and Germany.
The deferred tax liability in respect of timing differences originates from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The balance sheet liability method is used in calculating these deferred tax liabilities.

The part of deferred tax liabilities that is expected to be settled within one year, is estimated at € 13 million (2004: € 14 million).

24.3 Movements in total position taxes on income

Changes in the total position of taxes on income in 2004 and 2005 are:

	2005	2004
Assets / (liabilities) taxes on income		
Deferred tax assets	**336.2**	361.5
Current income tax receivables	**11.0**	104.5
Deferred tax liabilities	**(366.2)**	(380.1)
Current income tax payables	**(1.8)**	(4.7)
Value at January 1	**(20.8)**	81.2
Movements during the year		
Credited / (debited) to income statement	**(39.8)**	(20.7)
Net payments / (refunds)	**3.9**	(69.6)
Acquisition of subsidiaries' deferred taxes	**(2.5)**	(4.0)
Acquisition of subsidiaries' income taxes	**0.0**	(0.7)
Recognized in shareholders' equity	**(4.9)**	4.0
Translation gains / (losses)	**21.7**	(11.0)
Total movements	**(21.6)**	(102.0)
Assets / (liabilities) taxes on income		
Deferred tax assets	**339.7**	336.2
Current income tax receivables	**3.2**	11.0
Deferred tax liabilities	**(357.4)**	(366.2)
Current income tax payables	**(27.9)**	(1.8)
Value at December 31	**(42.4)**	(20.8)

25. Held-to-maturity investments

Changes in held-to-maturity investments in 2005 are:

	2005
Value at January 1, 2004 and December 31, 2004	–
Reclassification from loans and receivables	7.7
Adjustment to amortized cost	(3.8)
Value at January 1, 2005	3.9
Additions	0.5
Interest due to passage of time	0.2
Value at December 31, 2005	4.6
Non-current portion held-to-maturity investments	4.3
Current portion held-to-maturity investments	0.3
Total held-to-maturity investments	4.6

Due to the application of IAS 32 and IAS 39 as of January 1, 2005, part of loans and receivables (€ 7.7 million) is reclassified to held-to-maturity investments as per the same date. Furthermore, the held-to-maturity investments are subsequently valued at amortized cost resulting in a negative adjustment of € 3.8 million at January 1, 2005, which is debited to shareholders' equity. The held-to-maturity investments relate to loans with an average remaining term of 10 years and an effective interest rate of 5.8% (2004: 5.8%). The book value of held-to-maturity investments approximates the fair value as of January 1 and December 31, 2005.

26. Loans and receivables

Changes in loans and receivables in 2004 and 2005 are:

	2005	2004
Value at December 31 prior year	**8.7**	12.5
Reclassification to held-to-maturity investments	**(7.7)**	–
Value at January 1	**1.0**	12.5
Acquisitions of subsidiaries	–	0.4
Receipts	**(0.5)**	(4.1)
Translation differences	**0.1**	(0.1)
Value at December 31	**0.6**	8.7

The loans and receivables are considered to be non-current in full.

The loans and receivables do not have a fixed maturity date; the effective interest rate is 4.0% (2004: 4.0%). The book value of the loans and receivables approximates the fair value as of January 1 and December 31, 2005.
Included in the receipts of 2004 is an amount of € 0.4 million in respect of a repayment from a participation and € 3.7 million in respect of other loans and receivables.

27. Trade and other receivables

	2005	2004
Trade receivables, net of provision for impairment	**1,112.7**	929.9
Other receivables	**149.2**	112.1
Held-to-maturity investments	**0.3**	–
Prepayments	**27.1**	20.7
	1,289.3	1,062.7

The book value of these receivables equals the fair value.

There is no concentration of credit risk with respect to trade receivables, as the Group has a high number of customers in a large number of industries and countries.
The provision for impairment trade receivables is based on various subsidiaries' trade receivable portfolio experience, as well as on individual assessments of expected non-recoverable receivables.

28. Cash and cash equivalents

	2005	2004
Time deposits	**373.7**	331.2
Cash on hand and in banks	**80.1**	38.6
	453.8	369.8

The time deposits fall due within a one-month average. The average interest rate for the time deposits is 2.3% (2004: 2.1%). All cash and cash equivalents are available on demand.

29. Shareholders' equity

Additional information with respect to shareholders' equity is included in the consolidated statement of changes in shareholders' equity.

Authorized capital is € 50.0 million and consists of 200,000,000 ordinary shares with a nominal value of € 0.10, 50,000 type-A preferred shares with a nominal value of € 500.00 and 50,000,000 type-B preferred shares with a nominal value of € 0.10.
Issued share capital consists of 115,669,464 ordinary shares (2004: 115,619,048) and 25,200,000 type-B preferred shares at year-end. Up to and until December 31, 2004, preferred shares were reported under shareholders' equity.

IAS 32 and IAS 39 have been applied as of January 1, 2005. Consequently shareholders' equity has been amended for the items preferred shares and held-to-maturity investments. From January 1, 2005 preferred shares type-B amounting to € 165.8 million are accounted for as non-current liabilities based on IAS 32 and IAS 39; dividend on these shares is included in net income as financial expenses. Refer to Note 30 for additional information on the preferred shares. As of January 1, 2005 part of the non-current loans and receivables are classified as held-to-maturity investments. Held-to-maturity investments are subsequently stated at amortized cost resulting in a decrease in book value of € 3.8 million. The impact after corporate income taxes on shareholders' equity amounts to € 2.5 million negative per January 1, 2005.

The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the euro starting January 1, 2004. Such exchange differences are recognized initially in this separate component of shareholders' equity and recognized in the income statement on disposal of the net investment.

Stock options are granted to the executive board and senior management. Performance shares are granted to the executive board. Additional disclosure on stock options and performance shares is included in Notes 41 and 44.
In the income statement an amount of € 4.3 million (2004: € 1.6 million) is included for share-based payments.

At year-end 2005, 1,454,000 stock options (2004: 975,000 stock options) are outstanding, which upon exercise will lead to the issuance of the same number of new ordinary shares.

At December 31, 2005 the number of treasury shares amounted to 103,227 shares (2004: 273,154 shares) with a value of € 1.4 million (2004: € 3.8 million). These treasury shares relate to 103,227 stock options (2004: 273,154 stock options) outstanding, which relate to stock options granted to the executive board in the years 2001 and 2002.

30. Preferred shares

	Issued preferred capital	Share premium	Total
Value at December 31, 2004	–	–	–
Adjustment openings balance sheet due to application of IAS 32 and IAS 39	2.5	163.3	165.8
Value at January 1, 2005 and December 31, 2005	2.5	163.3	165.8

The dividend on preferred shares is reviewed every seven years. Review took place in November 2005 and the percentage has been set at 4.32% (2004: 5.17%). The next review on the dividend percentage will take place in November 2012. Only the company can propose to the AGM to decide to repay the preferred shares.
The book value of the preferred shares approximates the fair value, as the effective interest rate (dividend percentage) is virtually equal to the relevant market interest rate.

31. Borrowings

	2005	2004
Non-current borrowings		
Drawings on the multicurrency syndicated credit facility	**130.0**	130.0
Other non-current borrowings	**0.5**	0.4
	130.5	130.4
Current borrowings		
Bank overdrafts	**117.3**	90.4
Total borrowings	**247.8**	220.8

Changes in non-current borrowings in 2004 and 2005 are:

	2005	2004
Non-current borrowings January 1	**130.4**	123.6
Proceeds	**0.1**	6.7
Translation differences	**–**	0.1
Non-current borrowings December 31	**130.5**	130.4

Currently, a € 330 million multi-currency syndicated credit facility is in place that will mature in July 2008. The credit facility has an interest rate, which is based on the term of the drawing, increased with a margin above the applicable Euribor that depends on the debt leverage ratio. At the end of 2005, the drawing under this facility amounts to € 130 million (2004: € 130 million). The interest rate at year-end is 3.0% for a term shorter than one month (2004: 2.7% for a three-month term), and is also the effective interest rate, because the interest rate on the credit facility fluctuates with market trends. There is no repayment schedule.

The long-term interest-bearing debt is fully denominated in euros. The book value of the long-term debt equals the fair value. At year-end, the Group has no outstanding interest rate or currency swaps.

Negative pledges have been issued for the purposes of bank overdraft facilities and ‘pari passu’ clauses apply. The majority of short-term interest-bearing debt consists of bank overdrafts in euros. An amount of € 54 million is denominated in US dollars (2004: € 40 million).

32. Provisions

Changes in provisions in 2004 and 2005 are:

	Pensions/ employee benefits	Restructuring	Workers' compensation	Other	Total
Non-current provisions	3.4	9.1	11.8	9.0	33.3
Current provisions	1.1	12.8	9.6	36.8	60.3
Value at January 1, 2004	**4.5**	**21.9**	**21.4**	**45.8**	**93.6**
Acquisition of subsidiaries	–	–	–	7.6	7.6
Charged to income statement	6.0	3.4	18.9	5.2	33.5
Interest due to passage of time	0.6	–	0.9	0.1	1.6
Released to income statement	–	–	–	(4.2)	(4.2)
Withdrawals	(7.6)	(15.3)	(15.2)	(7.4)	(45.5)
Translation differences	–	(0.1)	(1.8)	(0.1)	(2.0)
Value at December 31, 2004	**3.5**	**9.9**	**24.2**	**47.0**	**84.6**
Non-current provisions	2.6	2.5	13.4	20.5	39.0
Current provisions	0.9	7.4	10.8	26.5	45.6
Value at December 31, 2004	**3.5**	**9.9**	**24.2**	**47.0**	**84.6**
Acquisitions of subsidiaries	–	–	–	(1.3)	(1.3)
Charged to income statement	8.0	1.1	20.6	9.3	39.0
Interest due to passage of time	0.7	–	1.1	0.1	1.9
Released to income statement	–	(2.5)	–	(16.7)	(19.2)
Withdrawals	(7.8)	(4.4)	(19.8)	(9.9)	(41.9)
Translation differences	–	0.3	3.8	0.2	4.3
Value at December 31, 2005	**4.4**	**4.4**	**29.9**	**28.7**	**67.4**
Non-current provisions	2.7	1.6	20.5	9.8	34.6
Current provisions	1.7	2.8	9.4	18.9	32.8
Value at December 31, 2005	**4.4**	**4.4**	**29.9**	**28.7**	**67.4**

32.1 Provisions for pensions and employee benefits

The pension and employee benefits provisions relate to the following items:

	2005	2004
Defined benefit plan corporate employees Belgium	**(0.4)**	0.2
Defined benefit plan staffing and corporate employees Switzerland	**0.8**	0.7
Termination indemnity plans	**4.0**	2.6
	4.4	3.5

The breakdown of the provisions for the defined benefit pension plans and other employee benefits is:

	2005	2004
Present value of funded obligations	**22.0**	17.2
Fair value of plan assets	**(17.1)**	(13.7)
Present value of unfunded obligations	**4.9**	3.5
Unrecognized actuarial losses	**(0.5)**	–
Liability in the balance sheet	**4.4**	3.5

The amounts recognized in the income statement are:

	2005	2004
Current service costs	**8.9**	6.7
Interest expenses due to passage of time	**0.7**	0.6
Expected returns on plan assets	**(0.9)**	(0.7)
	8.7	6.6

The changes in the present value of the defined benefit pension plans and other employee benefit obligations in 2004 and 2005 are:

	2005	2004
Value at January 1	**17.2**	15.8
Current service costs	**8.9**	6.7
Interest expenses due to passage of time	**0.7**	0.6
Benefits paid	**(6.3)**	(5.9)
Unrecognized actuarial results	**1.5**	–
Value at December 31	**22.0**	17.2

The changes in the fair value of the plan assets in respect of defined benefit pension plans in 2004 and 2005 are:

	2005	2004
Value at January 1	**13.7**	11.3
Expected return on plan assets	**0.9**	0.7
Contributions employees	**0.4**	0.9
Contributions employers	**2.0**	1.5
Benefits paid	**(0.9)**	(0.7)
Unrecognized actuarial results	**1.0**	–
Value at December 31	**17.1**	13.7

The principal actuarial assumptions used are:

	2005	2004
Discount rate defined benefit plans	**3.1 - 4.2%**	3.5 - 4.7%
Expected return on plan assets defined benefit plans	**3.8 - 6.5%**	4.0 - 6.9%
Expected salary increases defined benefit plans	**1.8 - 5.3%**	2.0 - 5.5%
Expected pension increases defined benefit plans	**0.5 - 2.3%**	0.5 - 1.7%

The average effective interest rate used in the calculation of the provision for legal arrangements in respect of termination indemnity payments amounts to 4.1% (2004: 4.0%).

32.2 Provisions for restructuring, workers' compensation and other provisions

The restructuring provision comprises the costs of restructuring measures taken at several subsidiaries.

The effective interest rate used in the calculation of the provision for workers' compensation amounts to 4.1% (2004: 4.0%).

Other provisions consist primarily of provisions for risks of third-party claims; also included is € 3.4 million (2004: € 7.6 million) in respect of earn-out arrangements from acquisitions and € 4.3 million (2004: € 4.8 million) in respect of provisions for site restoration.

The non-current part of provisions, with the exception of those for pension/employee benefits, is for the major part expected to be settled within the next 3 years following the balance sheet date.

33. Trade and other payables

	2005	2004
Trade payables	**48.1**	49.5
Other taxes and social security premiums	**347.6**	294.3
Pension contributions	**13.1**	14.6
Dividend on type-B preferred shares	**8.4**	8.6
Wages, salaries and deferred personnel costs	**391.9**	319.6
Other accruals	**83.2**	77.7
Deferred income	**6.7**	4.0
	899.0	768.3

34. Operating working capital

	2005	2004
Working capital	**669.3**	537.4
Adjusted for:		
Cash and cash equivalents	**(453.8)**	(369.8)
Current income tax receivables	**(3.2)**	(11.0)
Current income tax liabilities	**27.9**	1.8
Dividend on type-B preferred shares	**8.4**	8.6
Current borrowings	**117.3**	90.4
Current provisions	**32.8**	45.6
Operating working capital	**398.7**	303.0

35. Net cash and borrowings

	2005	2004
Non-current borrowings	**(130.5)**	(130.4)
Current borrowings	**(117.3)**	(90.4)
Total borrowings	**(247.8)**	(220.8)
Cash and cash equivalents	**453.8**	369.8
Net cash	**206.0**	149.0

36. Commitments not included in the balance sheet

	2005	2004
Commitments, less than 1 year	**121**	108
Commitments, more than 1 year, less than 5 years	**204**	165
Commitments, more than 5 years	**58**	50
	383	323

Commitments comprise almost exclusively lease contracts for branches and lease contracts for IT equipment and automobiles.

No guarantees have been issued other than those in relation to commitments from rent and leases, and those in relation to liabilities included in the balance sheet.

37. Related-party transactions

The holders of approximately 87% of ordinary shares may make unrestricted use of their voting rights at the AGM. The other 13% of ordinary shares have been converted into depository receipts. Two foundations, Stichting Administratie-kantoor Randstad Optiefonds and Stichting Administratie-kantoor Randstad Holding, hold those shares. Depository receipts in the former are fully exchangeable; exchangeability of those in the latter is limited. The depository receipts issued by the depositories are held by Gaud Holding bv, Stichting Randstad Optiefonds and by employees who have obtained depository receipts by exercising options, issued by Stichting Randstad Optiefonds. When shares are converted into depository receipts, beneficial ownership is separated from legal ownership. Therefore, the holders of depository receipts have no voting rights.

Type-B preferred shares (financing prefs) are held by a foundation, Stichting Administratiekantoor Preferente Aandelen Randstad Holding. The voting rights attached to these shares are vested in this foundation and its board can exercise them. A board decision is made to determine who will exercise the voting rights on behalf of the foundation. The board members are fully independent from the company's management as well as from other shareholders. It is their task to represent the joint interest of the owners of preferred shares.

The company has no priority shares and there are no further limits on the voting rights of shareholders of ordinary shares.

One member of the supervisory board has an interest in a legal entity, which, based on the 'Wet melding zeggenschap' ('Major Holdings in Listed Companies Act'), is registered as a shareholder in Randstad Holding nv in the 25-50% category. The same member is the sole member of the board of management of two foundations, each of which, based on the same act, reports an interest in Randstad Holding nv in the 5-10% category, and member of the board of management of Stichting Randstad Optiefonds.
Moreover, the company rents a ship, Clipper *Stad Amsterdam*, for promotional activities from this member of the supervisory board (at approximately € 1.5 million rent, annually).

In 1988, the founder of Randstad established Stichting Randstad Optiefonds to provide options to corporate employees of the Group. Up to 2003, options were granted to these employees of the Group. The options were granted on (depository receipts for) shares, available in the foundation; exercise does not affect the number of shares issued by the company, nor has the company any obligation in relation to these options. Per December 31, 2005 1.3 million options are still outstanding with an average exercise price of € 13.64 and an average remaining life of 1.5 years; in total 0.8 million depository receipts for shares are held by employees of the Randstad Group. The board of management of the foundation consists of three members of which two are fully independent from the Group; the chairman is the founder of Randstad.

notes to the consolidated cash flow statement

(amounts in millions of €, unless otherwise indicated)

38. Notes to the consolidated cash flow statement

The majority of the items in the consolidated cash flow statement are, on an individual basis, cross-referenced to the relevant notes on the consolidated income statement and balance sheet. For the remainder of the material items, the reconciliation between amounts as included in the consolidated cash flow statement and relating amounts in income statement and balance sheet is shown below.

38.1 Cash

Cash includes cash and cash equivalents, and current borrowings for purposes of the cash flow statement.

	2005	2004
Cash and cash equivalents	**453.8**	369.8
Current borrowings	**(117.3)**	(90.4)
	336.5	279.4

38.2 Trade and other receivables (excluding short term part held-to-maturity investments)

	2005	2004
Balance as of January 1	**1,062.7**	886.4
Acquisition subsidiaries	**10.6**	12.5
Translation gains / (losses) and other	**28.4**	(14.0)
Cash flow statement	**187.3**	177.8
Balance as of December 31	**1,289.0**	1,062.7

38.3 Trade and other payables (excluding dividend preferred shares)

	2005	2004
Balance as of January 1	**759.7**	636.5
Acquisition subsidiaries	**13.3**	9.1
Translation (gains) / losses and other	**9.6**	(5.6)
Cash flow statement	**108.0**	119.7
Balance as of December 31	**890.6**	759.7

38.4 Provisions

	2005	2004
Balance as of January 1	**84.6**	93.6
Acquisition subsidiaries	**(1.3)**	7.6
Interest due to passage of time	**1.9**	1.6
Translation (gains) / losses and other	**4.3**	(2.0)
Cash flow statement	**(22.1)**	(16.2)
Balance as of December 31	**67.4**	84.6

information by segment

(amounts in millions of €, unless otherwise indicated)

39. Primary reporting format – information by business segments

At December 31, 2005 the Group is organized, on a worldwide basis, into 3 different service concepts ('business segments'):

- Mass-customized; this service concept provides our regular business – staffing, permanent placement and (high volume) specialties.
- In-house services; this service concept provides a total solution for managing a high-quality workforce with client-specific skill sets. This service is provided on site exclusively for one client.
- Interim professionals, recruitment & selection; this service concept provides recruitment services for middle and more senior management positions, either for permanent positions or on secondment, interim or project basis with clients.

The mass-customized and in-house business segments are divided between the European and North American activities. The business segment interim professionals, recruitment & selection is represented in Europe by Yacht. Recruitment and selection activities are also introduced in India. Corporate comprises holding activities. Facilities include expenses for centralized internal service companies.

Revenue	**2005**	2004
Mass-customized Europe	**4,470.1**	3,976.1
Mass-customized North America	**992.6**	1,050.5
In-house services Europe	**720.8**	484.3
In-house services North America	**188.4**	42.6
Interim professionals, recruitment & selection	**288.3**	226.1
Eliminations	**(21.7)**	(15.4)
	6,638.5	5,764.2

Intragroup revenue	**2005**	2004
Mass-customized Europe	**17.5**	12.0
Interim professionals, recruitment & selection	**4.2**	3.4
	21.7	15.4

Gross profit	**2005**	2004
Mass-customized Europe	**1,002.1**	889.4
Mass-customized North America	**201.6**	193.8
In-house services Europe	**101.2**	64.0
In-house services North America	**22.4**	5.1
Interim professionals, recruitment & selection	**78.9**	66.0
Eliminations	**(1.0)**	(0.1)
	1,405.2	1,218.2

Operating profit	**2005**	2004
Mass-customized Europe	**249.6**	209.3
Mass-customized North America	**14.3**	9.7
In-house services Europe	**26.8**	16.1
In-house services North America	**4.8**	0.1
Interim professionals, recruitment & selection	**18.9**	11.6
Corporate	**(23.5)**	(21.2)
	290.9	225.6

Depreciation property, plant and equipment	**2005**	2004
Mass-customized Europe	**16.4**	16.7
Mass-customized North America	**3.4**	5.5
In-house services Europe	**0.7**	1.0
Interim professionals, recruitment & selection	**0.7**	0.8
Facilities	**4.9**	5.4
	26.1	29.4

Amortization and impairment intangible assets	**2005**	2004
Mass-customized Europe	**12.9**	5.9
Mass-customized North America	**2.8**	5.3
Facilities	**6.5**	1.6
	22.2	12.8

Assets[1]	**2005**	2004
Mass-customized Europe	**958.1**	822.8
Mass-customized North America	**198.2**	168.3
In-house services Europe	**138.5**	116.3
In-house services North America	**27.4**	5.7
Interim professionals, recruitment & selection	**115.3**	56.6
Facilities	**76.9**	63.4
Corporate	**36.4**	34.6
Eliminations	**(46.0)**	(35.9)
	1,504.8	1,231.8

1 Assets include all assets, with the exception of deferred tax assets, current income tax receivables, and cash and cash equivalents.

Liabilities[2]	2005	2004
Mass-customized Europe	**714.3**	643.5
Mass-customized North America	**69.0**	75.4
In-house services Europe	**95.3**	82.5
In-house services North America	**26.7**	6.3
Interim professionals, recruitment & selection	**58.0**	33.5
Facilities	**19.3**	16.5
Corporate	**29.8**	31.1
Eliminations	**(46.0)**	(35.9)
	966.4	852.9

Operating working capital[3]	2005	2004
Mass-customized Europe	**182.3**	114.4
Mass-customized North America	**150.4**	110.5
In-house services Europe	**26.4**	39.3
In-house services North America	**3.2**	(0.6)
Interim professionals, recruitment & selection	**19.5**	23.6
Facilities	**(5.4)**	(5.5)
Corporate	**22.3**	21.3
	398.7	303.0

Property, plant and equipment	2005	2004
Mass-customized Europe	**46.2**	36.5
Mass-customized North America	**7.4**	5.6
In-house services Europe	**1.1**	1.4
In-house services North America	**0.1**	0.0
Interim professionals, recruitment & selection	**2.8**	1.7
Facilities	**41.7**	34.1
	99.3	79.3

Intangible assets	2005	2004
Mass-customized Europe	**51.9**	59.1
Mass-customized North America	**2.0**	3.6
Interim professionals, recruitment & selection	**36.0**	–
Facilities	**21.4**	18.4
	111.3	81.1

Investments property, plant and equipment	2005	2004
Mass-customized Europe	**29.4**	16.1
Mass-customized North America	**4.5**	3.4
In-house services Europe	**0.3**	0.5
In-house services North America	**0.1**	0.0
Interim professionals, recruitment & selection	**1.1**	1.0
Facilities	**13.0**	6.6
	48.4	27.6

Investments intangible assets	2005	2004
Mass-customized Europe	**3.5**	5.1
Mass-customized North America	**0.8**	1.6
Facilities	**9.3**	9.5
	13.6	16.2

Employees	Staffing		Corporate	
(average fte)	2005	2004	2005	2004
Mass-customized Europe	**174,600**	154,400	**9,130**	8,370
Mass-customized North America	**39,700**	46,500	**2,180**	2,130
In-house services Europe	**27,800**	19,100	**970**	690
In-house services North America	**9,200**	2,000	**190**	60
Interim professionals, recruitment & selection	**3,100**	2,600	**440**	430
Facilities	**–**	–	**420**	480
Corporate	**–**	–	**100**	100
	254,400	224,600	**13,430**	12,260

2 Liabilities include provisions, and trade and other payables.
3 Operating working capital is trade and other receivables minus trade and other payables plus dividend preferred shares.

information by geographical area

(amounts in millions of €, unless otherwise indicated)

40. Secondary reporting format – information by geographical area

The Groups' business segments operate in a number of geographical areas, although they are managed on a world-wide basis. The Netherlands is the home country of the parent company.
There are no sales or other transactions of importance between the geographical areas.

Revenue	2005	2004
The Netherlands	**2,457.6**	2,163.8
Germany	**787.8**	616.1
Belgium/Luxembourg	**795.2**	675.8
France	**469.2**	402.6
Spain	**415.1**	385.2
United Kingdom	**184.3**	179.9
Italy	**187.6**	154.6
Other European countries	**160.6**	93.1
North America	**1,181.0**	1,093.1
India	**0.1**	–
	6,638.5	5,764.2

Gross profit	2005	2004
The Netherlands	**609.8**	539.8
Germany	**197.4**	164.8
Belgium/Luxembourg	**145.7**	121.0
France	**64.7**	55.1
Spain	**68.1**	58.5
United Kingdom	**33.0**	33.7
Italy	**32.2**	28.2
Other European countries	**30.2**	18.2
North America	**224.0**	198.9
India	**0.1**	–
	1,405.2	1,218.2

Depreciation property, plant and equipment	2005	2004
The Netherlands	**9.8**	11.0
Germany	**1.6**	2.4
Belgium/Luxembourg	**3.9**	3.6
France	**1.3**	1.4
Spain	**3.0**	2.2
United Kingdom	**1.3**	1.4
Italy	**1.2**	1.2
Other European countries	**0.6**	0.7
North America	**3.4**	5.5
	26.1	29.4

Amortization and impairment intangible assets	2005	2004
The Netherlands	**11.8**	3.2
Germany	**3.3**	2.6
Belgium/Luxembourg	**1.2**	0.1
France	**0.1**	0.2
Spain	**0.4**	0.4
United Kingdom	**0.1**	0.2
Italy	**0.5**	0.3
Other European countries	**2.0**	0.5
North America	**2.8**	5.3
	22.2	12.8

Assets[1]	2005	2004
The Netherlands	**558.3**	436.9
Germany	**125.9**	109.6
Belgium/Luxembourg	**166.2**	147.9
France	**147.9**	126.8
Spain	**130.1**	116.0
United Kingdom	**75.4**	40.6
Italy	**49.2**	51.9
Other European countries	**54.3**	51.8
North America	**225.6**	174.0
India	**5.1**	–
Eliminations	**(33.2)**	(23.7)
	1,504.8	1,231.8

Investments property, plant and equipment	2005	2004
The Netherlands	**21.8**	10.1
Germany	**1.1**	2.0
Belgium/Luxembourg	**9.1**	3.0
France	**2.7**	1.4
Spain	**4.9**	4.9
United Kingdom	**1.6**	1.3
Italy	**1.9**	0.9
Other European countries	**0.7**	0.6
North America	**4.6**	3.4
	48.4	27.6

1 Assets include all assets, with the exception of deferred tax assets, current income tax receivables, and cash and cash equivalents.

information by geographical area

Investments intangible assets	2005	2004
The Netherlands	**9.4**	9.7
Germany	**1.3**	3.0
Belgium/Luxembourg	**–**	0.3
Spain	**0.8**	0.8
United Kingdom	**0.3**	–
Italy	**0.6**	0.6
Other European countries	**0.4**	0.2
North America	**0.8**	1.6
	13.6	16.2

Employees	Staffing		Corporate	
(average fte)	2005	2004	2005	2004
The Netherlands	**89,400**	79,100	**5,180**	4,930
Germany	**25,400**	20,300	**1,570**	1,380
Belgium/ Luxembourg	**26,900**	22,500	**1,230**	1,100
France	**14,900**	13,200	**670**	620
Spain	**21,300**	20,600	**1,060**	950
United Kingdom	**8,900**	8,900	**450**	440
Italy	**6,800**	5,600	**440**	380
Other European countries	**11,900**	5,900	**450**	270
North America	**48,900**	48,500	**2,370**	2,190
India	**–**	–	**10**	–
	254,400	224,600	**13,430**	12,260

41. Remuneration executive board

The following amounts (in € 1,000) relating to the remuneration of the members of the executive board have been included in the income statement 2005 and 2004:

	B.J. Noteboom		R.J. v.d. Kraats		L.J.M.V. Lindelauf		J.W. v.d. Broek		J.H. Reese[1]		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Fixed compensation:												
- Base salary	**530**	408	**408**	340	**374**	340	**374**	310	**174**	402	**1,860**	1,800
Variable remuneration:												
- Short-term cash bonus	**349**	306	**265**	255	**281**	255	**281**	233	**–**	294	**1,176**	1,343
- Medium-term cash bonus	**–**	408	**–**	321	**–**	293	**–**	57	**–**	402	**–**	1,481
- Medium-term performance shares	**333**	233	**257**	179	**235**	164	**235**	164	**–**	167	**1,060**	907
- Long-term stock options	**217**	136	**168**	111	**163**	111	**111**	47	**193**	126	**852**	531
Pension charges	**140**	40	**107**	34	**98**	34	**98**	26	**11**	7	**454**	141
Other	**89**	10	**44**	20	**33**	56	**31**	17	**1,115**	21	**1,312**	124
Total	**1,658**	1,541	**1,249**	1,260	**1,184**	1,253	**1,130**	854	**1,493**	1,419	**6,714**	6,327

1 Total in US dollar: $ 1,856,000 (2004: $ 1,762,000)

In 2004 and until June 1 of 2005, the executive board consisted of five members; as per June 1, 2005, Mr. J.H. Reese resigned.

The remuneration of the executive board includes a fixed compensation and a variable compensation. The variable remuneration is performance-related and consists of short-, medium- and long-term components. The supervisory board sets the targets prior to the performance period.
The remuneration policy for the executive board is determined by the supervisory board, and was adopted by the AGM of May 10, 2005.

41.1 Fixed compensation

As per January 1, 2005, base salaries were adjusted; a first step has been taken to bring them more in line with comparable functions in an international peer group.

41.2 Variable remuneration

Short-term performance-related
An annual bonus is paid in cash, dependent on achievement of three targets. Two of the targets apply for all board members, and one target varies per individual board member. For each reporting year, a bonus can be earned varying between 0 and 75% of annual salary; 50% equals performance at target level. For 2005, the common targets were based on organic revenue growth and increase of earnings per share (EPS). The individual performance criteria vary per member and are linked to two performance measures, relating to the specific areas of responsibility of each member. For 2005, the Group was successful in terms of both growth of earnings per share and revenue; the individual targets have not all been achieved by all members. This resulted in bonus percentages varying from 65% to 75% per board member.

Medium-term performance-related / performance share plan
The medium-term component is intended to reward the executive board on the basis of performance over a longer period; for the period 2001-2004, a cash bonus could be earned.
For the period 2004-2007, the supervisory board introduced a performance share plan: the bonus will be paid in shares, the number of which is based on the Group's relative total shareholder return (TSR) performance compared to a peer group. On-target performance will result in a bonus of 100% of base salary; top performance will result in a bonus of 200% of base salary, whereas lowest performance results in no bonus. The performance is measured annually on a rolling basis; each year one-third of the shares vest, based on relative TSR over the previous three years.
The fair value in relation to the plan is based on a Monte Carlo valuation model.
The first period of the plan ended mid-2005; based on the relative TSR achieved, 200% of the 1st tranche of shares vested, resulting in an allocation of a total of 50,416 shares; new shares have been issued. Approximately half of the shares awarded have been sold by the board members to finance taxes due; the remainder is retained for two years after vesting.

The details are:

	Number of performance shares	Number of shares sold	Number of shares to be retained for 2 years
B.J. Noteboom	15,857	7,237	8,620
R.J. van de Kraats	12,197	5,567	6,630
L.J.M.V. Lindelauf	11,181	5,103	6,078
J.W. van den Broek	11,181	5,103	6,078
Total	50,416	23,010	27,406

The share price per the date of award was € 32.77.

Long-term performance-related
The long-term component is structured through a stock option plan. Granting of options is a discretionary right of the supervisory board linked to the achievement of targets, measured in terms of the Group's relative TSR performance compared to an international sector-specific peer group, and EPS targets. The underlying value (number of options times share price at grant date) amounts to 170% (175% for the CEO) of the annual fixed compensation. The exercise price of the options is not lower than the share price at granting date.

The term of the options is seven years. The options are exercisable as from three years after granting, without performance conditions or other restrictions.
If a board member resigns from the Group within 3 years after granting, a reduction mechanism on potential profits on options is in place. The Group offers no financing arrangements at granting or at exercising of the options.

The expenses included in the income statement in relation to the 2003 – 2005 stock options that vested during the year, based on a binomial valuation model, amount to € 0.9 million (2004: € 0,5 million; see Note 44).

The value of the options granted in 2005 based on the valuation model amounted to a total of € 822,000 (2004: € 966,000); the value per board member is:

	2005		2004	
	Number	Value in €	Number	Value in €
B.J. Noteboom	**32,320**	**263,000**	34,200	248,000
L.J.M.V. Lindelauf	**22,155**	**181,000**	27,700	183,000
R.J. van de Kraats	**24,170**	**197,000**	27,700	183,000
J.H. Reese	**–**	**–**	27,700	220,000
J.W. van den Broek	**22,155**	**181,000**	22,000	132,000

41.3 Pension charges
From 2005, the pension arrangements for the Dutch board members were transferred from the Dutch pension fund, Stichting Pensioenfonds Randstad, to individual defined contribution policies with an insurance company.
The employer's contribution amounts to 27% of base salary (2004: the pension fund charged average premiums of 10%, independent of age of the employee); the employee's contribution has not changed and amounts to 8.5%.

41.4 Other
The other charges consist mainly of social charges, medical care and changes in accrued costs for short-term absence (holidays, etc.); for Mr. J.H. Reese, a termination payment in relation to his resignation has been included (€ 1.2 million).

The Group has not issued any loans or guarantees to the members of the executive board.

41.5 Numbers of stock options outstanding
This executive board stock option plan was implemented in 2001; before this plan was implemented (or before appointment to the executive board), options were granted to certain members of the executive board within the framework of the senior management stock option plan.
The details and the number of options outstanding per member of the executive board members at December 31, 2005, are specified in the table on the next page.

The options granted in 2001 and 2002 were granted on shares which have been purchased by Randstad Holding nv; per December 31, 2005 the Group holds 103,227 treasury shares to cover these obligations. From 2003, options are granted on new shares to be issued by the Group at exercise date.

41.6 Share holdings
The board members are holding the shares in the company, which they received under the performance share plan.
In addition, Mr. L.J.M.V. Lindelauf has 123 depositary receipts of shares, and Mr. J.W. van den Broek has 26 depository receipts of shares, both acquired after exercising options under the former personnel option plan.

	Year of granting	Option price (in €)	January 1, 2005	Granted in 2005	Expired in 2005	Exercized in 2005	Share price at exercise	December 31, 2005	Exercise period ends in
Executive board option plan									
B.J. Noteboom	2001	14.00	36,076			36,076	32.73	–	August 2006
	2002	17.50	32,000					32,000	May 2007
	2003	10.50	78,500					78,500	May 2008
	2004	23.75	34,200					34,200	May 2011
	2005	28.70		32,320				32,320	May 2012
L.J.M.V. Lindelauf	2002	17.50	32,000			32,000	32.41	–	May 2007
	2003	9.10	63,500					63,500	May 2008
	2004	26.75	27,700					27,700	May 2011
	2005	28.70		22,155				22,155	May 2012
R.J. van de Kraats	2002	17.50	32,000			32,000	32.41	–	May 2007
	2003	9.10	63,500					63,500	May 2008
	2004	26.75	27,700					27,700	May 2011
	2005	28.70		24,170				24,170	May 2012
J.H. Reese	2001	14.00	37,851			37,851	32.89	–	August 2006
	2002	17.50	32,000			32,000	35.77	–	May 2007
	2003	9.10	63,500					63,500	May 2008
	2004	20.90	27,700					27,700	May 2011
J.W. van den Broek	2004	30.00	22,000					22,000	May 2011
	2005	28.70		22,155				22,155	May 2012
Subtotal			**610,227**	**100,800**	**–**	**169,927**		**541,100**	
Senior management option plan									
J.W. van den Broek	2003	9.10	7,718					7,718	May 2008
Subtotal			**7,718**	**–**	**–**	**–**		**7,718**	
Total			**617,945**	**100,800**	**–**	**169,927**		**548,818**	

42. Remuneration of former members of the executive board

The remuneration of Mr. C.T.M.J. Farla, as former member of the executive board, has been included in the income statement for an amount of € 69,000 (salary and social charges). Since he stepped down (as per March 1, 2003), Mr. Farla has been an advisor to the executive board, in which function he attends the meetings of the executive board and the supervisory board.

In total 72,797 stock options granted to Mr. Farla are still outstanding as per December 31, 2005; the details are:

	Year of granting	Option price (in €)	January 1, 2005	Granted in 2005	Expired in 2005	Exercized in 2005	Share price at exercise	December 31, 2005	Exercise period ends in
Executive board option plan	2001	14.00	35,227					35,227	August 2006
	2002	17.50	36,000					36,000	May 2007
Senior management option plan	2003	9.10	1,570					1,570	May 2008
Total			**72,797**	**–**	**–**	**–**		**72,797**	

The remuneration and details of stock options outstanding in relation to Mr. J.H. Reese (who stepped down per June 1, 2005) are included in Note 41.

43. Remuneration supervisory board

The annual remuneration of each of the members of the supervisory board amounts to € 32,750 (2004: € 22,250), and € 55,500 (2004: € 30,000) for the chairman. Committee members receive an additional allowance, which varies per committee and function from € 3,500 to € 6,000 (2004: € 2,250). The total remuneration included in the 2005 income statement amounts to € 252,750 (2004: € 170,896). The details per member are:

Remuneration per board member	2005	2004
F.W. Fröhlich	**64,000**	26,896
F.J.D. Goldschmeding	**40,750**	24,500
J.C.M. Hovers	**38,750**	24,500
W.A.F.G. Vermeend	**36,250**	24,500
K. Vuursteen (resigned in August 2004)	**–**	21,500
L.M. van Wijk	**36,250**	24,500
R. Zwartendijk	**36,750**	24,500
Total	**252,750**	170,896

From 2005, each member of the supervisory board receives a cost allowance of € 2,000 (chairman: € 3,000) annually. The remuneration is fixed and determined by the AGM (for 2005: in the meeting of May 10, 2005).
No amounts have been paid to former members of the board. No options have been granted, nor has the Group issued any loans or guarantees to members of the supervisory board.

44. Share-based payments

Within the Group, the following share-based payment arrangements are effective: two stock option plans (one relating to executive board members and one to senior management), a performance share plan for executive board members, and a share purchase plan for all corporate employees. The main characteristics and valuation of the plans are:

44.1 Stock option plans

Executive board stock option plan

The executive board stock option plan was implemented in 2001; the options have an exercise price, which is not lower than the share price at granting date. The options granted as from 2001 until 2003 have a term of five full years, the term of the options granted as from 2004 have a term of seven years. The options are equity settled, and are exercisable as from three years after granting, without performance conditions or other restrictions. If a board member resigns from the Group within three years after granting, a reduction mechanism on potential profits on options is in place.

Senior management stock option plan

From 2003, a limited group of senior management options have been granted. The exercise price, term and other conditions are identical to the executive board stock option plan.

The number of options to be granted under the executive board stock option plan and senior management stock option plan may not lead to a dilution per year of more than 1% of issued ordinary shares.

Based on IFRS 2, the fair value of stock options has been determined for options granted after November 7, 2002 and which have not yet vested per January 1, 2005. The fair value is determined per the date of each grant and based on a binomial valuation model with the following parameters:

- Share price at grant date (May 2005 € 28.70, May 2004 € 20.90);
- Average exercise price 2005 € 28.87 (2004: € 8.10);
- Option life of seven years (2004: 7 years);
- Expected volatility is measured at the standard deviation of expected share price returns of daily share prices over the last year; 2005: 30% (2004: 40%);
- Dividend yield: 2%;
- Risk-free interest rate is 2.9% (2004: 3.8%);
- Vesting period is 25% after year one, 25% after year two and 50% after year three;
- Options are exercisable as from three years after grant date;
- Exercise multiple is two (2004: two);
- Attrition rates are 2.5% in year one and 3.5% in the following years.

The fair value of the stock options is charged to the income statement over the vesting period.
At each balance sheet date, the assumed attrition is reassessed; as much as necessary, any adjustment is charged to the income statement. On exercise of stock options, the company issues new shares at exercise price.

The details per plan are:

Year of grant	Life in years	Number of Participants	Number of options (x 1,000) January 1, 2005	Granted	Lapsed	Exercized	December 31, 2005	Exercisable	Share price (in €)	Exercise price (in €)	Fair value (x € 1,000)	Expenses (x € 1,000) 2005	2004
Executive board option plan													
2003	5	4	269				269	–	9.10	9.51	752	117	269
2004	7	5	139				139	–	20.90	25.36	966	457	257
2005	7	4	–	101			101	–	28.70	28.70	822	274	–
Subtotal			408	101	–	–	509	–			2,540	848	526
Senior management option plan													
2003	5	94	275				275	–	9.10	9.63	668	73	261
2004	7	109	292				292	–	20.90	21.34	2,052	641	723
2005	7	141	–	395	17		378	–	28.70	28.92	3,056	1,013	–
Subtotal			567	395	17	–	945	–			5,776	1,727	984
Total			975	496	17	–	1,454	–			8,316	2,575	1,510

44.2 Executive board performance share plan

According to the performance share plan, the executive board may earn a bonus, to be paid in shares. The plan has three plan years: the first is mid-2004 – mid-2005, the second mid-2005 – mid-2006, and the last mid-2006 – mid-2007. The number of shares is based on the Group's relative TSR performance compared to a peer group of 10 companies; the number of shares can vary between 200% (top performance) and 0%. Performance is measured annually on a three year rolling basis; per plan year, one-third of the shares vest based on this performance. The plan is equity settled; the vested shares are restricted for two years, with the exception of the number of shares necessary to finance income tax due on vesting.

The fair value of the executive board performance shares is based on a Monte Carlo simulation model; the inputs were:

- Share price at grant reference date July 1, 2004: € 22.30;
- Expected daily volatility of 3.1% (based on historical daily prices over three years prior to the valuation date);
- Expected dividends of 2%;
- Risk-free interest rate of 3.1% (yield on Dutch 3-year government bonds);
- Volatilities of the shares of the other peer companies, as well as the pair wise correlation between all 10 shares, estimated on the basis of historical daily prices over three years;
- Estimated dividends of the other peer companies, based on current and past dividends;
- Expected forfeiture: 0%.

Vesting of the grants is subject to the non-market condition that the board member stays with the company until the plan's maturity.

Based on the calculations, the fair value of the plan amounts to € 2.3 million, of which € 1.8 million has been expensed as per December 31, 2005.

44.3 Share purchase plan corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from Stichting Randstad Optiefonds twice a year; the amount to be spent within the plan is maximized annually at 5% of the participant's fixed annual salary. If employees retain the purchased shares for a period of six months (under the condition that they are still an employee of the Group), they receive a number of free shares as a bonus. The fair value of the bonus shares per granting date is charged to and expensed by the company (2005: € 1.5 million; 2004: € 0.2 million).
Due to the short vesting period of six months, the fair value of the bonus shares granted to participating employees is fixed at the share price at balance sheet date or vesting date, respectively.

events after the balance sheet date

45. Events after the balance sheet date

Subsequent to the date of the balance sheet, the Group was engaged in business combinations and in the disposal of certain activities.

45.1 Business combinations

The presented information for the below mentioned business combinations is based on provisional figures.

In the period January 1 to February 14, 2006, the Group acquired the following companies:

Company	Activity
Bindan GmbH & Co KG (Germany)	1
Teccon GmbH & Co KG (Germany)	1
Gamma Dienstverlening bv (The Netherlands)	2
Galilei nv (Belgium)	2

The companies indicated as '1' in the above table have, as their main activity, temporary and contract staffing. The companies indicated as '2' in the above table have, as their main activity, payrolling or career development.

The Group has acquired 100% of the shares in all companies.

For Galilei nv, earn-out arrangements apply.

The expected costs of these acquisitions are (to be) paid in cash.

The assets and liabilities arising from these acquisitions, as well as the breakdown of the total amount of goodwill, are:

	Acquiree's carrying amount	Fair value adjustments	Fair value
Assets	55.5	46.9	102.4
Liabilities	(36.2)	(17.9)	(54.1)
Net assets acquired	19.3	29.0	48.3
Goodwill			112.7
Total consideration			161.0
Deferred compensations			(1.8)
Consideration paid			159.2
Net cash in companies acquired			(13.2)
Consideration paid, adjusted for net cash acquired			146.0

45.2 Disposal of certain activities

At the balance sheet date, the Group was in the process of selling two small units of its operations that did not fully fit Randstad's portfolio. The sale of one unit was concluded in January 2006. The sale of the other unit is not yet finalized.

The combined effect of these two small units on revenue and net income of the Group is insignificant.

overview of major subsidiaries

46. Overview of major subsidiaries

Mass-customized Europe

Randstad Nederland bv	Amsterdam
Randstad Uitzendbureau bv	Amsterdam
Tempo-Team Group bv	Amsterdam
Tempo-Team Uitzendbureau bv	Amsterdam
Tempo-Team Werknet bv	Amsterdam
Otter-Westelaken Groep bv	Veghel
Randstad Belgium nv	Brussels
Randstad Interim sa	Luxembourg
Randstad AS	Copenhagen
Randstad Deutschland GmbH & Co KG	Eschborn
Randstad Intérim SASU	Paris
Randstad Schweiz AG	Zürich
Randstad Empleo, Empresa De Trabajo Temporal S.A. Sociedad Unipersonal	Madrid
Randstad Consultores S.A. Sociedad Unipersonal	Madrid
Randstad Empresa de Trabalho Temporario Unipessoal LdA	Lisbon
Randstad Employment Bureau Ltd	Newbury
Randstad Italia SPA	Milan
Randstad Polska Sp. z o.o.	Warsaw
Randstad AB	Stockholm
Randstad Hungary Kft	Budapest

Mass-customized North America

Randstad North America LP	Atlanta
Randstad Staffing Services Inc.	Atlanta
Randstad Intérim Inc.	Montreal

In-house services Europe

Capac Beheer bv	Amsterdam
Capac Inhouse Services bv	Amsterdam
Randstad Inhouse Services SASU	Paris
Randstad Inhouse Services S.A. Sociedad Unipersonal	Madrid

In-house services North America

Randstad Inhouse Services LP	Atlanta

Interim professionals, recruitment & selection

Yacht Group Nederland bv	Amsterdam
Yacht bv	Amsterdam
Randstad Professionals nv	Brussels
Yacht France sa	Paris
Yacht Deutschland GmbH	Düsseldorf
Martin Ward Anderson Ltd	Windsor
EmmayHR Ltd	Mumbai

Other subsidiaries

Randstad Holding Nederland bv	Amsterdam
Randstad Groep Nederland bv	Amsterdam
E-bridge bv	Amsterdam
I-bridge bv	Amsterdam
Diemermere Beheer bv	Amsterdam
Randstad Consulting Shanghai Company Ltd	Shanghai

A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam (Kamer van Koophandel, Amsterdam).
Randstad Holding nv has, directly or indirectly, a 100% interest in all subsidiaries, unless otherwise stated.

47. Transition to International Financial Reporting Standards

These are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (hereafter: IFRS).

The accounting policies set out in Note 2 have been applied in the preparation of the financial statements for the year ending December 31, 2005, and of the comparative information presented in these financial statements for the year ending December 31, 2004, as well as in the preparation of an opening IFRS balance sheet at January 1, 2004 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (Dutch GAAP). An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

IAS 32 and IAS 39 are applied as of January 1, 2005. If IAS 32 and IAS 39 were applied as of January 1, 2004, the main adjustments, due to the application of IAS 32 and IAS 39, would have been approximately the same as per January 1, 2005, being:

- The classification of the preferred shares type-B (amounting to € 165.8 million) as non-current borrowings instead of shareholders' equity;
- A decrease of the held-to-maturity investments of gross € 3.8 million and € 2.5 million after taxes.

consolidated balance sheet at January 1, 2004

in millions of €	Note	Dutch GAAP	Effect of transition to IFRS: Classification	Effect of transition to IFRS: Valuation	IFRS
Assets					
Property, plant and equipment	A, B	113.3	(28.2)	0.8	85.9
Intangible assets	A, C	12.9	28.2	(1.4)	39.7
Deferred income tax assets	G	359.6	–	1.9	361.5
Loans and receivables		12.5	–	–	12.5
Non-current assets		**498.3**	**–**	**1.3**	**499.6**
Trade and other receivables		886.4	–	–	886.4
Income tax receivables		104.5	–	–	104.5
Cash and cash equivalents		185.6	–	–	185.6
Current assets		**1,176.5**	**–**	**–**	**1,176.5**
Total assets		**1,674.8**	**–**	**1.3**	**1,676.1**
Equity and liabilities					
Issued capital		14.1	–	–	14.1
Share premium		548.0	–	–	548.0
Reserves		(276.8)	–	(5.1)	(281.9)
Undistributed net income		68.5	–	–	68.5
Shareholders' equity	H	**353.8**	**–**	**(5.1)**	**348.7**
Preferred shares		–	–	–	–
Borrowings		123.6	–	–	123.6
Deferred income tax liabilities	G	380.0	–	0.1	380.1
Provisions	B, D, E	85.4	(58.4)	6.3	33.3
Non-current liabilities		**589.0**	**(58.4)**	**6.4**	**537.0**
Trade and other payables	E	647.0	(1.9)	–	645.1
Income tax liabilities		4.7	–	–	4.7
Borrowings		80.3	–	–	80.3
Provisions	E	–	60.3	–	60.3
Current liabilities		**732.0**	**58.4**	**–**	**790.4**
Liabilities		**1,321.0**	**–**	**6.4**	**1,327.4**
Total equity and liabilities		**1,674.8**	**–**	**1.3**	**1,676.1**
Operating working capital		248.0	1.9	–	249.9
Borrowings		203.9	–	–	203.9
Net (debt)		(18.3)	–	–	(18.3)

consolidated balance sheet at December 31, 2004

in millions of €	Note	Dutch GAAP	Effect of transition to IFRS: Classification	Effect of transition to IFRS: Valuation	IFRS
Assets					
Property, plant and equipment	A, B	110.7	(32.2)	0.8	79.3
Intangible assets	A, C	42.0	32.2	6.9	81.1
Deferred income tax assets	G	334.6	–	1.6	336.2
Loans and receivables		8.7	–	–	8.7
Non-current assets		**496.0**	**–**	**9.3**	**505.3**
Trade and other receivables		1,062.7	–	–	1,062.7
Income tax receivables		11.0	–	–	11.0
Cash and cash equivalents		369.8	–	–	369.8
Current assets		**1,443.5**	**–**	**–**	**1,443.5**
Total assets		**1,939.5**	**–**	**9.3**	**1,948.8**
Equity and liabilities					
Issued capital		14.1	–	–	14.1
Share premium		548.0	–	–	548.0
Reserves		(245.6)	–	(3.5)	(249.1)
Undistributed net income		191.0	–	3.1	194.1
Shareholders' equity	H	**507.5**	**–**	**(0.4)**	**507.1**
Preferred shares		–	–	–	–
Borrowings		130.4	–	–	130.4
Deferred income tax liabilities	G	362.1	–	4.1	366.2
Provisions	B, D, E	79.0	(45.6)	5.6	39.0
Non-current liabilities		**571.5**	**(45.6)**	**9.7**	**535.6**
Trade and other payables		768.3	–	–	768.3
Income tax liabilities		1.8	–	–	1.8
Borrowings		90.4	–	–	90.4
Provisions	E	–	45.6	–	45.6
Current liabilities		**860.5**	**45.6**	**–**	**906.1**
Liabilities		**1,432.0**	**–**	**9.7**	**1,441.7**
Total equity and liabilities		**1,939.5**	**–**	**9.3**	**1,948.8**
Operating working capital		303.0	–	–	303.0
Borrowings		220.8	–	–	220.8
Net cash		149.0	–	–	149.0

consolidated income statement 2004

in millions of €	Note	Dutch GAAP	Effect of transition to IFRS		IFRS
			Classification	Valuation	
Revenue		5,764.2	–	–	5,764.2
Cost of services	D, I	4,547.1	(0.8)	(0.3)	4,546.0
Gross profit		1,217.1	0.8	0.3	1,218.2
Total operating expenses	B, C, D, F, I	993.8	2.5	(3.7)	992.6
Operating profit		223.3	(1.7)	4.0	225.6
Net finance costs	B, D, I	(3.2)	1.7	(0.7)	(2.2)
Income before taxes		220.1	–	3.3	223.4
Taxes on income	G	(20.5)	–	(0.2)	(20.7)
Net income		**199.6**	**–**	**3.1**	**202.7**
Earnings per ordinary share (€)		1.66			1.68
Average number of ordinary shares outstanding (in millions)		115.3			115.3
Diluted earnings per ordinary share (€)		1.65			1.68
Average number of diluted ordinary shares outstanding (in millions)		115.8			115.8

notes to the transition of Dutch GAAP to IFRS

Note A: Software

In line with IFRS, software is included in intangible assets as of January 1, 2004. The effect is a reclassification from property, plant and equipment to intangible assets for the amount of € 28.2 million at January 1, 2004 and € 32.2 million at December 31, 2004.

Note B: Site restoration

Based on IFRS, a liability with respect to the estimated future costs of site restoration has been identified, which has been provided for. Consequently, property, plant and equipment increased with € 0.8 million, provisions increased by € 4.3 million and shareholders' equity decreased by € 2.3 million (net of taxes on income) at January 1, 2004. At December 31, 2004 property, plant and equipment increased by € 0.8 million, provisions increased by € 4.8 million and shareholders' equity decreased by € 2.6 million (net of taxes on income).
The impact on the income statement 2004 was an increase of the operating expenses of € 0.4 million and an increase of the net finance costs (due to passage of time) of € 0.1 million.

Note C: Goodwill and other intangible assets

Prior to 2001, Randstad charged goodwill directly to shareholders' equity; based on the exemption offered in IFRS 1 'First-time adoption' this goodwill will not be restated.
As of 2001, goodwill has been capitalized and then amortized. Based on the aforementioned exemption, the carrying amount of this goodwill on the transition date is the value on the IFRS opening balance sheet (deemed cost). According to IFRS 3 'Business combinations', goodwill will no longer be amortized. Goodwill is tested on impairment under IFRS as per January 1, 2004.
As of 2004, assets and liabilities of acquired companies are accounted for at fair value, including the estimated fair value of identifiable intangible assets and contingent liabilities. These identifiable intangibles are then systematically amortized. Goodwill, the remainder of acquisitions costs less fair value of net assets, will not be amortized, but tested on impairment.
Consequently, goodwill and shareholders' equity both decreased with € 1.4 million at January 1, 2004.
As of December 31, 2004, the effects on goodwill and other intangible assets amounted to € 6.9 million positive with a simultaneous increase on deferred tax liabilities of € 3.9 million; the positive effect (net of taxes on income) on shareholders' equity was € 3.0 million.
The impact on the income statement 2004 was a € 4.4 million decrease in operating expenses.

Note D: Defined benefit pension plans

The Group has a number of pension plans in accordance with local conditions and practices. In Belgium and Switzerland, these plans are defined benefit plans. The defined benefit obligations are measured at present value, taking into account actuarial assumptions. The plan assets are measured at fair value. The calculations are in accordance with IAS 19 'Employee Benefits' and result in a net pension liability at January 1, 2004 and December 31, 2004 of € 2.0 million and € 0.8 million, respectively. At the same dates, shareholders' equity decreased by € 1.3 million and € 0.6 million, respectively (both net of taxes on income). The other pension plans in the Group are defined contribution plans.
The decreasing effect during 2004 on both cost of services and operating expenses amounted to € 0.3 million and € 1.3 million, respectively, whereas net finance costs (due to passage of time) increased by € 0.6 million.

Note E: Provisions, short-term part

Under IFRS, the short-term part of the provisions must be classified within current liabilities. Therefore the short-term part of the provisions at January 1, 2004 and December 31, 2004, for the amounts of € 60.3 million and € 45.6 million, respectively, are classified within current liabilities.

As of January 1, 2004, an amount of € 1.9 million for employee benefits that was previously reported under trade and other payables has been reclassified to provisions.

Note F: Share-based payments

The Group has share-based payments plans for the executive board and senior management. Based on IFRS 2 'Share-based payment', the fair value of the options granted after November 2002, and not yet vested as per January 1, 2005, will be recognized as personnel expenses during the vesting period. The fair value of the share-based payments is based on a binomial option valuation model. The impact on the income statement 2004 was an increase of € 1.6 million in operating expenses.

Note G: Deferred taxes

The above-mentioned changes increased the deferred income tax assets as follows:

	Note	January 1, 2004	December 31, 2004
Deferred income tax assets Dutch GAAP:		359.6	334.6
Tax-effects in respect of:			
- Site restoration costs	B	1.2	1.4
- Defined benefit pension plans	D	0.7	0.2
Deferred income tax assets IFRS		361.5	336.2

The above-mentioned changes increased the deferred income tax liabilities as follows:

	Note	January 1, 2004	December 31, 2004
Deferred income tax liabilities Dutch GAAP		380.0	362.1
Tax effects in respect of:			
- Fair value identifiable intangible assets	C	–	3.9
- Share-based payments	F	0.1	0.2
Deferred income tax liabilities IFRS		380.1	366.2

The combined effect on taxes on income in the income statement 2004, from the adjustments mentioned above, was an extra tax charge of € 0.2 million.

Note H: Shareholders' equity

The effect of the above-mentioned adjustments on shareholders' equity (other reserves and undistributed net income) is:

	Note	January 1, 2004	December 31, 2004
Shareholders' equity Dutch GAAP		353.8	507.5
Effects on other reserves and retained earnings due to the transition to IFRS:			
- Site restoration costs, net	B	(2.3)	(2.6)
- Goodwill, net	C	(1.4)	3.0
- Defined benefit pension plans, net	D	(1.3)	(0.6)
- Share-based payments, net		(0.1)	(0.2)
Total effects, net		(5.1)	(0.4)
Shareholders' equity IFRS		348.7	507.1

Note I: Reclassifications income statement

The IFRS-adjustments with respect to classifications in the income statement 2004 related to:

- Bank charges (€ 2.5 million), which have been reclassified from interest expenses to operating expenses;
- Interest expenses due to passage of time (€ 0.8 million), which have been reclassified from cost of services to net finance costs.

Reconciliation of the IFRS consolidated cash flow statement 2004 with the Dutch GAAP cash flow statement

The main adjustments compared to the cash flow statement 2004 under Dutch GAAP are only related to reclassifications in either the income statement or in the cash flow statement itself.
The major changes that effected the composition of the cash flow statement are:

- The net cash flow from operations under IFRS amounts to € 264.7 million compared to € 267.3 million under Dutch GAAP. This decrease is mainly due to the combined effect of a higher operating profit, share-based payments and lower charges for the total of depreciation and amortization.

- The net cash flow from investing activities under IFRS is € 64.0 million negative, € 8.1 million less than under Dutch GAAP (Dutch GAAP: € 72.1 million negative). Under IFRS, the cash out flow in respect of acquisitions is adjusted for the net cash acquired (€ 4.4 million). In addition, the cash flow from loans and receivables (€ 3.7 million) has been reclassified to investing activities, whereas under Dutch GAAP this cash flow was reported under financing activities.

- The net cash flow from financing activities, in addition to the reclassification mentioned before (€ 3.7 million), is mainly impacted by the fact that as of the application of IFRS, Randstad will present cash flow statements showing the changes in the net balance of cash (and cash equivalents) and current borrowings combined instead of changes in cash and cash equivalents only.

- As a consequence of the previous note, the translation gains or losses under IFRS relate to the translation differences in relation to cash (and cash equivalents) and current borrowings combined instead of translation differences in relation to cash and cash equivalents only.

company income statement 2005

in millions of €	Note	2005	2004
Income from subsidiaries after taxes	2	**234.7**	173.0
Other income after taxes		**7.2**	29.7
Net income	6	**241.9**	202.7

company balance sheet at december 31, 2005

before profit appropriation for ordinary shares

in millions of €	Note	2005	2005	2004	2004
Assets					
Subsidiaries	2	**232.2**		154.7	
Loans and receivables	3	**268.2**		310.6	
Non-current assets			**500.4**		465.3
Trade and other receivables	4	**33.0**		27.3	
Income tax receivables		**3.5**		15.2	
Cash and cash equivalents	5	**333.3**		225.7	
Current assets			**369.8**		268.2
Total assets			**870.2**		733.5
Equity and liabilities					
Issued capital	6	**11.6**		14.1	
Share premium	6	**384.7**		548.0	
Reserves	6	**(102.0)**		(246.0)	
Undistributed net income	6	**241.9**		191.0	
Shareholders' equity			**536.2**		507.1
Provisions	2		**138.9**		197.2
Preferred shares	7		**165.8**		–
Trade and other payables	8	**29.3**		15.3	
Borrowings	9	**–**		13.9	
Current liabilities			**29.3**		29.2
Total equity and liabilities			**870.2**		733.5

notes to the company financial statements

1. General

1.1 Accounting policies for the company financial statements

The company financial statements of Randstad Holding nv are prepared in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code. The company made use of the possibility based on article 362, paragraph 8, Part 9, Book 2 of the Netherlands Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are stated at net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements.

A summary of the significant accounting policies, as well as a summary of the critical accounting estimates and judgments are included in Notes 2 and 4 of the consolidated financial statements.

With respect to the company income statement of Randstad Holding nv, the company makes use of the exception provided for in Article 402, Part 9, Book 2 of the Netherlands Civil Code.

1.2 Adjustments in the accounting policies

As of the year 2005 Randstad Holding nv has prepared the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (hereafter: IFRS).
The first application of these standards resulted in adjustments to the accounting policies. These adjustments have been retroactively applied to the balance sheet as of January 1, 2004. The adjustments related to financial instruments are applied as per January 1, 2005.

The application of one set of accounting policies for both the consolidated and the company financial statements enhances the simplification of financial reporting.

Reference is made to Notes 2.1 and 47 of the consolidated financial statements for the adjustments of the transition to IFRS.

2. Subsidiaries

The net value of assets and liabilities of subsidiaries is presented in the balance sheet as follows:

	2005	2004
Subsidiaries	**232.2**	154.7
Provisions on subsidiaries	**(138.9)**	(197.2)
Net asset value of subsidiaries	**93.3**	(42.5)

Changes in the net value of assets and liabilities of subsidiaries are:

	2005	2004
Value at December 31, previous year	**(42.5)**	(199.2)
Adjustments based upon IFRS, net of taxes	**(2.5)**	(5.1)
Value at January 1	**(45.0)**	(204.3)
Capital payments	**37.9**	9.5
Net income	**234.7**	173.0
Dividend	**(160.4)**	–
Repayments	**(0.2)**	(11.1)
Share-based payments subsidiaries	**1.7**	0.8
Translation differences	**24.6**	(10.4)
Value at December 31	**93.3**	(42.5)

See Note 46 of the consolidated financial statements for an overview of major subsidiaries.

3. Loans and receivables

Changes in loans and receivables are:

	2005	2004
Value at January 1	**310.6**	495.2
Loans granted	**18.7**	38.3
Repayments	**(60.9)**	(222.1)
Translation differences	**(0.2)**	(0.8)
Value at December 31	**268.2**	310.6

Loans and receivables include only loans to and receivables from subsidiaries.

4. Trade and other receivables

	2005	2004
Receivables from subsidiaries	**29.8**	22.0
Other receivables	**3.2**	5.3
	33.0	27.3

5. Cash and cash equivalents

Cash includes bank balances of € 3.3 million (2004: € 0.2 million) as well as time deposits of € 330.0 million (2004: € 225.5 million); these time deposits fall due within a one-month average (2004: within a one-month average).

6. Shareholders' equity

Additional information with respect to shareholders' equity is included in the consolidated statement of changes in shareholders' equity and in Note 29 of the Notes on the consolidated balance sheet.

The undistributed net income 2004 of € 191.0 million is based upon the financial statements 2004 prepared under previous Dutch GAAP. The deviation from undistributed net income 2004 under IFRS (€ 194.1 million) is caused by the transition to IFRS.

Included in reserves are a legal reserve in respect of currency translations amounting to € 15.4 million positive (2004: € 9.3 million negative) and a legal reserve in respect of the costs of software development amounting to € 21.8 million (2004: € 19.4 million).

The currency translation reserve has been set at nil as of January 1, 2004, as a result of the changes in the Netherlands Civil Code during this year.

7. Preferred shares

See Note 30 of the Notes on the consolidated balance sheet.

8. Trade and other payables

	2005	2004
Trade payables	**1.2**	1.0
Payable to subsidiaries	**12.5**	1.8
Other taxes and social security premiums	**0.6**	0.2
Pension contributions	**0.5**	0.0
Dividend on type-B preferred shares	**8.4**	8.6
Wages, salaries and deferred personnel costs	**3.2**	2.6
Accruals and deferred income	**2.9**	1.1
	29.3	15.3

9. Borrowings

	2005	2004
Bank overdraft	**–**	13.9

10. Employee numbers (average fte)

In 2005, the company employed an average of 100 employees (2004: 100).

11. Remuneration

See Notes 41 up to and including 43 of the consolidated financial statements.

12. Related parties

All companies within the Group are considered as related parties.
See also Note 37 of the consolidated financial statements.

13. Guarantees and commitments not included in the balance sheet

	2005	2004
Guarantees on behalf of subsidiaries	**5.8**	5.7

The company bears joint and several liability for drawings by subsidiaries under the multi-currency syndicated credit facility and under bank overdraft and guarantees facilities, in the amount of € 335 million (2004: € 309 million).

The company's commitments for the period shorter than one year amount to € 0.7 million (2004: € 0.6 million) and for the period between 1 to 5 years to € 0.9 million (2004: € 0.7 million) with respect to lease contracts for automobiles.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts in respect of corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

14. Treasury activities and other

As of January 2, 2006, the drawings under the multicurrency syndicated credit facility are transferred to the company. Until that date, these drawings were executed by a subsidiary (December 31, 2005: € 130 million).
At January 1, 2006, the Group's treasury activities, including cash and cash equivalents, and loans to companies in the Group, have been transferred by the company to a Belgian subsidiary.

Diemen, February 14, 2006

The executive board	The supervisory board
B.J. Noteboom	F.W. Fröhlich (chairman)
J.W. van den Broek	F.J.D. Goldschmeding (vice-chairman)
R.J. van de Kraats	J.C.M. Hovers
L.J.M.V. Lindelauf	W.A.F.G. Vermeend
	L.M. van Wijk
	R. Zwartendijk

Provisions of the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of article 27 of the Articles of Association concerning profit appropriation.

Subsection 1. The executive board determines the profit amounts to be reserved with the approval of the supervisory board. Wherever possible, the remaining profit will then be divided as follows:

a. A dividend is paid to holders of type-A preferred shares over the call amounts on shares, the percentage being equal to the average legal interest rate – or the respective percentages if interim adjustments have been made to the interest rate – during the financial year for which dividend is paid. This percentage is increased by an amount not exceeding 3% as determined by the executive board and approved by the supervisory board. If in any year it is impossible to pay, or to pay in full, profit on type-A preferred shares, the dividend in arrears on shares will be paid in the following years before any other dividend payments are made.

b.1 Next, a dividend is paid to holders of type-B preferred shares per series that is equal to the basic percentage – as mentioned in paragraph 2 – of the total of the nominal amount and the share premium deposited with the first issue of the shares of that series, the basic percentage having been raised on issue by an increment of no more than one hundred and thirty-five basic points, to be established by the executive board and with the approval of the supervisory board.

b.2 The basic percentage stated in paragraph b.1 above is the arithmetic mean of the effective yield on government loans for the account of the Dutch government with a (remaining) duration of six to seven years; taking effect for the first time on the date on which type-B preferred shares (of a series) have been put out on interest, and subsequently every seven years in succession, the basic percentage of type-B preferred shares (of the series concerned) will be adapted to the then valid effective yield of the government loans stated in the above-mentioned provisions.

b.3 If and insofar as the profit is not sufficient to make the payments on type-B preferred shares in full, the deficit will be paid from the freely payable reserves, with the exception of the share premium reserves as stated in Article 4, subsection 4, paragraph b. If and insofar as the payment cannot be effectuated from the aforementioned reserves, a payment will first be made - from the profit made in the subsequent years upon addition to the reserves and subtraction of the amount due to holders of type-A preferred shares in compliance with the above - to the holders of type-B preferred shares to the effect that the deficit is compensated in full before the above provisions can be applied.

b.6 If in the course of any financial year type-B preferred shares have been issued, the dividend on the shares in question over that financial year will be reduced proportionally up to the first day of issue.

Subsection 2. The then remaining sum will be available to the General Meeting, with the restriction that no more payments will be made on preferred shares, or that no reservations will be made for this purpose.

Subsection 4. Subject to approval by the supervisory board, the executive board may decide to pay an interim dividend for the account of the dividend envisaged over the financial year concerned. A decision to pay an interim dividend may be restricted to a payment of interim dividend exclusively to shareholders of a certain type of share without any prejudice to the rights of shareholders of any other types of shares.

Subsection 5. Subject to approval by the supervisory board, the General Meeting may decide to effect dividend payment not, or not entirely, in cash, but (partly) in the form of company shares.

Proposed profit appropriation

Pursuant to Article 27 of the Articles of Association, and out of net income for 2005 of € 241.9 million, a dividend of € 97.2 million on ordinary shares is proposed, as well as an addition of € 144.7 million to the general reserve.
Furthermore, a dividend of € 8.4 million on type-B preferred shares is proposed.

Auditors' report

To the General Meeting of Shareholders of Randstad Holding nv, Amsterdam

Introduction
In accordance with your assignment we have audited the financial statements of Randstad Holding nv, for the year 2005 as set out on pages 45 to 91. These financial statements consist of the consolidated financial statements and the company financial statements. These financial statements are the responsibility of the company's executive board. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope
We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the executive board, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at December 31, 2005 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable.

Furthermore, we have to the extent of our competence, established that the report from the executive board is consistent with the consolidated financial statements.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of the company as at December 31, 2005 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Furthermore, we have to the extent of our competence, established that the report from the executive board is consistent with the company financial statements.

Amsterdam, February 14, 2006
PricewaterhouseCoopers Accountants N.V.

Drs. P.R. Baart RA

quarterly summary income statement 2005

unaudited

amounts in millions of €, unless otherwise indicated	first quarter	second quarter	third quarter	fourth quarter	**total 2005**
Revenue	**1,409.4**	**1,605.4**	**1,787.1**	**1,836.6**	**6,638.5**
Cost of services	1,119.0	1,263.3	1,412.8	1,438.2	5,233.3
Gross profit	**290.4**	**342.1**	**374.3**	**398.4**	**1,405.2**
Selling expenses	177.4	190.5	197.6	206.1	771.6
General and administrative expenses	77.6	83.9	84.3	96.9	342.7
Total operating expenses	255.0	274.4	281.9	303.0	1,114.3
Operating profit	**35.4**	**67.7**	**92.4**	**95.4**	**290.9**
Dividend preferred shares	(2.2)	(2.1)	(2.2)	(1.9)	(8.4)
Financial income (expenses)	0.2	(0.5)	(0.4)	(0.1)	(0.8)
Net finance costs	(2.0)	(2.6)	(2.6)	(2.0)	(9.2)
Income before taxes	33.4	65.1	89.8	93.4	281.7
Taxes on income	(5.7)	(11.0)	(15.3)	(7.8)	(39.8)
Net income	**27.7**	**54.1**	**74.5**	**85.6**	**241.9**
EPS calculation					
Net income	27.7	54.1	74.5	85.6	241.9
Amortization of other intangible assets and impairment goodwill (after taxes)	0.5	0.5	0.6	5.6	7.2
Net income for ordinary shareholders before amortization other intangible assets and impairment goodwill	28.2	54.6	75.1	91.2	249.1
Basic earnings per ordinary share (€)	0.24	0.47	0.65	0.74	2.10
Diluted earnings per ordinary share (€)	0.24	0.47	0.64	0.74	2.09
Diluted earnings per ordinary share before amortization other intangible assets and impairment goodwill (€)	0.24	0.47	0.65	0.79	2.15
Average number of ordinary shares outstanding (in millions)	115.4	115.4	115.5	115.5	115.4
Average number of diluted ordinary shares outstanding (in millions)	115.9	115.9	116.0	116.1	116.0

quarterly summary cash flow statement 2005

unaudited

amounts in millions of €, unless otherwise indicated	first quarter	second quarter	third quarter	fourth quarter	**total 2005**
Net income	27.7	54.1	74.5	85.6	241.9
Taxes on income	5.7	11.0	15.3	7.8	39.8
Net finance costs	2.0	2.6	2.6	2.0	9.2
Operating profit	**35.4**	**67.7**	**92.4**	**95.4**	**290.9**
Depreciation, amortization and impairment	10.2	10.4	10.4	17.3	48.3
Share-based payments	0.5	2.5	1.3	0.0	4.3
Provisions	0.5	(3.3)	1.0	(20.3)	(22.1)
Income taxes (paid)/received	(1.3)	(10.2)	3.6	4.0	(3.9)
Cash flow from operations before operating working capital	**45.3**	**67.1**	**108.7**	**96.4**	**317.5**
Operating working capital	9.2	(93.4)	(18.2)	23.1	(79.3)
Net cash flow from operating activities	**54.5**	**(26.3)**	**90.5**	**119.5**	**238.2**
Net additions in property, plant, equipment and software	(10.4)	(16.2)	(13.8)	(17.5)	(57.9)
Acquisition of subsidiaries	–	(2.2)	–	(32.1)	(34.3)
Other	–	0.3	0.2	(0.5)	0.0
Net cash flow from investing activities	**(10.4)**	**(18.1)**	**(13.6)**	**(50.1)**	**(92.2)**
Free cash flow	**44.1**	**(44.4)**	**76.9**	**69.4**	**146.0**
Net cash flow from financing activities	**1.4**	**(84.9)**	**1.3**	**1.1**	**(81.1)**
Net increase/(decrease) in cash, cash equivalents and current borrowings	**45.5**	**(129.3)**	**78.2**	**70.5**	**64.9**
Cash, cash equivalents and current borrowings at beginning of period	**279.4**	**322.7**	**189.8**	**268.1**	**279.4**
Net increase/(decrease) in cash, cash equivalents and current borrowings	45.5	(129.3)	78.2	70.5	64.9
Translation (losses)/gains	(2.2)	(3.6)	0.1	(2.1)	(7.8)
Cash, cash equivalents and current borrowings at end of period	**322.7**	**189.8**	**268.1**	**336.5**	**336.5**

ten years of Randstad

The figures for the years 2005 and 2004 are based upon IFRS. Comparative figures for the other years are not adjusted.

	IFRS		
amounts in millions of €, unless otherwise indicated	**2005**	2004	2003
Revenue	**6,638.5**	5,764.2	5,257.4
As % of previous year	**115.2%**	109.6%	96.6%
Gross profit	**1,405.2**	1,218.2	1,088.9
EBITDA [1]	**339.2**	267.8	174.2
Operating profit	**290.9**	225.6	118.2
As % of previous year	**128.9%**	190.9%	120.2%
Net income before amortization other intangible assets and amortization/impairment goodwill (after taxes) [2]	**249.1**	203.3	79.6
As % of previous year	**122.5%**	255.4%	135.8%
Net income [3]	**241.9**	202.7	77.1
As % of previous year	**119.3%**	262.9%	135.7%
Net cash flow from operations	**238.2**	264.7	223.6
Free cash flow	**146.0**	200.7	221.2
Depreciation property, plant and equipment	**26.1**	29.4	53.4
Investments in property, plant and equipment	**48.4**	27.6	34.7
Shareholders' equity	**536.2**	507.1	353.8
Net cash/(net debt)	**206.0**	149.0	(18.3)
Operating working capital [4]	**398.7**	303.0	248.0
Interest cover [5]	**424.0**	121.7	20.5
Average number of staffing employees	**254,400**	224,600	202,500
Average number of corporate employees	**13,430**	12,260	12,280
Number of branches, year-end	**1,708**	1,633	1,600
Number of in-house locations, year-end	**703**	687	642
Market capitalization, year-end	**4,243.9**	3,347.2	2,223.4
Price/earnings ratio [2]	**18**	17	33
Number of ordinary shares outstanding (in millions) [6]	**115.4**	115.3	115.3
Closing price (in €)	**36.69**	28.95	19.23
Ratios in % of revenue			
Gross margin	**21.2%**	21.1%	20.7%
EBITDA	**5.1%**	4.6%	3.3%
Operating profit	**4.4%**	3.9%	2.2%
Net income before amortization other intangibles and amortization/impairment goodwill (after taxes)	**3.8%**	3.5%	1.5%
Net income	**3.6%**	3.5%	1.5%
Basic earnings per ordinary share (€)	**2.10**	1.68	0.59
Diluted earnings per ordinary share (€) [2]	**2.09**	1.68	0.59
Diluted earnings per ordinary share before amortization other intangible assets and amortization/impairment goodwill (€)	**2.15**	1.68	0.62
Dividend per ordinary share (€)	**0.84**	0.66	0.25
Payout per ordinary share in % [2]	**40**	39	42

1 EBITDA: operating profit before depreciation, amortization and impairment goodwill.

2 For the years 2000 and 2001 excluding extraordinary income after taxes (2000: € 55.4 million, 2001: € 13.0 million).

3 In 2005, net income includes dividend preferred shares as financial expenses under net finance costs.

	2002	2001	2000	1999	1998	1997	1996
	5,443.8	5,818.4	6,168.1	5,565.4	4,223.8	3,209.5	2,701.4
	93.6%	94.3%	110.8%	131.8%	131.6%	118.8%	126.6%
	1,193.4	1,339.4	1,482.8	1,308.7	948.9	707.6	574.4
	166.2	175.7	304.5	350.0	264.7	209.8	162.2
	98.3	102.6	250.6	304.3	232.6	180.5	143.1
	95.8%	40.9%	82.4%	130.8%	128.9%	126.1%	126.2%
	58.6	48.3	151.8	207.0	152.2	117.0	94.1
	121.3%	31.8%	73.3%	136.0%	130.1%	124.3%	127.0%
	56.8	60.1	207.2	207.0	152.2	117.0	94.1
	94.5%	29.0%	100.1%	136.0%	130.1%	124.3%	127.0%
	196.4	197.5	116.0	293.2	–	–	–
	223.4	218.5	(228.9)	31.4	–	–	–
	66.1	62.8	53.9	45.7	32.1	29.3	19.1
	30.0	113.4	113.3	58.2	57.7	42.4	45.7
	334.5	350.0	359.2	410.8	430.3	353.5	280.3
	(207.5)	(405.3)	(538.2)	(159.8)	(48.4)	153.1	120.9
	311.8	381.0	464.0	273.7	220.0	86.1	69.8
	10.5	6.8	14.9	33.0	–	–	–
	207,800	217,800	244,500	241,000	204,200	165,300	141,700
	13,040	14,500	15,570	12,900	9,800	7,700	6,300
	1,685	1,769	2,042	1,755	1,616	1,108	962
	582	489	–	–	–	–	–
	988.5	1,727.3	1,809.4	5,526.6	5,298.8	4,092.1	2,708.6
	20	44	13	28	33	35	29
	115.4	115.6	115.6	115.6	108.9	108.0	108.0
	8.55	14.94	15.65	47.80	45.83	37.89	25.08
	21.9%	23.0%	24.0%	23.5%	22.5%	22.0%	21.3%
	3.1%	3.0%	4.9%	6.3%	6.3%	6.5%	6.0%
	1.8%	1.8%	4.1%	5.5%	5.5%	5.6%	5.3%
	1.1%	0.8%	2.5%	3.7%	3.6%	3.6%	3.5%
	1.0%	1.0%	3.4%	3.7%	3.6%	3.6%	3.5%
	0.42	0.45	1.72	1.72	1.39	1.08	0.87
	0.42	0.34	1.24	1.72	1.39	1.08	0.87
	0.43	0.34	1.24	–	–	–	–
	0.17	0.14	0.50	0.69	0.54	0.44	0.35
	40	41	40	40	41	40	40

4 Operating working capital: current assets, excluding cash and cash equivalents and current income tax receivables minus current liabilities, excluding current borrowings, current income tax liabilities and the current part of provisions.

5 Interest cover: EBITDA on financial income and expenses (net finance costs less dividend preferred shares).

6 Ordinary shares outstanding: average in millions, adjusted for splits.

boards

(situation as of February 1, 2006)

supervisory board

F.W. Fröhlich, chairman
F.J.D. Goldschmeding, vice-chairman
J.C.M. Hovers
W.A.F.G. Vermeend
L.M. van Wijk
R. Zwartendijk

executive board

B.J. Noteboom, chairman of the executive board and CEO, also responsible for the United States, Canada, the United Kingdom, mass-customized concepts, HR & management development, business concept development, social & general affairs and corporate communications & branding
J.W. van den Broek, responsible for Belgium, Poland, Portugal, France, Switzerland, Denmark, Sweden, Luxembourg, Tempo-Team, Randstad Inhouse Services, innovation and international accounts
R.J. van de Kraats, CFO, also responsible for Yacht, business development Asia, IT and investor relations
L.J.M.V. Lindelauf, responsible for Randstad Netherlands, Spain, Germany, Italy, Hungary and Turkey

executive vice presidents

D. van Gelder, Hungary and Turkey
F.C.A. van Haasteren, social and general affairs and Chairman of the Board of Randstad Groep Nederland

managing directors holding

Ph. Cafiero, human resources & management development
F.C. Cornelis, corporate communications & branding
J.J.W.M. Huijbregts, planning, control & strategy
C.H. Versteeg, business concept development
S. de Leeuw, social & legal affairs Randstad Groep Nederland
J.M. van de Luijtgaarden, corporate accounting and tax affairs
H.E. Wanders, chief information officer

shared service centers

I-bridge
H.E. Wanders, managing director

E-bridge
W.F.J.M. Kitslaar, managing director

Belgium and Luxembourg

Randstad
H. Nijns, managing director, also responsible for corporate accounts
Management team
H. Broeks, finance
R. Gerard, human resources
E. Annys, Randstad Inhouse Services & marketing
S. Bertholet, operations
D. Hermans, operations
F. Vervaeke, operations

Canada

Randstad
L. Galipeau, managing director

China

Randstad
P.P.M. van de Kerkhof, managing director

Denmark and Sweden

Randstad
C.B.G.C. Stroomer, managing director

France

Randstad
F. Noyer, managing director
Management team
M. Montagu, human resources
A. Crépin, marketing
P. Monbrun, Randstad Inhouse Services
R. Bailly, IT & quality
A. Giraud, operations
E. Martin-Genet, operations
D. Gaillard, operations

Germany

Randstad
E. Gatzke, managing director
Management team
H. van Slooten, finance & IT
H. Franken, corporate affairs & market innovations
H. Lore Knof, human resources & social affairs

Bindan
T. Schulze, finance & IT
R. Gabrielczyk, operations

Yacht
S. Parsser, managing director

Teccon
V. van den Hoff, managing director
K. Kurzke, operations

Hungary

Randstad
D. van Gelder, managing director (acting)

India

EmmayHR
M. Advani, managing director
M. Bhojwani, operations

Italy

Randstad
M.C. Ceresa, managing director
Management team
H. Billoud, finance
M. Mauri, human resources
D. Carassiti, Randstad Inhouse Services

The Netherlands

Randstad
J. Vermeulen, managing director
Management team
M.C. van den Biggelaar, finance, facilities & IT
R.T.M. Berendsen, operations
J.W.J. Hoogeveen, operations & Capac Inhouse Services
F.G. Farber, operations
A.M.C. Lancée, operations
G.J. Meppelink, operations
A. Verstelle, operations
Tempo-Team
P.J. Hulsbos, managing director
Management team
T.J.J.M. van den Berg, finance
J. de Jong, human resources & marketing
L.G.A.J.L. Breukelman, operations
E. de Jong, operations
A.R. Meingast, operations
A.K. van der Meulen, operations
Yacht
J.H. Ockels, managing director
Management team
D.A. Eddes, finance
N. Feringa, human resources
J.S.L. The, business intelligence
Otter-Westelaken
J.R.J. den Otter, managing director

Poland

Randstad
J.C. Heutink, managing director

Portugal

Randstad
A. Azevedo, managing director

Spain

Randstad
E.J.N. Schreur, managing director
Management team
R. Martin, finance
J. Soler, marketing
G. Madamé, human resources
A. Ferranti, Randstad Inhouse Services
J. Echevarria, operations
F. Ortega, operations
D. Lorenzo, operations
I. Rius, operations

Switzerland

Randstad
A.S.M. Nijsen, managing director

Turkey

Randstad
A. Yaka, managing director

United Kingdom

Randstad
E.F. van der Tang, managing director
Management team
A. Sargent, finance
D.L. Crowley, human resources
L. Gainsford, Randstad Inhouse Services
P. Green, business services
P. Bakker, operations
P. Maloney, operations
Martin Ward Anderson
M.D. Johnson, managing director
R.J. Wright, operations
H.M. Norris, finance

United States

Randstad
S.H. Witteveen, managing director
Management team
W.B. Elliot, chief financial officer
G. Spencer, human resources & operations
J. Ayuso, Randstad Inhouse Services
L.L. Clark, chief information officer
J.T. Andringa, operations
A.J. Gershlak, operations

colophon

design concept
FHV BBDO

design and dtp
Hellemink Digital Design

photography
Ari Versluijs and Elly Uijttenbroek (portraits EB)
Kurt Van Strijthem
Andreas Böttcher
A huge thank you to all the Randstad people
who sent in photographs

text
Anne Lavelle/The Write Company

final editing
Randstad Holding nv

printing
Hollandia Printing

Randstad Holding nv

Address
Diemermere 25
1112 TC Diemen
The Netherlands

Mailing address
PO Box 12600
1100 AP Amsterdam-Zuidoost
The Netherlands

E-mail
corporate.communications@randstadholding.com
investor.relations@randstadholding.com

Internet
www.randstad.com

Phone +31 (0)20 569 59 11
Fax +31 (0)20 569 55 20