annual report 2006

randstad holding

contents

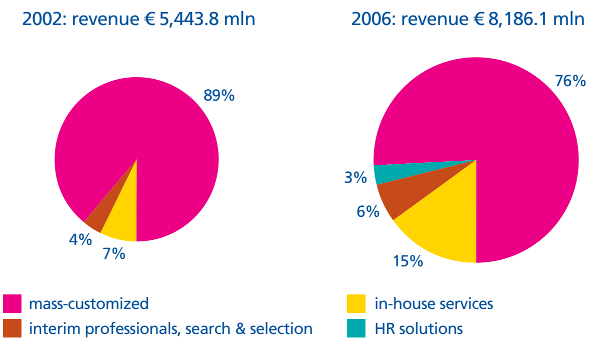
core data

	2006	2005	Δ%
Key financials (€ million)			
Revenue	**8,186.1**	6,638.5	23
Gross profit	**1,730.6**	1,405.2	23
EBITA [1]	**436.1**	299.1	46
Net income [2]	**360.3**	241.9	49
Free cash flow	**350.0**	180.3	94
Net cash [3]	**250.3**	206.0	22
Shareholders' equity	**790.3**	536.2	47
Ratios (in % of revenue)			
Gross margin	**21.1**	21.2	
EBITA margin	**5.3**	4.5	
Net income margin	**4.4**	3.6	
Share data			
Basic earnings per ordinary share (in €)	**3.11**	2.10	48
Diluted earnings per ordinary share before amortization other intangible assets and impairment goodwill (in €)	**3.17**	2.15	47
Dividend per ordinary share (in €)	**1.25**	0.84	49
Pay-out per ordinary share (in %) [4]	**40**	40	
Closing price (in €)	**52.40**	36.69	43
Market capitalization, year end (€ million)	**6,083.4**	4,243.9	43
Price/earnings ratio (in %)	**17**	18	
Employees/outlets			
Average number of staffing employees	**312,300**	254,400	23
Average number of corporate employees	**15,380**	13,430	15
Number of branches, year end [5]	**1,827**	1,708	7
Number of in-house locations, year-end [5]	**843**	703	20

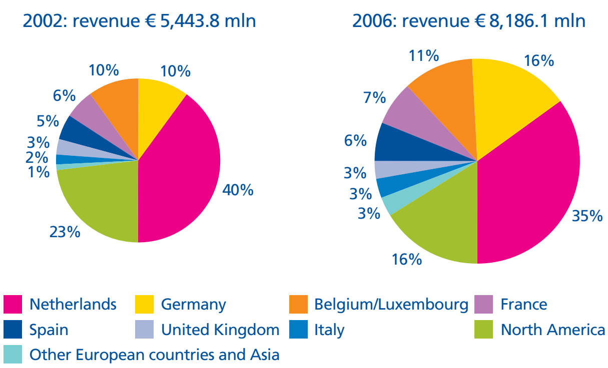
1 EBITA: operating profit before amortization other intangible assets and impairment goodwill.
2 Net income: net income for ordinary shareholders.
3 Net cash: cash and cash equivalents minus borrowings.
4 Payout per ordinary share in %: dividend per ordinary share on basic earnings per ordinary share.
5 Branches are outlets from which various clients are served with a number of various services and which are located in residential/commercial areas.
In-house locations are outlets from which one client is served with a limited number of job profiles and which are located on site of the customer.

cover

Revenue split by service concept



Revenue split by geographical area



In our annual report this year, we want to highlight Randstad's 'strong concepts'. This is one of our strategic building blocks, and a very important element in the execution of our growth strategy. We have five strong concepts: mass-customized, in-house services, interim professionals, search & selection and HR solutions.

In our theme section on pages 49 - 60, you can find a description of the five concepts, supplemented with highlights of interviews with representative 'couples' and their portraits. One is a Randstad person, the other a client or a candidate.

Throughout the annual report, you will also find portraits of people who work together in each concept.
On www.goodtoknowyou.com, you will find all of their interviews, all examples of our every day business. Our aim is to give you a real sense of what we mean by strong concepts – told by the people who execute them every day, throughout the world.

On the front cover, you can see the portrait of Eva Exposito (flexworker) and Sonia Sanchez (consultant) from Randstad in Spain. For their interview, please refer to the inside back cover flap.

19% organic growth in 2006
active in 20 countries
312,300 flexworkers & interim professionals

randstad matches supply and demand
in labor and provides hr services

adding value for our clients with five
distinctive service concepts:

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

Safe Harbor statement

This document contains forecasts on Randstad Holding nv's future financial performance, results from operations, and goals and strategy. By definition, forecasts generate risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forecasts. Such factors can include general economic circumstances, scarcity on the labor market and the ensuing demand for (flex) personnel, changes in labor legislation, personnel costs, future exchange and interest rates, changes in tax rates, future corporate mergers, acquisitions and divestments, and the speed of technical developments.
You should not place undue reliance on these forecasts. They are made at the time of publication of the annual financial statements 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.

annual report 2006

good
to know
you

profile

Corporate mission

The Randstad Group's mission is to be a world leader in matching supply and demand of labor and HR services.

We want to achieve this mission by achieving organic growth and outperforming our markets, while generating an EBITA margin of 5-6% through the cycle and maintaining a sound financial position.

What Randstad does

In pursuing our mission, we aim to meet constantly growing and changing needs in the workplace: flexibility of labor, improved productivity and outsourcing of HR-related activities. The Randstad Group offers a range of services that covers almost every aspect of HR services, from staffing, which includes finding temporary personnel (flexworkers and interim professionals) and permanent employees for our clients, to the provision of a whole range of specialized services, such as HR consultancy and the management of HR processes. For a more detailed overview of services, please turn to pages 4 and 5.

Our strategy

Randstad's strategy is founded on four building blocks:

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

What we offer – strong concepts

We have a fundamental belief in our 'strong concepts' approach. Our five service concepts – mass-customized, in-house services, interim professionals, search & selection and HR solutions – are best-practice based, standardized offerings to our clients, flexworkers, interim professionals and permanent placement candidates. By standardized, we mean that all our concepts are based on proven procedures. They are easy to replicate and leverage in other markets. In this way, we deliver excellent and efficient working methods. We are better able to adapt quickly to client needs, and have enhanced knowledge of flexible work and solutions. This ensures a reliable and consistent quality service. In principle, Randstad is Randstad, with the same high-quality, efficient service, all around the world.

Who we work with – best people

All stakeholders benefit from the continuous development of our people. The 'best people' principle benefits clients because our consultants are well educated and have specialized market or sector knowledge, often gained through training at Randstad. Our consultants simply know their clients and their clients' needs better. Our people benefit from the continual focus on their own development and opportunities to achieve their potential. Retention is a priority at Randstad, so we offer a wide variety of training and career development opportunities to all our corporate employees. Our goal is to fill at least 80% of management vacancies through internal promotion. This secures continuity of our corporate culture and strategy.

Our core values

We are a company that has become known for firm and consistent values throughout our organization. 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 of 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 essential to our corporate culture and continuity goals, and is therefore firmly embedded in all of 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 of 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.

How we work – excellent execution

Our 'excellent execution' approach ensures that benefits are delivered to our clients rapidly and accurately, with corporate pride in getting the details right. All of our activities are supported by selected standardized work processes, which stimulate growth and efficiency. Productivity management via the unit steering model and integrated risk management are other components of this building block.

What you see – superior brands

These are the guarantee that clients will receive the top service they expect, worldwide. We ensure 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 knowledge that they represent a world leader in its field.

Where we work

Randstad was founded in 1960 in the Netherlands. In the past 46 years, we have gradually expanded into the 20 markets that represent more than 80% of the world market for our services. Currently, Randstad is ranked number three in the world, in terms of revenue. We are market leader in the Netherlands, Germany, Belgium, Poland and the southeastern part of the US. Furthermore, we have a growing presence in Canada, China, Denmark, France, Hungary, India, Italy, Japan, Luxembourg, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom. We pursue growth in our markets through our organic growth model, supported by bolt-on acquisitions to accelerate our development.

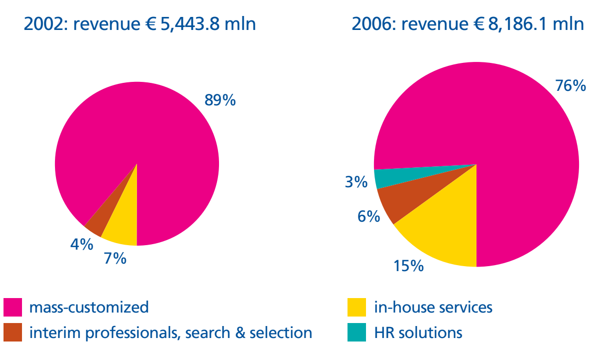
What makes us different

Randstad is known for its firm and consistent values (to know, serve and trust, striving for perfection and simultaneous promotion of all interests), that we communicate through our 'good to know you' philosophy. For close to half a century, we have built and perfected our services, always innovating to adjust them to the changing needs of the labor and HR markets. When clients and flexworkers, interim professionals and candidates for permanent placement come to Randstad, they benefit from our unique combination of long experience, knowledge, service focus and innovation. One example is the way we work with our unit structure in mass-customized. The Randstad unit structure is based on two consultants working as a team, one always supporting the other, and dedicated to a specific market segment. The unit structure is unique because the consultants who talk to the client are the same people who recruit the candidate and make the match. It is a tried and tested foundation for top quality service wherever Randstad operates.

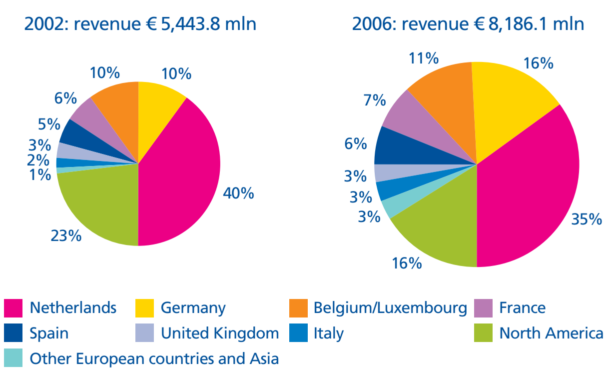
Another example is the way we add value for our industrial clients. The in-house service concept offers efficiency for both our clients and ourselves. The client's industrial facility can remain more competitive in the face of today's considerable global pressures, and we are able to provide the right service at acceptable rates.

As a final example, with our HR solutions concept in the Netherlands and Belgium, we are the only major provider of payroll processing services based on HR processes rather than IT expertise, and the only Group that can offer end-to-end HR services, from bespoke high-level consultancy to large-scale outplacement and outsourcing services.

Revenue split by service concept



Revenue split by geographical area



Good to know you

At Randstad, we believe that creating the best solutions in HR services means always doing more, going further. This starts with deepening our understanding of the environment where we operate and the marketplace – every day. Candidates, clients and our shareholders, we need to know and understand their requirements now and in the future. Deeper and better understanding leads to better service. That is of critical importance, because in all the segments where we are active, we are literally in the people business. And in this business, we want to earn the trust of all of our business partners.

'Good to know you' is at the heart of the communication concept we use to express this. You will see it applied across the globe, in all of our business segments. It is not a statement, but an invitation to know more, and a promise based on our core values. It is friendly, open and human. It is contemporary. But also professional and driven, with concern for the little things because perfection is in the details.

'Good to know you' is a guideline for everything we do in our day-to-day work, and it is certainly how we want to be known.

profile

what we do

mass-customized

This is our regular business – staffing, permanent placement and (high-volume) specialties – which is offered through our well-known network of highstreet and suburban branches. 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 profile.

in-house services

This is a very efficient 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.

interim professionals

For middle and senior management positions, we recruit interim specialists and consultants with professional qualifications. These specialists can be engineers, IT or finance specialists and professionals from a growing number of other disciplines such as HR, legal and marketing & communications. They remain on our payroll and are seconded to our clients. The roles they fulfill are those of interim managers, project managers or specialist project team members.

search & selection[1]

For middle and senior management positions, we handle the recruitment of employees with professional qualifications for permanent positions with clients. This service includes a number of related recruitment and training programs that are often fixed fee-based.

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 fixed fee-based.

brands

mass-customized: randstad; randstad work solutions; randstad flexible work solutions; tempo-team; team4U a Randstad company; otter-westelaken

in-house services: randstad inhouse services; CAPAC INHOUSE SERVICES a Randstad Company

interim professionals: randstad interim professionals; YACHT; TECCON

search & selection: randstad search & selection; 任仕达 randstad; emmayHR a Randstad company; martinwardanderson a Randstad company

HR solutions: randstad HR solutions

1 An amount of € 12.4 million (2005: € 8.6 million) of additional search & selection revenue is still reported within the mass-customized segment.

2 HR solutions is part of the segment mass-customized, but is separately shown here for information purposes. Mass-customized figures have not been adjusted.

countries

statistics

Belgium (129)[3]
Canada (30)
Denmark (10)
France (113)
Germany (302)
Hungary (2)
India (12)
Italy (131)
Japan (1)
Luxembourg (4)
Netherlands (656)
Poland (25)
Portugal (13)
Spain (142)
Sweden (4)
Switzerland (17)
Turkey (1)
United Kingdom (62)
United States (283)

	2006	2005	Δ%
Revenue total (in millions of €)	**6,478.6**	5,462.7	19%
Revenue specialties	**1,720.6**	1,461.5	18%
Flexworkers (average)	**257,100**	214,300	20%
Corporate staff (average)	**12,620**	11,310	12%
Branches, year-end	**1,760**	1,660	7%
In-house locations, year-end	**177**	176	1%
Countries	**19**	17	

Belgium (103)
France (52)
Germany (110)
Italy (19)
Netherlands (157)
Poland (8)
Portugal (15)
Spain (30)
United Kingdom (55)
United States (117)

	2006	2005	Δ%
Revenue total (in millions of €)	**1,221.7**	909.2	34%
Flexworkers (average)	**50,000**	37,000	35%
Corporate staff (average)	**1,310**	1,160	13%
In-house locations, year-end	**666**	527	26%
Countries	**10**	8	

Belgium (9)
France (1)
Germany (26)
Netherlands (13)

	2006	2005	Δ%
Revenue total (in millions of €)	**518.0**	288.3	80%
Interim professionals (average)	**5,200**	3,100	68%
Corporate staff (average)	**910**	440	107%
Branches, year-end	**67**	48	40%
Countries	**8**	7	

China (2)
India (6)
Netherlands (1)
United Kingdom (9)

Belgium (13)
Netherlands (46)[4]

	2006	2005	Δ%
Revenue total (in millions of €)	**229.3**	137.1	67%
Flexworkers (average)	**6,109**	4,400	39%
Corporate staff (average)	**687**	410	68%
Branches, year-end	**59**	40	48%
Countries	**2**	2	

3 The number between brackets indicates the number of outlets.
4 Most of these branches (2005: 29 branches) are shared with activities of other business segments.

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 started in-house services. From 2000, he was responsible for in-house services Europe-wide, joining the executive board in 2001. In March 2003, he was appointed CEO and chairman of the executive board of Randstad Holding nv. He is responsible for Randstad in the US, Canada and the UK, group HR & management development, social & general affairs, group marketing & communications and the mass-customized concept. He is also a supervisory board member of Buhrmann NV, a listed office products distributor.

Robert-Jan van de Kraats (1960), CFO and vice-chairman of the executive board

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. He is responsible for Yacht, Martin Ward Anderson and Teccon, Asia, IT, investor relations, shared service centers and the interim professionals and search & selection concepts. Robert-Jan van de Kraats was appointed vice-chairman of the executive board of Randstad Holding in 2006. He is also a supervisory board member of Ordina, a listed IT company, as well as SNS Reaal, a listed banking and insurance company.

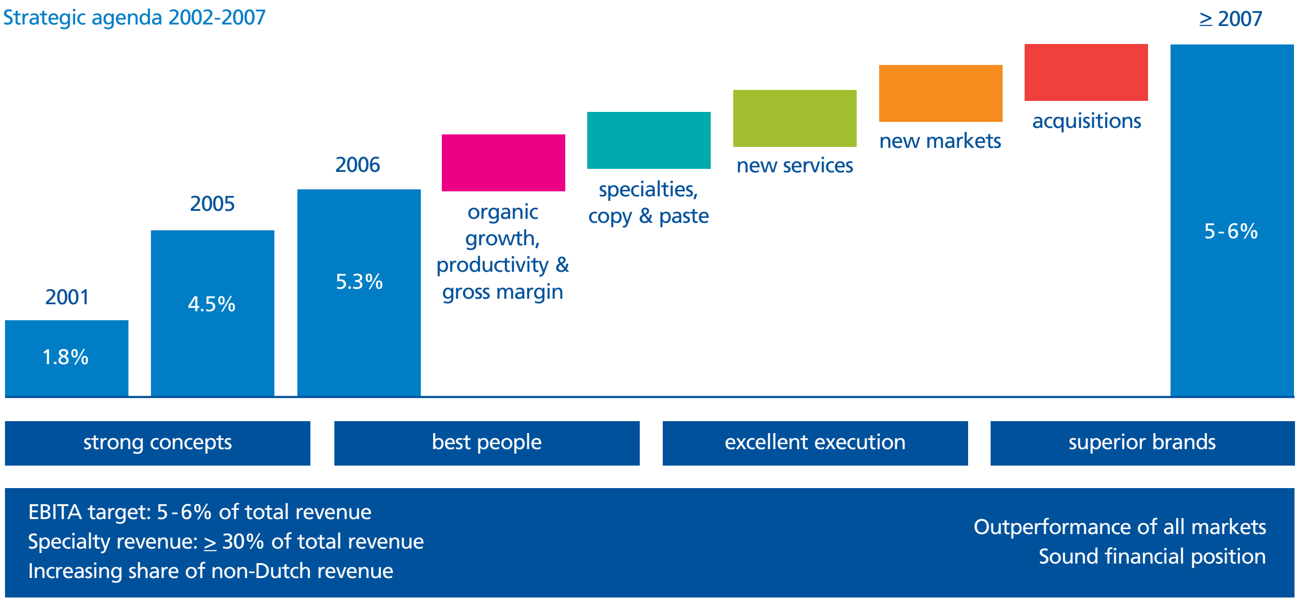
Jacques van den Broek (1960)

Following graduation in law, Jacques van den Broek held 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, innovation, international accounts and the in-house services and HR solutions concepts.

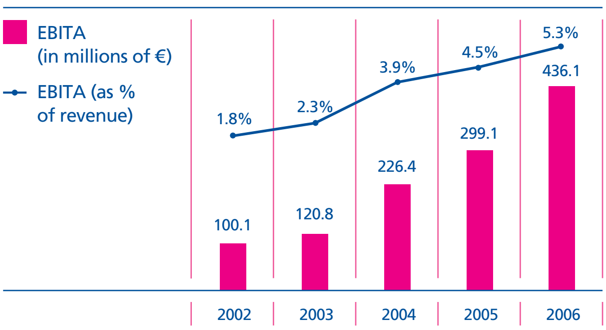
Leo Lindelauf (1951)

After his education at the academy for social studies, Leo Lindelauf completed a study in Industrial Engineering and Management Science at a college for higher professional education. He began his career as a community worker. In 1979, he joined Randstad, working as district manager 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 the position of general manager Randstad Netherlands. Appointed to the executive board in 2001, he is responsible for Randstad in the Netherlands, Germany, Spain, Italy, Hungary and Turkey.

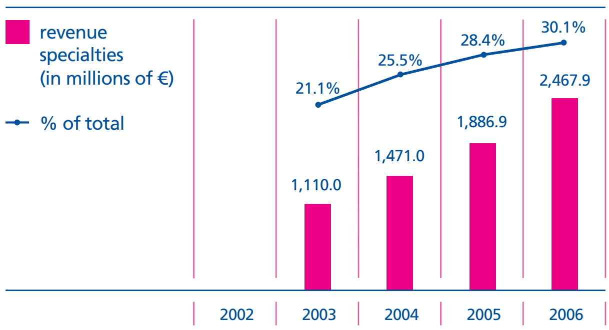
Strategic agenda 2002-2007



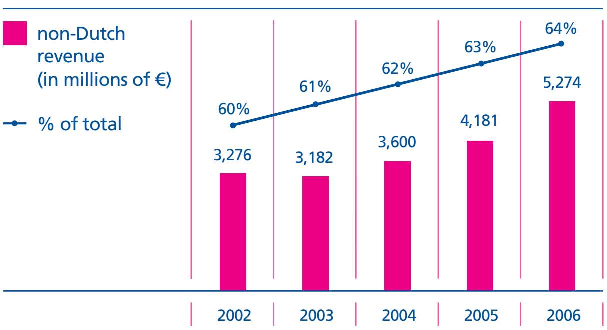
EBITA and EBITA margin



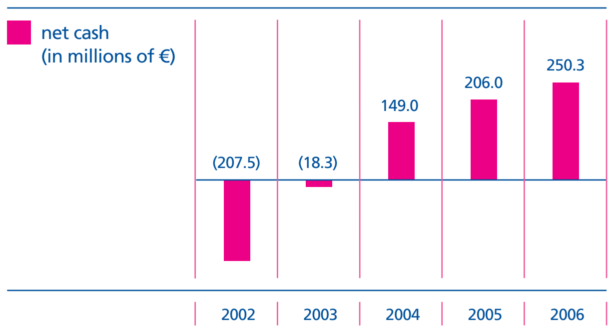
Revenue specialties



Increasing importance non-Dutch operations



Sound financial position



message from the ceo

On behalf of the executive board and all our colleagues throughout the whole Randstad Group, I am pleased to report that 2006 has been a record year in the history of our organization. In 2002, we established a number of strategic targets to year-end 2007. We are proud to report that those targets were achieved in 2006. These are the goals we set in 2002:

- EBITA margin of 5-6%;
- specialty revenue at 30% of total revenue;
- increased share of non-Dutch revenue;
- sound financial position; and
- outperformance of our markets.

In 2006, and following consistent growth over the past five years, EBITA margin reached 5.3% (2005: 4.5%). Our specialty revenue is up to 30.1% (2005: 28.4%). The share of non-Dutch revenue increased to 64% (2005: 63%). Through the year, we have consistently achieved strong organic growth in our business. We have been able to improve productivity. We are expanding by entering new geographic markets, by adding specialties and by growing the range of services we can deliver to our clients. Our financial position improved once again. Furthermore, we outperformed and gained market share in most of our markets.

This progress has resulted in:

- total revenue of € 8,186.1 million, an increase of 23% compared to € 6,638.5 million in 2005;
- EBITA of € 436.1 million, an increase of 46% compared to € 299.1 million in 2005;
- net profit of € 360.3 million, an increase of 49% compared to € 241.9 million in 2005;
- diluted EPS of € 3.17, an increase of 47% compared to € 2.15 in 2005;
- a return to shareholders in the form of dividend per ordinary share of € 1.25 (2005: €0.84).

Strategy

Our performance in 2006 was strong thanks to our people around the world. Their commitment and efforts have been both highly motivated and consistent. However, there can be no complacency in the highly competitive staffing environment. Our goal in 2002 was to establish and pursue a sustainable (organic) growth strategy and restore profitability. The strategy now has a clear, proven track record and it is not our intention to change course. We aim to continue building on both strategy and performance, drive market growth, expand market share and further develop our service offerings.

Strategic goals

Our strategic agenda has a number of primary goals, which is visualized in the graph on page 10. The overall financial goal is an average EBITA margin of 5-6% through the cycle. This bracket can be exceeded in very good years, while the EBITA margin should not be below 4% during potential downturns. We believe the average 5-6% range ensures the Group's financial position and should enable us to continue investing

Organic growth Randstad compared to market, 2006

Countries	Growth market	Growth Randstad	Outper-formance
Belgium	16%	16%	0%
Denmark	17%	24%	7%
France	7%	13%	6%
Germany	25%	40%	15%
Italy	23%	35%	12%
Netherlands	18%	18%	0%
North America	4%	9%	5%
Poland	35%	54%	19%
Portugal	9%	9%	0%
Spain	9%	20%	11%
Sweden	26%	94%	68%
Switzerland	23%	42%	19%
United Kingdom	2%	7%	5%

in growth. The 4% minimum should reduce volatility but still allow us to continue investing.
Continued focus on market growth and market share gains are intertwined. Market leadership enables us to develop the markets concerned. Increased geographic diversification of revenue will be a source of additional growth. A sound financial position is important for continuity.

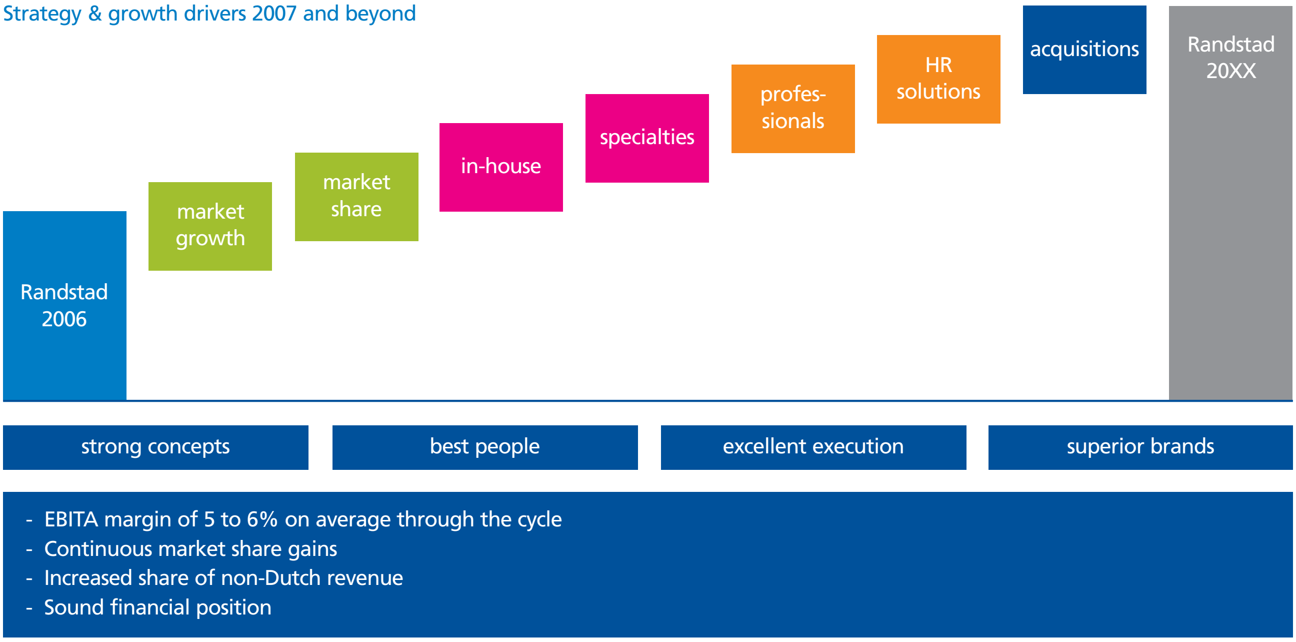
Strategy through economic cycles
Underlying our EBITA targets is full awareness of the challenges and opportunities presented by economic cycles. Downturns are challenging but, if well managed, also offer opportunities. This is why we aim to achieve an EBITA margin of at least 4% during downturns. Randstad has improved significantly in recent years. We now have a strong focus on execution, all through the organization. We have implemented the unit steering model and standardized selected key work processes. Furthermore, our cost awareness is greater and our planning, reporting and review processes are stronger. For a detailed overview, we refer to risk & opportunity management on page 22. Randstad is well-equipped to manage less favorable market circumstances. That does not mean we see any signs that markets will slow. Currently, all indicators point at continued healthy growth.

Growth drivers

Market growth

Randstad is active in growth markets. Market growth is driven by different factors. The need for flexibility is a key reason. Our clients often work in competitive market environments and flexibility in their workforce helps them improve productivity and be more competitive. This explains why, on average, penetration rates (the number of flexworkers versus total working population) increase with each cycle. Another key reason is deregulation. New markets also continue to open up as governments increasingly recognize the need for flexibility in labor markets. Germany is a good example of a market that benefits from deregulation.

Strategy & growth drivers 2007 and beyond



A third reason for market growth is the economy. If gross domestic product growth is high, the labor market needs people and skills, which supports growth.

Market share

By pursuing organic growth consistently, we take market share, further reinforcing our position in the countries where we work. Our ability to gain market share is embedded in our best-practice based service offerings and our working methods. The unit structure, where units concentrate on specific market segments, and where consultants both sell and recruit, enables our consultants and account managers to make a better match. Because key working processes are standardized, consultants have more time to spend with clients and candidates. Providing better service, adding value and supporting productivity gains for clients help us to grow faster than the markets where we operate.

In-house

Our Randstad in-house concept is growing rapidly throughout our markets. In-house services manages client needs for the search, training and deployment of large numbers of personnel with a limited number of defined job profiles. And, as the name suggests, we offer these services on site. We help the client to improve productivity. Although the working processes are standardized, the in-house solution is always tailored to each individual client. Most of our clients operate in highly competitive sectors, such as logistics, manufacturing and the food industry. But also in call centers and administration back offices, RIS is gaining momentum. An improvement of productivity in these labor-intensive industries often translates directly into better business results for our clients. In-house has proved successful in markets where it is offered. We see excellent prospects for growing this business further.

Specialties

Specialties are specific market segments in our mass-customized offering, such as health care, transport, airports and call centers, that we can service through dedicated units within our branch network. By focusing on an identified specialty, we can add higher value for our clients and flexworkers as focus gives us a higher level of knowledge and experience in the segment. Specialties can make an above-average contribution to EBITA. From a business perspective, we can leverage existing strengths, such as our extensive branch network, our brands and front- and back-office processes. The rollout and international expansion of specialties remains a key part of our operating companies' organic growth planning. Currently, specialties contribute substantially to Dutch and Belgian revenue, whereas they are still only a relatively limited part of total revenue in markets such as Germany and the US.

Interim professionals and search & selection

In this professional segment, Randstad meets client needs for people with bachelor and master level education and some work experience. We have two concepts. First, we deploy interim professionals either through secondment or project assignments. Second, we do search & selection of professionals for permanent positions. Secondment of interim professionals is currently offered predominantly in the Netherlands, Belgium and Germany. The concept has been refined and will be rolled out internationally in the future. We see significant opportunities in this segment. Project assignment is offered primarily through our German engineering business Teccon.
Search & selection of permanent employees is becoming increasingly important for our clients. Besides organic development of this business, we acquired Martin Ward Anderson in the UK and EmmayHR in India that help us to further refine this offering for international expansion.

HR solutions

HR solutions is currently offered to clients in the Netherlands and Belgium. Growth opportunities are significant as these services relate to our clients' permanent workforce. Clients are increasingly outsourcing their HR activities so that they can prioritize key in-company issues. Traditionally, Randstad is strong in areas such as outplacement, reintegration and assessment but HR solutions offers a full range of services also including administration, payrolling and process management. Randstad takes the service offering further by recommending and executing improvements and efficiencies in HR processes. The Randstad-designed HR scan enables us to analyze, suggest and implement improvements to HR processes and supporting IT systems that can result in significant cost savings for clients. In 2006, the acquisition of PinkRoccade HR Services, a Dutch payroll and salary administration provider, strengthened our offering in this area. It also provides a good entry point at clients and gives us scale and a platform for growth. Ultimately, we offer clients the possibility to outsource the transactional part of their HR activities.

Acquisitions

Acquisitions can accelerate growth in specific geographic markets and sectors. We are selective and generally aim to make mid-size acquisitions based on four selection criteria. First, any potential acquisition must be a strategic fit. Second, there needs to be a cultural fit. Third, we require strong management with proven, consistent performance and ability to handle integration. Fourth, the price must be right. We assess valuation using our own DCF calculations. We realize that our balance sheet is not fully efficient and that the financial ratios we find acceptable (leverage ratio or net debt to EBITDA of maximum two times and interest cover or EBITDA over interest charges of at least eight times) provide substantial headroom. However, we will only acquire companies if the above criteria are met. As far as our balance-sheet ratios are concerned, we take a long-term view.

Targets in 2007

The Randstad Group will be focusing on clearly defined goals in 2007. We will continue to build, based on our successful strategy and strong 2006 performance.
In 2007, Randstad aims to achieve progress on all our defined growth drivers. We maintain a clear focus on organic growth and see many growth opportunities. We also see clear opportunities to further leverage our infrastructure in terms of productivity of our people, our branches, our back-offices and our brands.

At the end of this exciting year for Randstad, I would like to express the executive board's thanks to our by now more than 16,000 people, our more than 80,000 clients, and the millions of flexworkers, candidates and interim professionals we have been able to put to work. Our full report from the executive board on pages 12 through 35 details 2006 performance.

On behalf of the whole Randstad Group,

Ben Noteboom,
CEO and chairman of the executive board

Diemen, February 13, 2007

report from the executive board

Progress in 2006

At Randstad, all our efforts are aimed at achieving sustainable organic growth. Here follows an overview of how our 2006 growth and performance were achieved.

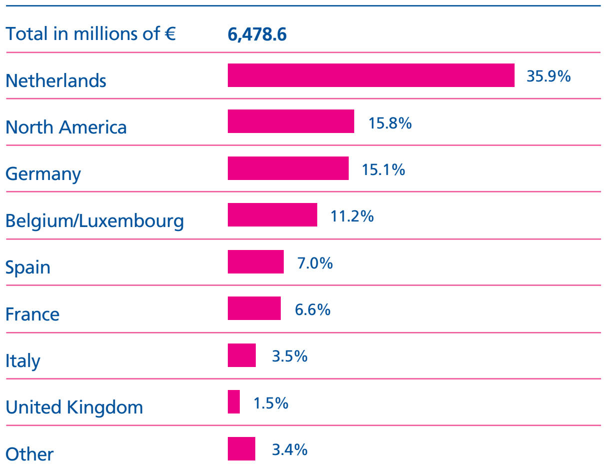
Strong concepts – growth of our segments

Randstad's primary means of reporting performance is segment based. This segmentation is based on the concepts we offer.

Mass-customized Europe & Asia
Our mass-customized operations in Europe and Asia have had a good year. We achieved organic revenue growth of 20%. Including acquisitions and transfers to in-house, total growth was 22%. All countries contributed to growth. Our Dutch operations turned in a strong performance. The highest growth levels were achieved in Germany, Italy, Poland and Sweden. Gross margin declined slightly, primarily through pressure in the Netherlands during the first half of 2006. In the second half, gross margins recovered as a result of more management focus and improving pricing conditions. We continued to invest in growth. Gross profit per FTE, one of our main financial performance indicators, climbed by 4%. The EBITA margin improved from 5.8% to 5.9%. In 2006, we opened 132 new regular staffing branches and 98 specialty units. The larger part of this expansion was in Italy and Germany. Our position in Germany was further reinforced by the acquisition of Bindan in January 2006. The acquisition in April of Team4U strengthened our presence in India.

Mass-customized North America
Our mass-customized operations in this region performed well. We generated 8% organic growth and achieved our stated aim of improving profitability. We have a clear strategy for developing and growing our business in the US. This is a four-step plan. First, we achieve cost savings and efficiencies. Secondly, we transfer large-scale mass-customized clients to Randstad Inhouse Services. Third, we grow specialties and finally, we focus on the middle market. In 2006, we made good progress, especially on the first two steps. Costs were lower as the number of FTEs at the US head office was reduced. The number of branches was further rationalized, from 315 to 284, after transferring a substantial amount of our mass-customized business to Randstad Inhouse Services (revenue of some US$ 175 million has been transferred since we started the process), and following a thorough and careful review of market potential in some remote areas. In 2007, we will focus on strengthening our position in the mid-market. Gross margin fell from 20.3% to 19.4%, due in part to the divestment of PL Services on March 31, 2006. This company delivered support services to independently owned staffing companies. On the back of savings and a solid productivity improvement, the EBITA margin rose from 1.4% to 3.0%. Our Canadian operations continued to do very well. Organic growth in Canada was 35%, well ahead of the market, and we have taken market share in all provinces.

Geographic spread revenue mass-customized
in % of revenue



In-house services Europe
Organic growth was very strong and amounted to 25%. Growth was well spread across our various geographies. In 2006, we established 72 new locations. The largest numbers of locations were added in Germany, Italy and Poland. In Poland, this concept was launched at the end of 2005. Now, we operate eight locations. Profitability is strong. Gross margin of 14.3%, compared to 14.0% in 2005, is relatively low compared to Group average. However, volumes are high and as the cost base is lower than that of other segments, the conversion ratio is higher. We achieved an EBITA margin of 5.5% against 3.7% in 2005. This level is above the target range of 3-4% set in 2002.

Key figures by segment

	Revenue		Growth		Gross margin		EBITA margin	
	2006	2005	Total	Organic	**2006**	2005	**2006**	2005
Mass-customized Europe & Asia	**5,455.4**	4,470.1	22%	20%	**22.2%**	22.4%	**5.9%**	5.8%
Mass-customized North America	**1,023.2**	992.6	3%	8%	**19.4%**	20.3%	**3.0%**	1.4%
In-house Europe	**974.2**	720.8	35%	25%	**14.3%**	14.0%	**5.5%**	3.7%
In-house North America	**247.5**	188.4	31%	12%	**11.6%**	11.9%	**3.4%**	2.5%
Interim professionals, search & selection	**518.0**	288.3	80%	34%	**29.5%**	27.4%	**9.0%**	6.6%

Geographic spread revenue in-house services
in % of revenue

Total in millions of €	1,221.7
Netherlands	25.3%
North America	20.3%
Germany	17.0%
Belgium	14.1%
France	8.3%
United Kingdom	7.7%
Spain	3.9%
Italy	1.9%
Other	1.5%

In-house services North America
This segment grew very rapidly in North America. Organic growth was 12% and we also transferred business from the mass-customized segment. As in Europe, gross margin is below Group average, but the EBITA margin, which climbed from 2.5% in 2005 to 3.4% in 2006, is very healthy due to high productivity.

Interim professionals and search & selection
We performed well in the professionals segment. Organic revenue growth was 34% in 2006. Including acquisitions, total revenue growth amounted to 80%. The gross margin improved to 29.5% from 27.4%, while the EBITA margin reached 9.0% compared to 6.6% in 2005. In the professionals segment, we have two concepts. First, we deploy interim professionals either through secondment or project assignments. Second, we do search & selection of professionals for permanent positions. We report on these offerings in combination. Yacht in the Netherlands generated strong growth on secondments in IT and finance segments, but also in other competences, such as legal, HRM and marketing & communications. Efficiency improved again, resulting in another strong year for Yacht Netherlands. In Germany, we generated sound growth in engineering.

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

Total in millions of €	518.0
Netherlands	59.0%
Germany	23.7%
United Kingdom	11.1%
Belgium	5.2%
France	0.6%
Asia	0.4%

The acquisition of Teccon in January 2006 reinforced our position in Germany and provided experience in technical project assignments. Teccon showed strong performance in 2006. The acquisitions of UK-based Martin Ward Anderson and EmmayHR in India in late 2005 strengthened our search & selection activities.

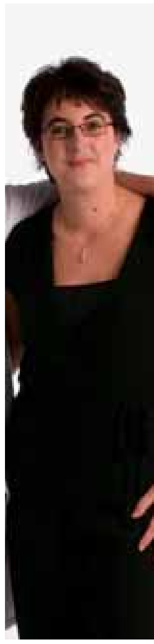
HR solutions
The development of HR solutions, currently available in the Netherlands and Belgium, is an extension of and leverages core HR competences within Randstad. This provides a platform to grow. In 2006, HR solutions revenue was € 229.3 million, an increase of 67% compared to 2005. In the financial statements, HR solutions is still reported under mass-customized.

Geographic spread revenue HR solutions
in % of revenue

Total in millions of €	229.3
Netherlands	95.4%
Belgium	4.6%

Specialized revenue spread

	2006	2005
Transport/logistics	15.1%	16.3%
Call centers	14.9%	15.6%
Interim professionals, search & selection	19.9%	15.3%
Construction/engineering	10.8%	11.2%
Finance & office	8.8%	8.7%
Health care	6.4%	7.5%
HR solutions	8.9%	7.3%
Catering	3.2%	3.7%
IT	3.2%	3.3%
Other	8.8%	11.1%
Total in millions of €	2,467.9	1,886.9
% of total revenue	30.1%	28.4%

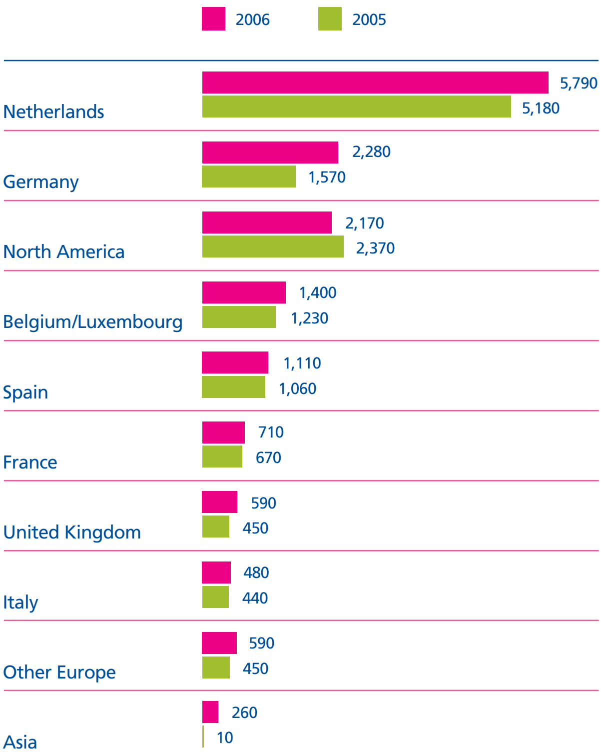


Best people

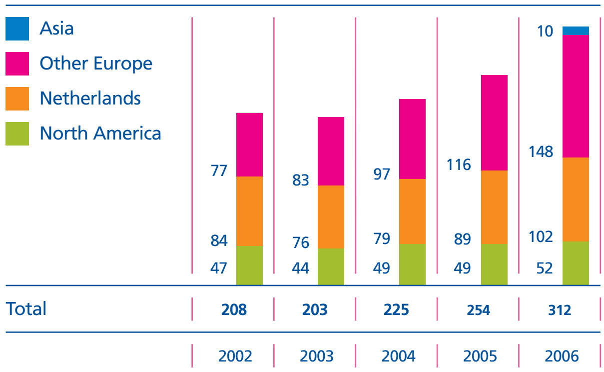
At Randstad, people are our greatest assets. There is a very specific Randstad culture and mindset. Our people are selected not only for their high levels of education and training, potential to grow within the organization, sales acumen and talent. They are also chosen for their inherent eagerness to serve others. They have the social skills essential in interacting with both clients and candidates. We expect a high degree of ability in analyzing, collating and understanding local market conditions and needs as well as thorough knowledge of specialty sectors. We have developed HR standards and processes aimed at attraction, recruitment, training, development and retention. These are in place in all countries where we operate. For example, all of our new people participate in a full introduction program. Here, they learn and assimilate our culture and core values, our strong concepts and excellent execution. They learn the value of teamwork – Randstad's unit structure depends on it. In fact, it is so important, consultants do not work on a commission basis; all financial incentives are team-based.

Developing our best people
To attract and develop the best candidates for all our services, we must select, develop, retain and promote the best corporate employees. Generally, our new consultants in the staffing business are educated to master or bachelor level and in their first or second job. Development is a key motivator in our team structure where two consultants work together on sales and service, delivering higher quality. Retention of people is a strategic priority and staff turnover

Average number of corporate employees



Average number of staffing employees per day, 2002-2006
based on continuing operations, in 1,000s



is generally below industry average. These are the drivers behind our best people goal: to challenge them and ensure their career opportunities with Randstad match their abilities. Unsurprisingly for an organization whose core business is human resources in all its forms, our career pathing and development programs are comprehensive and exhaustive. Managers are developed through leadership and 360-degree business-related competence training, and through timely internal job offers and challenges. Often, our own Randstad Staffing Institute, working in cooperation with top international universities, provides training programs with the hands-on involvement of the executive board.
As Randstad continues to generate increasing organic growth and the range of services is expanded, the need for an extensive talent pool becomes an even greater priority. Through the Blue Sky program, which identifies consultants and branch managers with the ability and desire to move into management positions, we are promoting large numbers of Randstad people. This is our preference – to promote internally wherever feasible. In 2006, 81% (2005: 81% as well) of all management vacancies throughout the Group were filled through internal promotion.
For more information, please refer to page 32 in the CSR section.

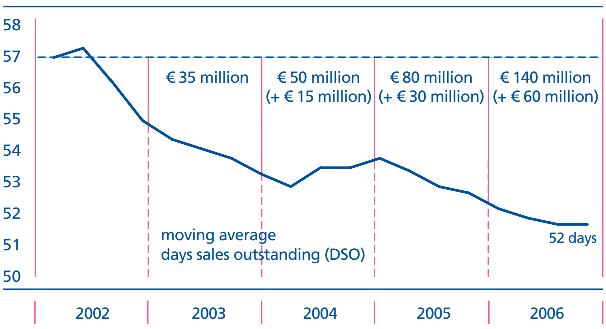
Excellent execution

Key elements of our execution are based on best practice and fully defined processes that stimulate growth and productivity. Front- and back-office processes and branding have been standardized where feasible to facilitate excellent execution. We can copy and paste our concepts, including related specialties, easily because the processes and execution they require are fully developed and can be replicated with only slight adjustments for local markets. Consistent focus on excellence in execution can create client value, as processes are transparent and efficient. It further supports Randstad's outperformance of markets, as clients recognize the value of efficiency. By continually improving our own productivity and efficiency, we gain client confidence. By ensuring our clients are well serviced, we grow our business and market share, thus increasing our revenue.

Using standardized processes
Standardized processes are the actual tools our people need to perform and deliver excellent service. They ensure more time can be spent on the market, the clients and the candidates. Our standardized processes facilitate efficiency and productivity, both for clients and for our consultants. We also have standardized items such as marketing & promotion, advertising and office decor and furnishings.

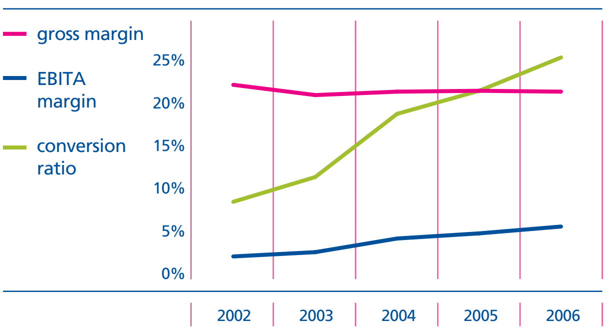
Furthermore, we have a standardized procedure (blueprint) for managing receivables, which is being updated. Over a five-year period, focus on Days Sales Outstanding (DSO) has generated a substantial improvement. In 2006, we were able to further reduce the average DSO from 53 to 52 days. Moreover, in 2006, we introduced a system in which we charge our operating companies 10% for the use of operating working capital. This provides a clear understanding of the cost of capital and the need to focus on economic profit.

DSO and savings on trade receivables



Productivity
Randstad continuously invests in growth, but in a controlled way. Stimulating growth while improving productivity go hand in hand at Randstad – it is a mindset. We measure our own productivity through the number of flexworkers, (interim) professionals or permanent placement candidates deployed and gross profit achieved per corporate employee. Through our unit steering model, we measure progress on a weekly basis. As productivity improves, operating expenses as a percentage of revenue can be lowered.
In 2006, operating expenses as a percentage of revenue was reduced to 15.8% against 16.7% in 2005. Furthermore, as our efficiency grows, we convert a higher percentage of our gross profit into operating profit.

Gross margin, EBITA margin and conversion ratio



Superior brands

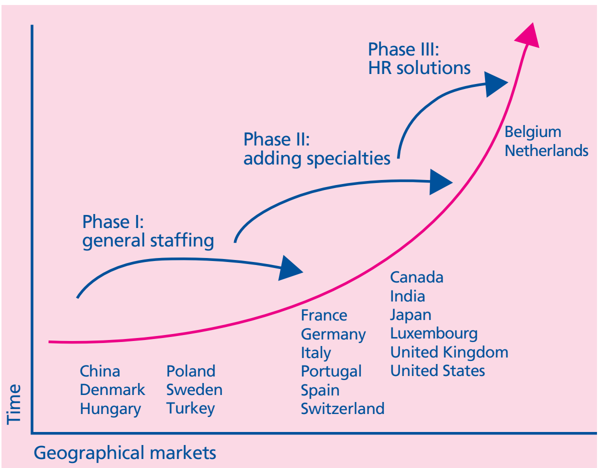
We use our brands to communicate with our clients and candidates. This is why Randstad is consistent in its management and promotion of the limited number of brands it uses worldwide. Our brands are an expression of what the organization stands for. Randstad's 'good to know you' is a good example. It is also a promise for the future. Our brands are a quality guarantee for all stakeholders – clients, our corporate employees, flexworkers, interim professionals and candidates for permanent placement, government, labor unions and third-party suppliers.
We continually work on maintaining and growing the value of our brands, which is very important in the marketplace, through all media. Recognition of Randstad and other Group brands has grown strongly, in line with our goal to ensure brand awareness is greater than market share. In practical terms, and in order to facilitate consistency in branding and cost control, we have a marketing resource management system that is used globally in applying the Randstad brand. Marketing departments worldwide have access to a database of branding support tools for all manner of marketing and other communication activities. As only limited local adjustments are needed, marketing budgets can be deployed most effectively and implementation can be executed rapidly.

Our commercial brand promotion activities, distinct from our corporate social responsibility sponsorship and participations, take a number of forms, but have one basic fundamental. At Randstad, sponsorship is not exclusively about providing funding. Usually, it involves our core competences to produce a win-win situation for both parties. ABN AMRO's bid for the Volvo Ocean Race is a good example. We supported the bid in two ways. Worldwide, we managed the flexworker needs of their pavilions; we also handled the HR administration of some of their crew who had signed on for the race. In turn, we were offered hospitality rights at the Volvo Ocean Race port stops; the Clipper *Stad Amsterdam*, a training and hospitality vessel sponsored by Randstad, was a venue in the western hemisphere. During 2006, we began a partnership with the Williams F1 Team, a move that was welcomed by the organization worldwide as an excellent client relations vehicle. However, many of our sponsorship activities are local. Our Dutch operation continues to support the national Olympic team. In Belgium, top tennis star Justine Henin-Hardenne now wears the Randstad logo. She embodies the drive and perseverance that can inspire job seekers. In the Netherlands, Yacht is the main sponsor for speed skating and sailing in the Netherlands. Elsewhere in the Randstad Group, we support a wide variety of cultural and business events. In a number of countries, we organize exclusive events for top clients, inviting high-level management and leadership gurus as speakers. Popular culture, including major music events, is also a focus in many countries. And we support charity events through sponsored participation by our personnel and flexworkers.

Randstad's geographic markets

How we see and work our markets
Each individual Randstad market has its own specific characteristics. First, the markets themselves are in different phases of development. Labor laws differ, penetration rates differ, markets can be in different stages of the economic cycle. However different, they all share one similarity. All have opportunities for growth. Randstad is currently ranked number three in the world in terms of revenue. However, we have just 4% of the total global market, so our growth opportunities are clear. Second, within our various markets, Randstad is in different phases of development. The graphic below shows our current position in individual markets. There are three phases in our growth strategy. In the first, or 'focus' phase, growth is mainly driven by organic development of the individual market. Often this is through mass-customized, but it can also be driven by establishing a specific specialty that is in demand in that market. Adding the relevant range of specialties is the next step. The third phase sees growth generated by new services, such as HR solutions.

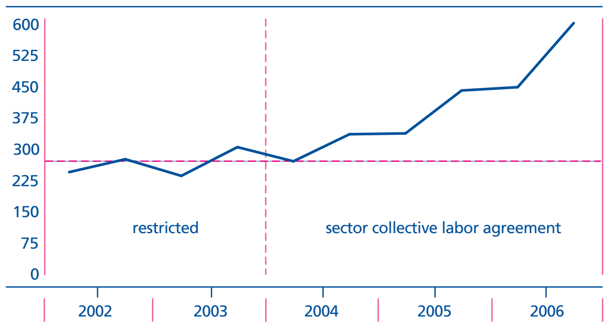
'Copy & paste' organic growth strategy: three phases



Some factors, such as the regulatory environment and phase in the economic cycle, are beyond our immediate control. This is why we have a full range of services that can be made available, depending on individual market conditions. However, we can and do influence the regulatory environment by supporting (de)regulation, working with governments and offering our expertise to ensure the creation of well-regulated, flexible labor market conditions. In turn, this can stimulate economic progress. Germany is a clear example. By supporting solid regulation, we can stimulate our own performance.
In those economies where staffing is often in its infancy, such as Poland, Hungary, Turkey and China, penetration rates are low. Here, we concentrate on organic growth and building a platform.

Markets such as Italy, Spain and Portugal are those economies where our services are gaining recognition. Often, this is because we contribute to flexibility in the workplace and open up the labor market for the young or unemployed. Deregulation has usually occurred quite recently in these markets. In these markets, we add specialties to the mix.

Semi-annual revenue Randstad in Germany, excluding acquisitions (€ million)



For markets where staffing has long been a reputable solution for flexibility in the workplace, penetration rates are usually higher. Examples are Belgium, the Netherlands, the United Kingdom and the United States. The working environment is well and flexibly regulated. The business environment and potential candidates know and often value the services Randstad can offer. Growth can be achieved in a different way in these markets. They are ready for new products. However, we will only offer these if our organization on the ground is ready. This is why we currently limit the HR solutions offering to the Netherlands and Belgium.

Gross margin differentials
A further distinguishing factor between individual markets is gross margin. The level of gross margin we can achieve in each market depends on the level of added value. In general, added value relates to service levels, risk and cost factors. The graphic overleaf offers an indication of some of the factors that influence the gross margin. Several of the differences are integral so it cannot be assumed that gross margins will converge to a significant extent.

Service levels make a big difference. In the US and the Netherlands, for instance, it is common to handle the whole recruitment process and manage several other HR functions as well, which drives gross margin. Outsourcing of these HR functions is clearly less common in France. The level of specialty services available also differs by country. In the US, UK and the Netherlands, specialties make up a large part of the total market and are a clear gross margin driver. In many other markets, specialty services are far less developed.

In continental Europe, labor markets tend to be highly regulated and dismissal of labor often requires a severance payment. Our services provide clients with flexibility in these markets and the shift of risk is thus added value. Idle time management is also a risk factor that is reflected in gross margin. This has a positive impact on gross margin in the Netherlands and Germany; it is less of an issue in, for example, the US and the UK.

The combination of improved flexibility, security for flex-workers and competitive total labor cost achieved through a collective labor agreement for the staffing industry is among the key reasons why clients in the Netherlands and Germany work with staffing companies. Through the use of a sector-wide collective labor agreement, processing costs are lower. In general, it is easier to deploy flexworkers, as in a defined period they receive the same pay rate, no matter what sector they work in. Such sector-wide collective labor agreements that help the staffing sector to reduce cost, a reduction that can be passed on to the clients, do not exist in other markets. In France, for example, unit labor cost for staffing is even higher than for permanent employees, due to equal pay with permanent employees during the assignment and required additional payments at the end of an assignment. This indirectly impacts the French gross margin negatively.

Gross margin differentials explained: added value experienced by clients

	NL	GE	FR	US	BE
Outsourcing HR activities	+	+	+/–	++	+
Level of specialties	++	+/–	+/–	++	+
Flexibility	++	++	++	n.a.	++
Idle time management	+/–	++	n.a.	n.a.	n.a.
Lower total labor cost	+	+	–	+/–	n.a.
Social acceptance/quality	++	+/–	–	+/–	++

Randstad's new markets
Our growth strategy means we are continually looking for opportunities in new markets. Randstad is already present in markets that make up over 80% of world demand for HR services. But as new markets emerge, we research and explore them very carefully before deciding if and how we will enter. We will also pursue acquisitions if an appropriate purchase or strategic alliance can accelerate building market share. In recent years, we have entered a number of new markets: China, Hungary, India, Japan, Poland, Sweden and Turkey. These are all markets with exceedingly low staffing penetration rates. However, we believe they will develop rapidly into significant markets for our staffing or other services.

How we grow our markets
In all our markets, we work on the basis of our strategic building blocks. Organic growth is pursued and achieved by introducing appropriate strong concepts, driven by best people most usually through our unique unit structure and excellent execution using standardized processes. Our growth model is known as the 'lily-pad'; where more lilies grow from a common stem until they cover an entire pond.
First, we do thorough research on the local market. Subsequently, when we have identified an area with sufficient market potential, a team of two consultants starts up a 'unit', this is the structure we use to grow our business. A third consultant is then added when the unit reaches maximum capacity. Then, we add a fourth consultant and split the unit into two. As the business grows, more and more units are added, including specialties and new services.

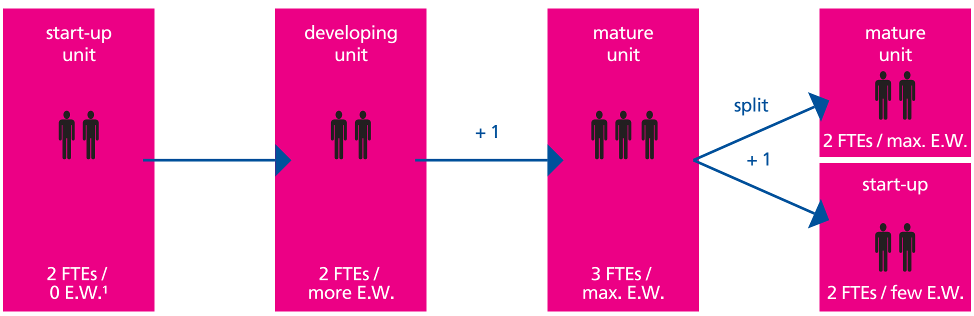
Once we have covered a particular area thoroughly, we consider opening a new branch. There are strict criteria for the expansion of our branch networks. As our business and market share in the first location grows, we move into an adjacent area where we repeat the growth model.

Main market developments, Europe and North America, 2006
in billions in local currency

Countries	Market-size[1]	Market-growth in %	Market-share in %	Market position
Belgium/Luxembourg	**3.7**	16	25	1
Denmark	**5.1**	17	4	5
France	**20.4**	7	3	6
Germany	**9.4**	25	14	1
Italy	**5.3**	23	5	5
Netherlands	**7.9**	18	37	1
North America	**77.5**	4	2	8
Poland	**1.2**	35	21	1
Portugal	**0.7**	9	7	3
Spain	**2.8**	9	18	2
Sweden	**13.7**	26	2	10
Switzerland	**2.3**	23	4	5
United Kingdom	**25.0**	2	1	10-15

1 based on 2005 figures and estimated growth rates

Lily-pad model



[1] E.W. = employees working

Market reviews

Randstad in Belgium and Luxembourg

One of the most developed markets for staffing and HR services, Randstad offers the full range of services in Belgium, including HR solutions. Randstad is overall market leader, not only in mass-customized and a number of specialties, but also in professionals. We reinforced that position in 2006 by matching general market growth of around 16%.
In mass-customized specialties, we brought in above-market performance of 25% organic growth. A further opportunity for growth in mass-customized is the small- and medium-sized business sector, which still has a relatively low penetration rate in this otherwise well-developed market.
Randstad Inhouse Services opened its 100th location. In-house is a growing market with significant potential for cross selling, an opportunity that we are pursuing. Randstad interim professionals had a good year – this concept will be further expanded in 2007.
HR solutions was launched in Belgium in late 2004. In 2005 and 2006 we reinforced the range of services through two acquisitions. These have been integrated into Randstad, strengthening our position in both payrolling and outplacement. Outplacement expertise is in great demand. We manage outplacement for companies looking to rationalize or restructure their workforce. Another important factor is recent legislation aimed at retaining mature people in the labor market, which requires employers to find suitable new challenges for their older workforce. Both offer growth opportunities for HR solutions and Randstad is expected to take market leadership in 2007.
With the full range of services firmly in place, Randstad Belgium is now focusing on an image shift in the market. The goal now is to make the Randstad name synonymous not only with high-quality flexwork and specialty solutions, but also with work in all its forms and services.
Randstad Luxembourg continued its strong performance in finance and other skilled specialties. The launch of HR solutions has already been recognized – Randstad Luxembourg was awarded 'best outplacement services' in 2006.

Development main geographic markets Randstad Group, 2006

in millions of €	Revenue	Total growth %	Organic revenue growth %
Netherlands	**2,912.2**	18	18
Germany	**1,307.4**	66	40
North America	**1,270.7**	8	9
Belgium/Luxembourg	**923.6**	16	16
France	**532.2**	13	13
Spain	**498.0**	20	20
Italy	**253.2**	35	35
United Kingdom	**249.0**	35	7
Other Europe	**223.4**	39	39
Asia	**16.4**	–	–
Total	**8,186.1**	23	19

Randstad in Canada

In Canada, we have built a strong position, especially in the important Montreal region where we are market leader in regular staffing and permanent placement. We have taken market share in all provinces. Organic growth of 35% in 2006 was once again well above market growth, which was around 5%. Permanent placement growth was particularly strong in 2006. Revenue increased by 50% from 2005. Specialty focus on skilled trades and other professional profiles continues. Through the reporting year, five new branches were opened, with a further expansion planned for 2007. In late 2006, we launched our first branch dedicated to recruitment and selection of professionals in Montreal with specialized units for HR, accounting and sales & marketing, in line with market demand for these professional profiles.

Randstad in China

China is a very new market for both Randstad and staffing and HR services. Randstad is, therefore, establishing its footprint here with a specific focus on search & selection and payrolling services. We entered this high-potential market in 2005 with one branch in Shanghai. We now have two branches, one in Shanghai and a new branch in nearby Suzhou. This region is China's financial and services heartland, with many international companies opting to locate here. This creates real opportunities for growth. In early 2006, we acquired a 47% stake in Talent Shanghai, which provides payrolling and other HR services to both international and domestic clients. We will continue to grow our business in China, following our growth model to gradually expand the offering.

Randstad in Denmark and Sweden

Our operations in Denmark are growing fast. In 2006, we outperformed the market by 7% in an economy with very low unemployment rates. The issue in Denmark is scarcity and Randstad is tackling it creatively through dedicated search drives for both flexworkers and permanent placement candidates. This is also an opportunity for Randstad to pursue its specialty activities, including search & selection. Hospitality and catering, call centers and technical personnel all contributed to growth. The Danish market is ready for in-house services and this concept was launched in 2005. Three locations have already been opened.

In Sweden, we came from a small base but we have almost doubled our business compared to 2005. We strongly outperformed the market. This growth has led to the expansion of our branch network in the south of Sweden; our network now covers 90% of the Swedish market for staffing and HR services. We will continue to focus on the high-skilled industrial specialty that is driving our growth and expansion.

Randstad in France

Randstad in France consistently outperforms its market and is market leader in the transport specialty. All of our specialties are offered through our so-called centers of excellence, where we cluster know-how and streamline client needs. In France, we are acknowledged as the most innovative when it comes to in-house services. These are primary growth drivers. However, all of our services, including permanent placement introduced after deregulation in 2005, contribute to growth. Unemployment rates are falling slowly in France, but the young are still finding it difficult to enter the labor market. Often, working through Randstad offers the first opportunity to gain work experience. In 2006, we launched 24 new units to manage specialty business. In 2007, the focus will be on investing in expanding our permanent placement specialty.

Randstad in Germany

With overall market penetration at only around 1% and a partially deregulated playing field, growth potential is significant in this huge market. We have long been a leader in Germany. Deregulation only occurred in 2004. Since then, our growth has been spectacular – in 2006, Randstad created more jobs in Germany than any other individual organization, for the second consecutive year. Germany is now also the second biggest contributor to Group revenue. In 2006, we opened 15 new branches, while acquisitions added many more. We are also recruiting to drive our own growth, much of which was managed initially by enormous improvements in productivity. For our clients, there is appetite for the flexible deployment of the right quality applicants. Skilled technical personnel and white-collar finance, administration and secretarial profiles are difficult to find in some geographic areas. We are investing in major search campaigns to meet these needs. In addition, many German companies are still over-staffed. Regulations require outplacement of surplus personnel, so outplacement services are in demand. In-house services is growing rapidly. By working closely with mass-customized and specialty units, we are also opening up cross-selling opportunities. Yacht is performing very well, specifically through its technical/ engineering focus. The newly acquired companies Bindan (mass-customized) and Teccon (engineering projects) are both performing above expectations.

Randstad in Hungary

We have been present in Hungary for three years. Our team in the capital Budapest has consistently followed the lily-pad model and now has 20 consultants working in 10 units. The focus is permanent placement for both international and domestic companies. Call centers are proving a strong specialty – traditionally, Hungarians speak more languages, and this ability is highly attractive in the call center business. Throughout its three years of activity, Randstad Hungary has consistently outperformed the market. 2006 is no exception.

Geographic composition gross profit

in millions of €

Countries	2006	2005	Δ%
Belgium/Luxembourg	**173.6**	145.7	19
France	**75.5**	64.7	17
Germany	**325.4**	197.4	65
Italy	**42.9**	32.2	33
Netherlands	**708.1**	609.8	16
North America	**227.2**	224.0	1
Spain	**80.3**	68.1	18
United Kingdom	**53.3**	33.0	62
Other Europe	**41.2**	30.2	36
Asia	**3.1**	0.1	–
Total	**1,730.6**	1,405.2	23

Randstad in India

We entered the Indian market in late 2005 through acquisition of the well-established EmmayHR, one of India's top providers of search & selection and training. Although staffing is in its infancy here, the acquisition has enabled us to enter the market in a significant way. With branches in Mumbai, Pune, Bangalore and Hyderabad, EmmayHR was already well positioned in this high activity region and ranks number two in the total market. In 2006, we began introducing specialties. Customer support and other business-process outsourcing are developing rapidly here; in India, permanent placement rather than flexwork is the norm, so EmmayHR is managing permanent placement for this growth segment.
As EmmayHR continues to build on its market position, Randstad opted for a further reinforcement of its service offering through the acquisition of Team4U in 2006. This general staffing services company ranks among India's top five and is distinguished by its forward thinking. Systems for both sales and administration are internet-based. The combination with EmmayHR is seen as opening up even more potential for growth in this exciting and challenging market. A prospect for our activities in the Indian market into the future is search & selection for cross-border clients. While still in its infancy, initial exploration of this segment shows large potential.

Randstad in Italy

Our growth has again been considerable. We outperformed a strong market (23% growth) by 12%. Much of this growth has come from improved unit productivity in mass-customized. The specialty market is growing gradually and we have launched health care alongside our high-performing call center service. More and more clients request support on outsourcing, coaching and pure consultancy. We have already built a significant reputation in this field. A contributor in 2006 is in-house services. This was a new concept for clients when we began marketing in-house services in 2004.

In 2006, our message was firmly embedded; the in-house services segment doubled its business in the reporting year. The mass-customized branch network grew by 11 new locations, the majority situated on the Adriatic coast. This is in line with the Randstad growth model. Another major achievement, this time on excellent execution, is the reduction of the moving average of Days Sales Outstanding from over 80 days in 2005 to between 50 and 60 days in 2006.

Randstad in Japan

A greenfield operation launched in September 2006, Randstad in Japan is very much a start-up in this fast-developing staffing market. However, in the past, the staffing market in the world's second largest economy was dominated by administrative and secretarial. Deregulation of the industrial sector and economic growth after 15 years of stagnation have opened up new opportunities for HR services. With the current 10 consultants, Randstad will pursue the growth model, focusing initially on search & selection of financial professionals.

Randstad Group in the Netherlands

This is Randstad's original home market. A highly developed market for staffing and HR services, with significant penetration rates, Randstad works here through several operating companies, including Randstad, Tempo-Team, Capac Inhouse Services and Yacht.

Randstad Netherlands
Offering the full range of staffing, specialty, (interim) professionals and HR solutions services, this is Randstad's most developed operating company, which is still the highest single contributor to Group revenue. The acknowledged market leader in the Netherlands, Randstad's continual innovation in this very sophisticated market led to strong performance in all services. The Dutch economy is picking up. In 2006, we expanded the number of mass-customized and specialty units. At the same time, the growing reputation of HR solutions is opening up opportunities to add value. The acquisition of PinkRoccade HR Services earlier in the year reinforced Randstad's payrolling activities; PinkRoccade HR Services currently manages payrolling for some 500,000 employees. However, establishing HR solutions takes time. This is a comparatively new product range. Randstad in the Netherlands will be investing heavily in building on existing business, for example in outplacement. New hires, also in 2007, will help drive the growth of this added-value business area by leveraging Randstad's reputation and undisputed HR expertise.

Tempo-Team
Outperforming the market and generating profitable growth, Tempo-Team is number two in the Dutch market. Tempo-Team has a very clear identity in the Netherlands. It specializes in seven sectors: logistics, food, hospitality & catering, teleservices, government, financial services and health care. Consistently, Tempo-Team develops and launches new products and services to meet the changing needs of these sectors. Most recently, SmartMatch was introduced for the logistics and hospitality specialties. SmartMatch is a permanent placement service that delivers three candidates for specific job profiles within two weeks. Demand has been strong from both current sectors. Tempo-Team plans to roll out SmartMatch to other sectors in 2007.

Capac Inhouse Services
As the model for the hugely successful in-house concept. Capac itself continues to grow in the Netherlands.
In 2006, through improved sales efforts, cost efficiencies and the transfer of some Randstad large-scale general staffing clients, Capac is generating solid growth with clearly improved profitability.

Yacht
Our interim professionals service, that matches graduates with work experience with clients on a secondment and project basis, generated excellent organic growth in 2006. Yacht revenue grew by 33% from 2005. Growth was strong in the traditional strongholds such as IT and finance but we also progressed in other competences such as legal, marketing & communications and HR. In certain areas, scarcity is emerging but with targeted efforts we attract the right number of professionals. We also continued recruiting freelancers, which opens up a large pool of interim professionals and mitigates potential idle time risk.

Randstad in Poland

Randstad is market leader in Poland. The staffing and HR services market grew by around 35%; Randstad's growth was more than 50%, reinforcing our top position.
However, penetration is minimal. We extended our network by increasing the number of branches from 15 to 25. Furthermore, the call center specialty is proving highly successful and we have already established eight search & selection units for professionals. Top performance was clearly

Outlets by country, year-end

	Branches		In-house locations		Total	
Countries	**2006**	2005	**2006**	2005	**2006**	2005
Belgium/Luxembourg	**141**	138	**104**	89	**245**	227
France	**114**	120	**52**	50	**166**	170
Germany	**328**	217	**110**	71	**438**	288
Italy	**131**	120	**19**	12	**150**	132
Netherlands	**529**	523	**298**	296	**827**	819
North America	**284**	315	**146**	109	**430**	424
Spain	**142**	143	**30**	22	**172**	165
United Kingdom	**69**	69	**57**	47	**126**	116
Other Europe	**68**	57	**27**	7	**95**	64
Asia	**21**	6	**0**	0	**21**	6
Total	**1,827**	1,708	**843**	703	**2,670**	2,411

visible in the in-house services segment, this year. With eight locations, the largest providing hundreds of flexworkers daily, in-house services is also proving a stepping-stone to cross-selling opportunities. Increasingly, we are managing payrolling and other outsourced HR processes, especially for international clients. The opportunity for growth is considerable.

Randstad in Portugal

In 2006, we matched market growth in Portugal, maintaining our number three position. Alongside regular staffing, we have consolidated our position as major provider of quality flexworkers for call centers and hospitality & catering – this latter specialty is focused on the very buoyant tourism sector in Portugal. Interim professionals was launched in 2005 and is gaining ground in sales & marketing, finance and engineering. In-house services made a major contribution to growth. Our existing branch network covers Lisbon and Porto. In 2007, we will be moving into central areas of the country.

Randstad in Spain

This is one of the more heavily regulated markets in the EU. Currently, government and labor unions are working on new legislation that could open up a number of sectors, such as construction and health care, to the staffing industry. However, it is still unclear what the outcome will be. Randstad is participating in these discussions and offering its expertise in creating flexibility while protecting flexworkers. In the meantime, Randstad is pursuing the growth model to bolster our number two position in the market. We again outperformed the market by 11%. Specialties are in great demand as clients seek skilled personnel in call centers and airport services. There is potential for Randstad Inhouse Services; we have already established 30 locations. HR services is performing well, as clients increasingly outsource such activities as search & selection and training. In December, we divested USI (Umano Servicios Integrales), with revenues of around € 23 million, in order to further improve focus.

Randstad in Switzerland

Ongoing deregulation and strengthening economic growth is opening up the Swiss staffing market. In 2006, we outperformed the market by around 19% primarily through strong growth in our staffing business. Skilled personnel is increasingly scarce as the economy becomes more confident. In-house services is another area of significant growth in Switzerland. Clients have welcomed the value of this proposition and we established two new locations in 2006. Cross-selling opportunities for mass-customized and specialties are growing rapidly. Always a highly regulated market, Switzerland eased restrictions on 'old' EU members in 2005; from June 2007, no work permits will be required. This means cross-border recruitment, specifically in neighboring Germany and France, will create new opportunities for us.

Randstad in Turkey

Turkey is a very new market for Randstad. Staffing and HR services are in their infancy in Turkey, an economy widely considered as a high-potential growth market into the future. Randstad is focusing on organic growth here, with clear focus on search & selection. This is a classic start-up operation for Randstad. The local market in Istanbul has been charted, six consultants – all graduates – are in place. We have launched our unit model successfully and are already supporting international and domestic companies in their search for professional and administrative personnel. In 2007, we plan to grow the number of units while maintaining focus on the Istanbul area.

Randstad in the United Kingdom

The UK is one of the original early staffing markets with considerable penetration rates. Randstad is growing gradually by focusing on a specific range of services. In 2006, we achieved considerable growth in the market for call center solutions and in in-house services, where we are now market leader. Search & selection performed strongly through the acquisition of financial search specialist Martin Ward Anderson in late 2005.

Randstad in the United States

The US cannot be seen as a 'single' market and Randstad has elected to focus on specific geographic regions. We have a clear strategy for developing and growing our business in the US. This is a four-step plan. Critical to this strategy is applying the right concept to the right market and sustaining profitable growth in both large-scale and middle market segments. This maintains the clarity and focus for each segment over time. First, we achieve cost savings and efficiencies in each concept; secondly, we transfer large-scale mass-customized clients to Randstad Inhouse Services. This way we can serve our large clients better, while, as this transfer is made, greater branch capacity is available for middle market focus and specialty growth. Our plan is well on track.
In 2006, our primary focus was consolidation and profitability. With organic revenue growth of 8%, we outperformed our chosen regional markets significantly and took market share. Specialties performed extremely well, as employers seek both professionals and skilled blue-collar workers. This demand is reinforced by caution among clients who need strong bottom lines and are willing to pay a premium for value-added services to boost their own performance. We increased our focus on the middle market as both the large and small business segments are more sensitive to economic shifts. New hire consultants will reinforce our growth-model objectives in this attractive middle market segment. We further expect cross-selling opportunities through Randstad Inhouse Services, which is growing rapidly.

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.

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, while at the same time avoiding mistakes and undesirable behavior.

With our risk & control framework, we aim for:
- proper monitoring of 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 and avoid mistakes;
- ensuring continuity of the company;
- avoiding significant negative financial impact on the Group's profit & loss account and cash position.

Randstad's risk & control framework
Randstad designed the risk & control framework, which is comparable to the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework, that sets the standard for our risk & opportunity management.

Securing Randstad's 'in control' position

The risk & control framework is part of the 'excellent 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 by the right 'tone at the top'. This is reflected in a consistent attitude and behavior of management so that all Randstad employees 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, if any, are disclosed in order to increase awareness and prevent reoccurrence.

- *Risk & opportunity assessment and key controls*
Identifying and analyzing risks and opportunities is an ongoing process and a critical component of effective internal control. On this basis, and on the Group's risk tolerance analysis, the key controls within Randstad's business processes are listed in the key control register; their effectiveness is continuously monitored.
Management of all Randstad companies sign off responsibility sheets semi-annually. Responsibility sheets explicitly define general management responsibilities and how these should be applied and executed. The executive board and local management discuss deviations from the standards set in responsibility sheets at quarterly review meetings.
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 (KPIs) and milestones are defined to measure actual performance versus planning.
Furthermore, the company has a monthly reporting cycle on 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. With the CEO and CFO, corporate accounting, business control and the external auditor, the Group's audit committee discusses and monitors 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.
The business control group 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, while taking controlled risks.
'Risk tolerance' is defined to ensure that the Group operates within the boundaries of risk & opportunity management.

The risk tolerance (or risk appetite) of Randstad is based on internal and external components, such as:
- business performance measures: EBITA target 5-6% on average through the cycle, with a minimum of 4%;
- financial strength in the long term: limit for interest coverage ratio and repayment capacity;
- liquidity in the short term: cash flow from operations and working capital;
- compliance with relevant rules and regulations;
- (economic) environment;
- reputation.

We will give an example of how the Group manages healthy EBITA performance through the cycle. Lessons learned from the previous downturn have influenced both our approach to the business and our risk management. Three factors are of major importance: revenue, direct costs and indirect costs. Our approach to these elements is affected by our risk tolerance.

Revenue
Profit protection starts at the revenue line. Our geographic spread has expanded. The business mix has been expanded and reinforced. In general, revenue from new services such as secondment and search & selection is more volatile than mass-customized revenue, but at the same time less cyclical services, such as payrolling and HR administration have been added. Standardized work processes help us to stay focused.

Direct costs
Due to internal policy changes and added possibilities due to changed legislation (new collective labor agreements in the Netherlands and Germany), we have significantly less flexworkers on contract than in the last downturn, while idle time management has improved. This makes us more flexible and reduces idle time risk.

Indirect costs
The largest source of indirect costs is personnel costs. Through the use of our unit steering model, we know when and where we have to reduce corporate staff if necessary. Controlled contraction of corporate staff levels is supported by regular staff turnover; bonus schemes are equally flexible.
Accommodation costs are a further substantial indirect cost, which has been made more flexible through divestment of real estate and restrictions on rental contracts, which, in principle, should have a duration of five years maximum.
IT costs have been made flexible through outsourcing of many functions so that costs reflect processed volume. We have also standardized our marketing tools, leading to lower fixed costs, while marketing support costs vary with volume. In general, the more flexible the indirect cost base, the lower the risk.

Many parts of the cost-control toolkit were developed in the last downturn, so we know how to use them. Success depends on reaction time and our improved reporting and review process should enable us to react faster than in previous cycles.

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 Group, 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;
- 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 according to the Randstad risk & control framework. The risk & opportunity management process is an integral part of the business planning and review cycle.

The Randstad Group is exposed to the following risks:

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

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

Example of strategic risk mitigation:

- Deregulation in law has had a positive impact on 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 deregulation. Conversely, due to focus on other initiatives, Randstad still has a very limited presence in the deregulating Japanese market. Having a broad spread of activities mitigates the effects of these kind of risks.

Operational risks
These are linked to those areas where the Randstad Group aims to create value on a daily basis. Personnel is our most important asset. 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. Another operational risk relates to the accounts receivable portfolio (the largest asset on our balance sheet).

Examples of operational risk mitigation:

- 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 procedure 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.
- 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%.

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 strikes.

Example of legal risk mitigation:

- Randstad aims to deliver 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 limit acceptance of 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 of organizational risk mitigation:

- Payrolling and invoicing processes depend on IT systems. 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 the security needs to be strengthened continuously.

Financial risks
Randstad'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, interest rates, the liquidity risk, investment risk and external reporting risk. Randstad's overall risk and opportunity management focuses to minimize potential negative effects on the financial performance of Randstad.

Foreign exchange risks
The foreign currency exchange risk of Randstad with respect to transactions is limited, because both income and expenses are generated locally. However, currency fluctuations can affect consolidated results because a portion of the cashflow is generated in currencies other than the euro. Translation effects may impact shareholders' equity.

Example of foreign exchange risk mitigation:

- Currencies other than the euro that are of primary importance for Randstad are the US dollar and the UK pound sterling. Currency exposures to the net assets of subsidiaries are monitored and, when considered necessary, primarily controlled through borrowings denominated in the relevant foreign currencies.

Interest rate risks
Market interest rates do not materially affect Randstad's income and operating cash flows. Randstad has no significant interest-bearing assets. Interest on almost all borrowings is variable.

Example of interest rate risk mitigation:
- In an economic downturn, when our earnings may be under some pressure, interest rates will tend downwards and floating interest rates are considered a natural hedge against the development in operational results.

Liquidity risks
Randstad maintains sufficient cash and has the availability of funding through an adequate amount of committed credit facilities, in order to minimize liquidity risk.
Within Randstad, derivative financial instruments are not used and hedging activities are not undertaken.

Example of liquidity risk mitigation:
- Randstad aims to maintain flexibility in funding by keeping committed credit lines available.

Investment risks
If Randstad does not possess reliable information about a potential investment, it may not be able to make the right (investment) decisions about the (future) value of that investment. This could lead to a fluctuation in the value of that investment.

Example of investment risk mitigation:
- Given Randstad's growth strategy, it is even more important to have a diligent investment process in place. When investing, there is a merger and acquisition (M&A) team appointed, responsible for the acquisition proposal. This proposal consists of: profile of the target; strategic rationale; valuation; integration plan; management positions and deal structure. M&A proposals always need executive board approval and, when above € 25 million, it needs supervisory board approval, in line with the by-laws of the executive board.

If, after all, the information gathered about an investment turned out not to be diligent enough, this could lead to a fluctuation in the future value of that investment

External reporting risks
If (future) shareholders do not possess reliable information, they may not be able to make the right (investment) decisions about the value of Randstad or parts of it.

Example of external reporting risk mitigation:
- We aim to have high caliber people in our financial departments. We have adequate key controls in our financial and external reporting processes, which are listed in our key control register. Figures from operating companies are cross-checked at different levels.

Reputation risks
Reputation can be lost gradually, as a result of poor service or dubious ethical practice. Also, if the other risks noted in this chapter are not properly managed, they could become reputation risks, which could harm our relationship with stakeholders and could turn into strategic risks. Randstad therefore also defines reputation risk as the leverage of other risks.

Example of reputation risk mitigation:
- 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 interests and expectations of our stakeholders. We actively communicate with them and invest in our public relations.

Developments in 2006 and priorities for 2007

Control environment
In 2006, Randstad evaluated the effectiveness of the Group code of conduct and the integrity code that relates to complaints, reports and concerns of employees about possible misconduct (whistleblower procedure). The reported number of complaints in 2006 has been low, specifically if benchmarked against other companies in the services industry. This low number is a confirmation of our strong corporate values and ethics. However, in 2007, the business control team will measure awareness of both codes among corporate employees in its business reviews.

Controls
In 2006, Randstad updated its key control register. The key control register contains a standard set of controls in each of our business processes. In 2007, our operating companies will implement these updated key controls in their processes.

Monitoring
The outcomes of the internal audits of the operating companies conducted in 2005 indicated the need for a legal action plan to strengthen Randstad's compliance with relevant rules and regulations. In 2006, the short-term objectives of this plan were met: an inventory of relevant laws and regulations, followed by legal self-assessment. The controls over and awareness of the legal risks within Randstad are continuously strengthened and mainly relate to laws on personnel identification, collective labor agreement, equal treatment and social security. Local management will introduce a bi-annual assessment and a follow up of the operating companies' risk response in 2007.

The outcomes of the internal audits of the operating companies conducted in 2005 further indicated the need to implement integrated risk management. In 2006, an integrated risk & opportunity management framework was presented to local management.
As of 2007, the operating companies will report their assessment of top ten risks & opportunities, including actions and deadlines, on a quarterly basis.

In 2007, the business control group will perform risk & opportunity-based reviews of selected operating companies.

Focus areas are:
- measurement of the awareness of the code of conduct and integrity code;
- follow up of the legal action plan;
- implementation of the key control register;
- follow up of integrated risk & opportunity management;
- contract liability risks.

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 may prevent us from achieving our objectives. However, the system cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations can be avoided.

The executive board has reviewed and analyzed strategic, operational, legal, organizational and financial risks to which our Group is exposed, and has reviewed the control environment for the financial year 2006. 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 2006, with regard to financial reporting risks, the executive board believes that:

- there is reasonable assurance that the financial reporting does not contain any errors of material importance;
- the risk management and control systems have worked properly in the year under review;
- there are no indications that the risk management and control systems will not work properly in 2007.

Income & financial position analysis

Income statement

Revenue
Group revenue increased by 23% to € 8,186.1 million, from € 6,638.5 million in 2005. Organic growth was an impressive 19%. Acquisition effects contributed 4% to growth, and the impact of currency effects on growth in revenue was negligible. As in 2005, we outperformed most of our markets and gained market share. Growth was strongest in the summer, but continued at around a 20% rate in the second half of the year. Double-digit growth was achieved in all markets, except for the US and Portugal. Especially notable was the strong performance in three of our four most important markets: Germany (revenue up by 66%, organically by 40%), Belgium & Luxembourg (16%) and the Netherlands (18%). Of the larger operations, Spain (20%) and Italy (35%) also contributed significantly to growth. In North America, organic growth was slower and amounted to 9%, but we still outperformed the market. The US market showed some signs of slowing in demand towards the end of the year; the European markets continued to show strong demand throughout the full year.

We acquired eight companies in 2006, Bindan and Teccon in Germany, Team4U in India, PinkRoccade HR Services, Gamma, Talent Academy and Worktoday in the Netherlands, Galilei in Belgium. Besides these acquisitions, we took a 47% stake in Talent Shanghai in China. The acquired companies performed in line with expectations. ProfCore in the Netherlands, PL Services in the US and USI in Spain were divested during the course of the year, as none of the three operations fit with our core competences and strong concepts.

Gross profit and gross margin
In line with increased revenue, gross profit increased in 2006 by 23% from € 1,405.2 million in 2005 to € 1,730.6 million. Although gross margin of 21.1% was about equal to last year's 21.2%, an upwards trend versus 2005 was visible in the second half of the year. The gross margin improvement that was started in 2005 in the US could not be continued in 2006. Growth in the large clients segments outpaced growth of clients in the middle market segments, resulting in downward pressure on the gross margin. In the US, a significant part of revenue has been transferred from mass-customized to in-house services. This enables us to better service these clients as they receive dedicated attention, while by providing in-house services, the larger accounts also become more profitable for us. At the same time, the transfers freed capacity in the network that will be used for the profitable middle market.

The interim professionals segment (predominantly Yacht Netherlands and Yacht Germany) showed an increased gross margin. Demand is clearly strong in this market and our operating companies recruited professionals aggressively to accommodate growth while effectively managing idle time. In addition, the hourly billing rates have increased in this segment, in line with improved positioning in higher segments and through the scarcity of certain profiles.

Consolidated income statement

in millions of €		2006		2005
Revenue	**8,186.1**		6,638.5	
Cost of services	**6,455.5**		5,233.3	
Gross profit		**1,730.6**		1,405.2
Selling expenses	**910.6**		771.6	
General and administrative expenses	**396.4**		342.7	
Total operating expenses		**1,307.0**		1,114.3
Operating profit		**423.6**		290.9
Dividend preferred shares	**(7.2)**		(8.4)	
Financial income and expenses	**(2.0)**		(0.8)	
Net finance costs		**(9.2)**		(9.2)
Income before taxes		**414.4**		281.7
Taxes on income		**(54.1)**		(39.8)
Net income		**360.3**		241.9
Earnings per ordinary share (€):				
Basic		**3.11**		2.10
Diluted		**3.10**		2.09
Diluted before amortization other intangible assets and impairment goodwill		**3.17**		2.15
EBITA [1]		**436.1**		299.1
EBITDA [2]		**484.2**		339.2
Operating expenses excluding amortization other intangible assets and impairment goodwill		**1,294.5**		1,106.1

1 EBITA: operating profit before amortization other intangible assets and impairment goodwill.

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

Gross margin, as such, is not a strategic target, since it is affected by many different elements, of which business mix (segments and geographical) and idle time issues are the most important. However, we aim to translate a certain percentage of the increase in gross profit into additional operating profit.

Operating expenses

Total operating expenses were € 1,307.0 million in 2006, compared to € 1,114.3 million in 2005. The impact of currency effects on operating expenses was negligible. Acquisitions resulted in an increase in operating expenses of approximately € 84.5 million. Operating expenses excluding amortization other intangible assets and impairment goodwill, in relation to revenue declined further to 15.8% in 2006 from 16.7% in 2005 and 17.2% in 2004. Given the strong demand in our markets and our own strong performance, we continued to invest in people and branches. In organic terms, 1,140 extra FTEs were hired and 137 branches were opened.

Our personnel form the largest part of our operating expense. Personnel expenses increased by 18.3% compared to 2005 (2006: € 898.7 million; 2005: € 759.6 million). The average number of personnel (in full-time equivalent) increased by 14.5% compared to last year. Besides the increase in salaries paid, other personnel expenses also increased accordingly. To safeguard our culture and strong concepts, a lot of emphasis was put on training of our colleagues. The recruitment and training of new people is key to success, especially in high-growth operations such as our German operation (doubled in size in three years).

In the other operating expenses, IT costs increased at a lower rate than the average increase in expenses. As we have made more effective use of existing IT infrastructure, and partly because an extensive IT project was implemented in the Netherlands in 2005, no similar sized projects were undertaken in 2006. We increased our marketing efforts and gained further brand awareness. The effectiveness of our approach is visible in the fact that we were able to achieve this with an increase in marketing costs that was below revenue growth. Finally, renewed focus on working capital management paid off and the trade receivables increased at a lower rate than revenue.

Net finance costs

Net finance costs remained at the same absolute level as in 2005, € 9.2 million. Compared to 2005, the dividend on preferred shares was somewhat lower. In 2006, the full benefit was visible of the re-setting of the return on these shares in November 2005 from € 0.34 (5.17%) to € 0.284 (4.32%); total dividend on preferred shares amounted to € 7.2 million against € 8.4 million prior to the re-setting.

Taxes on income

At the beginning of the year, we stated our effective tax rate would be about 18.5%, which is below the weighted average applicable rate of 32.7%. This difference is caused, among other factors, by the positive effect from the annual assessment of our US-related deferred tax assets and the fact that as per January 1, 2006, Randstad transferred its corporate treasury center from Amsterdam to Brussels, to benefit from new Belgian tax legislation (notional interest deduction facility).

However, as in 2005 and 2004, and in line with our tax planning, taxes on income in 2006 were also materially impacted by a decrease in the corporate income tax rate in the Netherlands; an amount of deferred tax liabilities (so-called recapture obligations) could be released to the income statement. In contrast, a decrease in the corporate income tax rate in Spain resulted in a charge to the income statement, as the value of our net operating losses in Spain went down correspondingly; and a revaluation of some tax assets had a negative effect on the P&L, as well. However, the balance of the one-off tax effects was once again positive and amounted to € 22.7 million (2005: € 10.5 million, 2004: € 44.0 million). As a result, the effective tax rate in 2006 amounted to 13.1%, compared to 14.1% in 2005.

Balance sheet

Non-current assets

Total non-current assets increased significantly by € 227.0 million to € 782.2. This was mainly caused by a large addition to goodwill in the balance sheet (from € 58.1 million to a total amount of € 213.4 million). The 2006 acquisitions were larger than the acquisitions in prior years. Intangible assets other than goodwill also increased accordingly (by € 56.4 million to € 77.3 million). This is a reflection of the value of client portfolios and the brand names of acquired companies. In line with further organic revenue growth, we invested € 50.8 million in property, plant and equipment and € 11.0 million in software. This was above the combined level of depreciation and amortization of non-current assets amounting to € 48.1 million (consisting of € 32.3 million depreciation plant, property and equipment and € 15.8 million amortization of software).

Non-current liabilities

The decline in long-term debt can be explained by our efforts to optimize our net cash position from a tax point of view. Given current interest rates, tax benefits of the debit position no longer outweigh the costs, so credit positions have been used to redeem the syndicated facility. The decrease in deferred income tax liabilities is the result of the decrease in the corporate income tax rate in the Netherlands.

Operating working capital

Operating working capital decreased by € 44.2 million to € 354.5 million at the end of 2006. As a percentage of revenue, operating working capital decreased to 4.3% of revenue. Given the growth of our business volume, this is an excellent performance. Within the Group, there is a strong focus on DSO and working capital. The operating companies are charged for their use of operating working capital. Trade receivables is the most important component we need to influence. The trade receivables in the balance sheet increased only by 11.9% to € 1,443.0 million. The moving average days sales outstanding decreased to 52 days, compared to last year's 53 days. All large operating companies decreased their DSO, with an especially notable performance by the southern European operating companies.

Balance sheet and cash indicators

	2006	2005
Balance sheet		
Operating working capital[1] in millions of €	**354.5**	398.7
Operating working capital as % of revenue	**4.3%**	6.0%
Days Sales Outstanding (moving average)	**52**	53
Net cash[2] in millions of €	**250.3**	206.0
Interest cover (EBITDA on financial income and expenses)	**242.1**	424.0
Cash flow in % of revenue		
Net cash flow from operating activities	**5.0**	3.6
Free cash flow	**4.3**	2.7

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.

Consolidated balance sheet at December 31

in millions of €	2006	2006	2005	2005
Assets				
Property, plant and equipment	**117.1**		99.3	
Intangible assets	**324.2**		111.3	
Deferred income tax assets	**329.0**		339.7	
Other non-current assets	**11.9**		4.9	
Non-current assets		**782.2**		555.2
Current receivables	**1,449.1**		1,292.5	
Cash and cash equivalents	**346.5**		453.8	
Current assets		**1,795.6**		1,746.3
Total assets		**2,577.8**		2,301.5
Equity and liabilities				
Shareholders' equity		**790.3**		536.2
Non-current liabilities	**514.1**		688.3	
Current liabilities	**1,273.4**		1,077.0	
Liabilities		**1,787.5**		1,765.3
Total equity and liabilities		**2,577.8**		2,301.5

Cash flow statement

in millions of €		2006		2005
Cash flow from operations before operating working capital		**382.6**		317.5
Operating working capital		**27.0**		(79.3)
Net cash flow from operating activities		**409.6**		238.2
Net additions in property, plant and equipment and software	**(59.1)**		(57.9)	
Net acquisitions of subsidiaries and associates	**(215.5)**		(34.3)	
Other	**(0.5)**		0.0	
Net cash flow from investing activities		**(275.1)**		(92.2)
Net cash flow from financing activities		**(224.3)**		(81.1)
Net (decrease)/ increase in cash, cash equivalents and current borrowings		**(89.8)**		64.9
Cash, cash equivalents and current borrowings at January 1		**336.5**		279.4
Net (decrease)/ increase in cash, cash equivalents and current borrowings		**(89.8)**		64.9
Translation gains/ (losses)		**3.6**		(7.8)
Cash, cash equivalents and current borrowings at December 31		**250.3**		336.5
Free cash flow		**350.0**		180.3

Net cash
Net cash amounted to € 250.3 million at December 31, 2006, which was € 44.3 million above last year's balance of € 206.0 million. Net cash is defined as cash, cash equivalents and current borrowings (2006: € 250.3 million; 2005: € 336.5 million) minus non-current borrowings (2006: nil; 2005: € 130.5 million). Randstad has a significant amount of committed credit facilities available, including the possibility of drawing under the € 650.0 million syndicated credit facility. The latter was signed in June 2006 to replace a € 330.0 million credit facility. Conditions have become more favorable and the credit facility now has a duration of five years, with the possibility to extend by another two years.
This credit facility fits with Randstad's growth ambitions, also outside Europe and North America. Growth requires operating working capital, especially in less-developed markets.

Cash flow statement

For the full year 2006, free cash flow amounted to € 350.0 million, almost double the figure of € 180.3 million in 2005. The improved cash generation stems from the increased operating result, the reduction in DSO in combination with relatively flat capital expenditure. The moving average of days sales outstanding (DSO) improved to 52 in Q4 2006 from 53 in Q4 2005. Full-year capital expenditure amounted to € 61.8 million, compared to € 62.0 million in 2005. From our free cash flow, we spent € 215.5 million on acquisitions and disposals (€ 219.2 million spent on acquisitions and € 3.7 million received on disposals).

Corporate social responsibility

Does finding jobs for over 300,000 people every day mean that you are socially responsible? Or does it mean that you are running a good business? To us, it means both.
At Randstad, we pride ourselves on being a socially engaged organization. We care about and are genuinely interested in our clients and all the people who come to us for work. For many, we are the door through which they enter the labor market. European branch organization CIETT (international confederation of private employment agencies) indicates that 41% of flexworkers are in longer-term employment within one year of their agency work assignment. The same study shows that 17% of work done through agencies would not have been carried out had the option to hire flexible staff not been available. Additionally, 38% of work would have been carried out using other flexibility solutions, such as overtime, which does not contribute to employment creation.
If we can provide jobs with growth potential, in safe environments, and with fair pay, then we are doing our job. Helping people find jobs, in turn, benefits us. Therefore, doing business well and being socially engaged go hand in hand.

Our commitment does not stop at helping flexworkers find jobs and our clients the ideal candidate. We take our central role in society seriously. In this section, we outline the internal and external CSR measures – and provide some quantifiable data – we take to meet our social obligation of being a company with integrity.

In any company, advancing the CSR agenda is a step-by-step process. Each year, a company builds upon what was achieved the previous year. For Randstad, the foundation was laid in the 1960s, when our founder outlined the company's core values: to know, to serve, to trust, striving for perfection and the simultaneous promotion of all interests. Since then, even as we grow into new regions and expand our service offerings, we have stayed true to these values. Our long-standing commitment to the 'simultaneous promotion of all interests' proves that advancing and improving the CSR agenda is at the heart of our way of doing business.

The rationale for including the simultaneous promotion of all interests in our core values is straightforward. Randstad is part of a network of stakeholders with varying interests. These include 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. By working to promote all interests – for example, by helping companies and institutions develop networks, and by negotiating collective labor agreements (CLAs) with labor unions – Randstad benefits as well. Based on this premise, Randstad was the first staffing organization to work closely with governments to set out labor guidelines for the fledgling staffing industry. In the 1970's, as one of the pioneering members of the Dutch federation of staffing agencies, Randstad played a pivotal role in the negotiations of CLAs for its flexworkers. This CLA is now an industry standard. Randstad's proactive efforts helped the staffing industry gain acceptance as an important player in creating a sound, inclusive economy.

Global and local CSR milestones in 2006

- Supervisory board agrees to relevant indicators to HR sector for reporting;
- Integrity code anonymous call-in line activated across company;
- Group-wide security policy IRIS established for safety of flexworkers and employees;
- VSO: employees from throughout company on volunteer missions in developing countries. Financial and contribution in kind over € 1.25 million for 2006.

The Global Reporting Initiative (GRI) proposes CSR reporting indicators for organizations to follow. We identified those indicators that are HR- and labor market-related and relevant to our company. We aim to gradually increase the reporting on the various indicators described below over the coming years and to work towards a coherent, holistic and verifiable management of the CSR aspects in our company.
The indicators are:
- labor market relations: the regulatory environment and stakeholder dialogue;
- diversity and (re-)integration;
- health & safety;
- career development & training, including gender diversity;
- satisfaction measures & receiving and addressing complaints;
- volunteerism;
- environmental measures.

Labor market relations and stakeholder dialogue
In our day-to-day business operations, Randstad is in constant dialogue with all its stakeholders. Stakeholder involvement – be it through employee participation, government dialogue, client events – provides management with a good means of assessing the social impact of entrepreneurial decisions.

Internally, employee participation is encouraged through a network of Works' Councils that regularly brings together managers and employees across the organization to discuss work- and HR-related issues. We have Works' Councils in many of the countries where we operate. Dialogues take place at a national level, and the results are fed into an international platform. This platform meets twice a year to discuss social policy issues and general business information relevant to Randstad Group companies. Externally, Randstad very actively engages in social dialogue with labor unions, at both the national and European levels. Additionally, labor unions, specifically UNI-Europa, the representative labor union for services in Europe, are also invited to attend the international platform meetings as observers.

Regulatory environments
In many countries (such as the Netherlands, Germany, France, Belgium and Spain), Randstad has been instrumental in positively transforming perceptions of the staffing sector. From a business perspective, we work hard for the creation

of CLAs because they give us room and flexibility to operate, especially if they are legally binding and universally applied. A system whereby flexworkers' assignments with user companies are negotiated via CLAs means protection for the flexworkers and gives us the opportunity to make use of the changing dynamics in national economies. While this varies from country to country, we generally renegotiate CLAs – also with labor unions – every year.
The so-called Social Dialogue (with governments, labor unions, employers' federations, etc.) has resulted in Randstad's free negotiation of CLAs in most of our markets.

At European level, Randstad is actively engaged in dialogue between UNI-Europa and Euro-CIETT, the bodies representing labor unions on temporary work and our industry. These two European associations have organized round tables to promote social dialogue in the member states where this is not yet standard practice. The EU Commission (General Directorate of Employment Social Affairs & Equal Opportunities) moderates these discussions.
In 2006, there were three social dialogue meetings at the European level: in February, July, and October. Minutes and agendas to these meetings are published on the EU Commission website. Four meetings, three working group meetings and a plenary meeting are scheduled for 2007. Topics for discussion include the organizations ongoing progress on issues such as 'flex-security', health & safety and HR trends.

Diversity and (re-)integration
Randstad believes that in order to serve the communities in which it operates, it must reflect the diversity of that community. A diverse workforce, in line with the demographics of Randstad's many different markets, also provides a competitive advantage and helps acquire new business.

In terms of internal hiring, one of Randstad's strategic building blocks is 'best people'. Randstad seeks out talent regardless of a person's race, skin color, gender, sexual preference, creed, age, political conviction, country of origin, disability or social background. This is outlined in Randstad's HR standards that state: 'diversity is recognized as an added value'.

Measuring the diversity of our employees and flexworkers is a complex task. In some countries where we operate – France, for example – registering one's ethnicity is prohibited; it is not considered relevant job-specific information. However, this should not prevent companies from taking proactive steps to ensure the proper integration of groups most marginalized in society. The opportunities to engage in, or join activities on, this issue differ from country to country.
In France, we have signed 'la Charte de la Diversité', and are members of IMS, the association responsible for promoting diversity. Additionally, we are active members of the Diversity commission of the PRISME, the French Confederation of Private Employment Agencies. We participate in the Diversity Commission of the HR Directors Association (ANDCP) and work with the HALDE (High Authority of the Fight against Discrimination) to determine unbiased quality measurement tools. Also in France, our informational materials are translated into Arabic. While it is a proactive step to include immigrants in the workforce through our efforts to hire flexworkers from this pool, it is also commercially in our best interests.

Randstad Belgium has introduced a service to clients called Randstad Diversity, which provides equal opportunity and competency management advice. With local partners (NGOs, non-profit training and coaching organizations, government and other parties), Randstad helps both businesses and jobseekers alike. For example, Randstad Diversity (Belgium) is official 'coaching partner' of Forem – the employment agency for the French-speaking government branch – for disadvantaged people.

Other re-entry and integration projects within Randstad include the creation of foundations for disabled people, youth and immigrants in both Spain and Germany.

CIETT data indicates that 40% of the workers employed through temp agencies belong to the category defined by the OECD as 'outside the labor market' (i.e. long-term unemployed, first-time entrants to the labor market, women accessing the labor market, older people, etc.). We take pride in the fact that for many, Randstad is the entryway for people's first introduction to the labor market. This is important for all of society, but nowhere is it more important than for those who are marginalized. Randstad offers a means to build experience (and skills training if required), which translates into better integration, giving people the sense of self worth that results from being employed.

The European Commission has designated 2007 as the European 'Year of Equal Opportunities'. Leveraging the diversity knowledge and activities that already take place in the operating companies, and our leadership role in society, Randstad will do more to make diversity a key business issue in the years to come.

Health & safety
At Randstad, we believe that the highest labor standards are a right. We adhere to all labor standards, and where there are few or none, we lobby for their introduction, while continuing to apply our own high standards until sector-wide measures are in place.

The Randstad Group strives for an overall lower absenteeism rate (illness) per operating company than the country average. The Group companies whose rate is above their country's average must submit a plan to the corporate HR department and deliver a program to improve their rates.

At Randstad, we recognize that a number of work-related accidents can be prevented. This is why it is important to educate both employees and flexworkers on health & safety issues. Additionally, accidents and absenteeism involve costs, so it simply makes good business sense to ensure workers are healthy and productive. There is also a correlation between employee motivation and the sick leave frequency. Hence, it is in our best interest to keep employees motivated and work-related sick days and accidents to a minimum.

Different reporting structures on accidents exist in each country where we operate. For this reason, each operating company has a health & safety officer who records this information, usually each quarter, according to local regulations.

On a proactive level, Randstad addresses occupational health & safety in a number of ways. For example, every year Randstad Netherlands carries out a week-long Health at Work program, to raise awareness and educate employees and flexworkers. Activities in this week include first aid demonstrations and healthy lifestyle tips. Randstad Germany follows a health & safety program outlined in their policy paper: 'a dynamic strategy for the prevention of occupational accidents'. Health & safety is also a component of the introduction programs for new employees.

Targets for reducing workplace accidents, and hence employee absence, depend on the frequency of accidents and the duration of absence of workers in each operating company. In the US, the target for 2007 is to achieve a 10% improvement over the US Occupational Health and Safety Administration rate. In Spain, the target is to reduce workplace accidents by 10% in 2007. Through various measures, the frequency of work-related accidents at Randstad in Belgium has decreased 40% in the last five years.

Average percentage of absent employees in 2006

	% Total number of employees	In days
Netherlands	6.3%	44,714
Germany	2.9%	12,987
Belgium/Luxembourg	5.5%	17,926
Spain	5.9%	15,351
France	4.4%	8,035
Italy	6.2%	7,705
Group-wide	3.9%	141,243

Absenteeism is mostly due to sickness. Absenteeism due to occupational accidents is less than 1%. For example, at Randstad the Netherlands, 5 out of some 3,000 employees had an accident (0.16%), and 423 of some 60,000 flexwerkers had work-related accidents (0.73%).
Randstad in the US tracks injuries and illnesses as required by the Occupational Health and Safety Administration (OHSA). The tracking system requires that injuries/illnesses of internal employees and flexworkers be combined on the reporting system. They are not tracked separately. The current OHSA frequency rate for Randstad in the US is 9.65 injuries/illnesses per 100 employee/flexworkers. The US management team meets regularly to review accident frequency and cost. A risk assessment tool, which will help branch personnel properly assess a prospective clients work site will be implemented in the first quarter of 2007.

Group-wide security policy

In recent years, we have experienced security risks, ranging from fires to violence and threats made to employees.
A standard approach was required to respond to these events in a timely manner.

To help manage security, and as part of the activities to continuously improve Randstad's risk management, Randstad developed a uniform Group-wide security policy, the Initiative for Randstad's Improved Security (IRIS). A standard, company-wide security policy is in our collective best interest, so that we always follow the same steps in a calamity, regardless of where the calamity takes place.

Career development & training

Total out-of-pocket training costs of employees and flexworkers in millions of €

	2006	2005
Corporate employees	12.4	11.0
Flexworkers	26.7	13.2

Whether it is to ensure our flexworkers are highly qualified, or our consultants are the best in the business, human capital development is integral to the success of Randstad. Training and career advancement opportunities to help candidates fulfill their ambitions are central to this belief and help Randstad meet global strategic growth ambitions. We have projected how many new managers need to be appointed over the coming years. Of the new recruits at branch level, the assumption is that 15 to 20% will one day become Randstad managers. Randstad's aim is to fill 80% of all promotions from within the Group, and in 2006 that figure reached 81% (81% 2005).
Training ranges from the introduction of consultants to top management training programs.

Ongoing assessments along the career path enable consultants to define and refine their ambitions. At the Randstad Institute, six programs have been developed – including the senior executive and the development and coaching of people programs – where more than 200 international managers, managing directors and directors are trained every year. Subsequent coaching and in-depth management training helps them further develop their skills in a direction that is both aligned with their goals and beneficial to Randstad's needs.

Besides introduction training, on average more than 80% of our employees across the organization received training of some sort in 2006. Examples include sales training, team management, account and treasury management and labor law.

While career development is a motivating factor in keeping employees committed to Randstad, internal promotion also ensures that knowledge is retained and our corporate culture remains strong.
Randstad operating companies set aside a specific budget for training flexworkers. Training is dependent upon the needs

of the client and the labor market. This can include callcenter training, sales training, IT training, driving training, restaurant kitchen hygiene, forklift operation, etc.

Gender diversity
While this varies per operating company, up to 80% of Randstad employees are women. Because of our flexible work environment, our training and career advancement opportunities, we are an attractive employer for women. A look at the table of women in management indicates that Randstad is advanced, offering women many opportunities and career growth potential. At the same time, we recognize that society can do more and that we can play a role in breaking the so-called glass ceiling.
We will contribute by:
- treating women equally to men, with equal training opportunities and salary grades;
- maintaining flexible work solutions to keep women employees engaged in the company;
- raising awareness, and encouraging clients to hire more women, and governments to remove barriers and introduce more flexible work legislation that is conducive to the hiring and career development of women;
- continuously striving for an 80% internal promotion rate, so that women in the workforce have the opportunity to grow within the company, and apply their learning wherever they take their career.

Women in management

Netherlands	37%
USA	55%
Canada	67%
Germany	38%
Belgium/Luxembourg	65%
Spain	43%
France	42%
United Kingdom	39%
Italy	41%
Poland	73%
Group-wide	44%

Percentages reflect women in district management or higher positions. The percentages would be higher if branch management level was included (for example Germany: 55%).

Satisfaction measures & receiving and addressing complaints
In line with Randstad Group HR Standards, all operating companies are required to conduct an employee survey at least every two years, and from 2007 every year. The survey is designed to evaluate employee satisfaction on motivation, work conditions, development, training, organization, compensation and benefits.

Besides the employee survey, most operating companies conduct both client and flexworker satisfaction surveys. While the client satisfaction surveys will differ per operating company and often by specialty, the questions concern relationship management, guidance and job match. Equally, the flexworker satisfaction survey will ask questions regarding job benefits, career guidance and development and job match. These surveys are often conducted anonymously, and various departments, such as communications and HR, use the results to guide their strategic activities and processes.

Randstad Holding conducted a cultural survey across the whole group in early 2006. More than 13,000 employees across the organization were asked to complete an anonymous survey. Given the complexity and detail of the survey – it was translated into 8 languages, and conducted electronically – the participation rate was high (over 55%). The results showed a high level of labor market knowledge, as well as a strong feeling of company pride. In those areas where issues needed to be addressed, the required improvements were made.

The code of conduct and subsequent integrity code
In the 2005 annual report, we communicated about the Group-wide code of conduct and provision for reporting misconduct – the integrity code. Both of these documents can be found on our website, and each new employee gets a copy in their company introduction package. At the same time, we communicated to our employees the dial-in number and website of the tip line hosted by a third party where people could call in to report misconduct, anonymously if desired. While misconduct is usually reported through the supervisor, the intent is that there be a reporting avenue open to employees if this route is not possible.

In a recent evaluation of the status of the whistleblower regulation, we registered a number of complaints. Group-wide, the results were:

	2006	2005
New complaints	**16**	5
Of which legitimate	**8**	5
Reported closed	**7**	5

According to our independent third-party provider, these numbers are lower than sector average. This is attributed to a possible combination of factors:
- we work in a company that does business with the utmost integrity, where the regular complaint procedures work well;
- since the integrity line is a method of last resort, employees are using the more regular channels set up by the operating companies through which to report their concerns or complaints;
- communication around the integrity code may not have sufficiently reached all levels of the organization yet.

In 2007, we will continue to communicate the purpose and existence of the Group-wide code of conduct and integrity code. Additionally, we will implement the code in the new geographies where we have opened, and introduce it to the new companies that have joined Randstad.

Volunteerism
In the same way that Randstad matches people with jobs,

NGO Voluntary Service Overseas (VSO) sends volunteers to apply their skills in a developing country. Now two years old, Randstad's partnership with VSO to help them alleviate poverty continues to grow. Because there are always a number of ongoing projects with VSO, from helping them with HR and IT issues to lending them office space, the measurement of our impact has been standardized. Our contribution and targets are measured in equal volunteer units (EVU). It costs € 19,000 to train and send a volunteer to a developing country for one year. An EVU is, therefore, measured in batches of € 19,000, whether it is money raised from our VSO fundraising activities, the hours a Randstad employee makes applying for grants on behalf of VSO, legal advice we provide or the value of the office space we give to VSO 'in kind'. In 2006, Randstad contributed over 50 EVUs to VSO, which is three times more than in our first year of the partnership (15 EVUs in 2005). This is in addition to the annual financial commitment of € 300,000 to maintain the partnership.

In terms of actual Randstad employee volunteers around the world, a total of sixteen volunteers were sent on assignment in 2006. They come from all over the Randstad Group, and their roles vary from HR and management professionals to financial advisors and IT specialists.

In addition to all other ongoing activities, VSO started two key projects with Randstad in October 2006. Based on the successful placement of Randstad's first volunteer to help a number of smaller NGOs with HR issues, Randstad and VSO started a project called HR Solutions Namibia. This project enables VSO to help smaller organizations that would not otherwise have the support and resources to bring in someone full time. Through HR Solutions Namibia, they can bundle their HR challenges and seek advice from a Randstad volunteer. If the pilot is successful, this HR solutions-inspired concept can be rolled out across other countries where VSO operates.

With Randstad's knowledge and 'in kind' support, VSO is starting a project in Indonesia aimed at helping the handicapped re-integrate into the job market. The first phase has already begun, whereby four volunteers are conducting a feasibility study of the project as well as developing an action plan. Implementation is planned for spring 2007.

Highlights for 2006 also include the production of a documentary video, highlighting the work of VSO, which has been aired by various TV stations, including the Discovery Channel.

Our target for 2007 is to increase our efforts again. The goal is to send more volunteers, raise more funds for VSO, help them streamline their HR and volunteer application processes and engage other partners.

Environmental measures
As a service-based company, Randstad is not a heavy resource user. Nonetheless, initial measurements of Randstad's ecological footprint have been taken at headquarters and a number of operating companies, with the aim of operating more efficiently. Our plan is to do a better job of tracking, and subsequently reducing (or maintaining, given the growth of our company), our ecological impact.
Monitoring is specifically aimed at the usage of electricity, water and other resources by our large operations, for example the Randstad headquarters.

Resource use at Randstad headquarters in 2006

Water	9,000 m^3
Central heating [1]	5,000 gJ
Natural gas (fallback energy source)	16,000 m^3/hour in 2006
Electricity [2]	4.0 million kWh
Paper recycled	71,000 kg of paper 15,000 kg of cardboard

1 Waste hot water central generating station is used to warm HQ.
2 Steps to improve energy efficiency have led to the reduction of 800,000 kW/h over the last 5 years.

Also recycled and re-used are printer cartridges, computers, printers and lighting. If they cannot be re-used, they are disposed of properly.

Environmental impacts are given strong consideration during purchasing. The Randstad general purchase conditions state: 'The goods will meet all the relevant legal requirements, such as but not limited to, requirements concerning import and export, both for the country of import, and the country of export, and the legal requirements concerning safety, quality, health, working conditions and the environment.'

Our fleet management indicates that Randstad uses 4,100 cars in the Netherlands. Total CO_2 emissions per year translates into approximately 30,000 tons.

Memberships and the lending of our core competencies
To share our knowledge and build on the experiences of others, Randstad is an active member of a number of organizations and played a role in a number of initiatives:
- CIETT – through our membership, we strive for well-regulated working conditions for our corporate employees, flexworkers and interim professionals.
- Randstad is a participant in the European Alliance on Skills for Employability, with a group of IT companies, such as Microsoft. The purpose of the Alliance is to increase IT literacy and professional training on employability prospects of the young, the disabled, older workers and other unemployed or under-employed people throughout the European Union. Randstad's role is to identify IT needs of clients, and help place people after they have received training. Randstad is the only employment link in this project.
- INSEAD Business School: Randstad is on the steering board of the Business and Society Roundtable, where managers share experiences on advancing the CSR agenda. Randstad also supported a diversity forum in 2006.
- Randstad provided flexworkers to the Global Reporting Initiative to prepare for their G3 launch.
- Randstad has a chair at the University of Amsterdam that focuses on the effect of demographic trends and migration

on the labor market. Randstad participates in many labor-related research initiatives at other universities as well.
- Signatory to the United Nations Global Compact.
- CSR Europe – our active participation means we can help stimulate socially responsible business practices.
- Samenleving & Bedrijf (Community & Company) – an organization that works for corporate social responsibility goals, including diversity.
- New Venture – Randstad provides advice and coaching to budding entrepreneurs.
- Bid Challenge – For the international Business Plan competition for poverty reduction and profit, Randstad employees contributed their knowledge, time, networks and energy to the initiative.
- Like Belgium, Randstad Italy has a SA8000 (Social Accountability 8000) certificate by the American NGO SAI (Social Accountability International), which guarantees that the company acts ethically with respect to eight ethical parameters.

Diemen, February 13, 2007

The executive board,

Ben Noteboom
Robert-Jan van de Kraats
Jacques van den Broek
Leo Lindelauf

List of Randstad awards and nominations 2006

February – Randstad Belgium joins list of Belgian companies signed on to the Diversity Charter of the Federation of Belgian Enterprises.

March – Randstad Foundation Spain awards several organizations for their CSR efforts and equal opportunity employment initiatives. The award of honor goes to Madrid's local government for efforts to promote equal work opportunities, and for integrating disabled job-seekers into the labor market.

March – Randstad secures 49th place at the prestigious The Sunday Times top 100 'Best Companies to Work For' awards, held in London.

April – Great Place to Work institute recognizes both Randstad the Netherlands and Tempo-Team as well as Belgium, Spain and Germany as 'Best Companies to Work For'.

June – Tempo-Team wins 'P&O Proffie', an industry award for the company with the most distinctive and progressive HR policy.

July – Tempo-Team voted 'Best Temping Agency 2006' in a study conducted by Dutch trade journals.

July – Randstad Spain selected as one of top 50 'Best Companies to Work For' by economic magazine Actualidad Economica.

October – Randstad Belgium is selected as one of the members of the steering committee of the Diversity Platform of the Flanders Federation of Belgian SMEs.

October – Randstad Belgium selected as one of the pilot companies for the Belgian Federal Diversity Label.

November – Randstad included in the Dow Jones Sustainability Indices for the third consecutive year. Attention given to human capital development, talent attraction and retention, labor practice methods and proactive approach to occupational health & safety.

November – Randstad Belgium's own CSR report is placed in the top 5 of Belgium's CSR reports according to 'Belgische Instituut der Bedrijfsrevisoren' with support from Business & Society Belgium.

December – Randstad Holding listed among world's 200 most respected companies based on study conducted by Reputation Institute in New York.

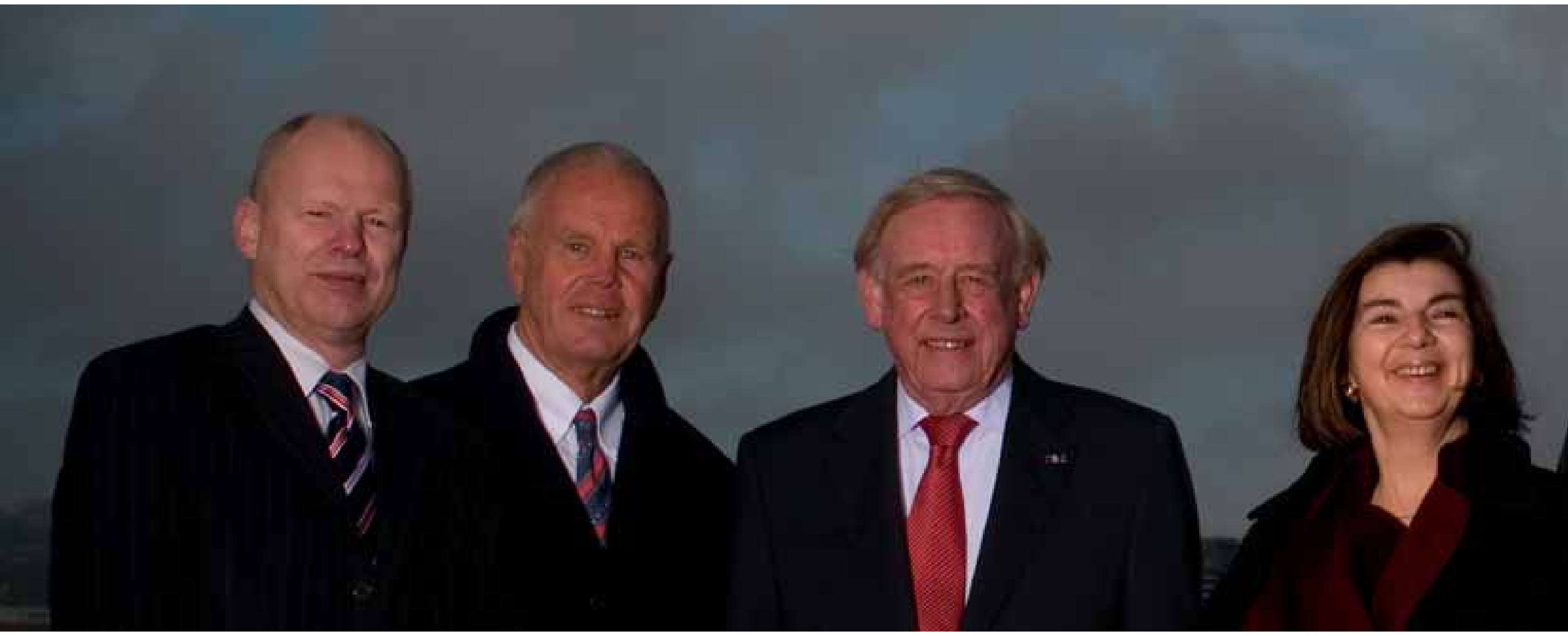
supervisory board

Fritz W. Fröhlich (1942)
Economist, former Chief Financial Officer and vice-chairman of the executive board of Akzo Nobel nv; chairman of supervisory board: Draka nv; memberships of supervisory boards: Allianz Nederland Groep nv, Gamma Holding nv and ASML nv.

Frits J.D. Goldschmeding (1933)
Economist, founder of Randstad and former president and CEO of Randstad Holding nv; member of the supervisory board of GVB-Amsterdam and MEA nv; chairman of Stichting Maatschappij en Onderneming.

Jan C.M. Hovers (1943)
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, Kusters Engineering nv, MPS nv, NEM Holding nv, MEA nv, Mobilly nv; memberships of supervisory boards: Wolterink bv, Randstad Groep Nederland bv and Mignot & De Block B.V.

Giovanna Kampouri Monnas (1955)
Economist, independent consultant; former president of the international division and member of the executive committee of Joh. Benckiser GmbH; memberships of supervisory boards: TNT nv, Puig SL; member of the International Academy of Management.



Willem Vermeend Rob Zwartendijk Frits Goldschmeding Giovanna Kampouri Monnas

	Nationality	Initial appointment	Current term expires	Committee memership
Fritz W. Fröhlich, chairman	German	2003	2007	Audit, Nomination & Compensation [1]
Frits J.D. Goldschmeding, vice-chairman	Dutch	1999	2007	Audit, Strategy [1]
Jan C.M. Hovers	Dutch	1995	2009	Audit [1]
Giovanna Kampouri Monnas	Greek	2006	2010	Nomination & Compensation
Willem A.F.G. Vermeend	Dutch	2003	2007	Strategy
Leo M. van Wijk	Dutch	2002	2010	Nomination & Compensation
Rob Zwartendijk	Dutch	1999	2008	Strategy

1 chairman of the committee

Willem A.F.G. Vermeend (1948)
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 Mitsubishi Motors Europe B.V.

Leo M. van Wijk (1946)
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.; member advisory board ABN AMRO Bank N.V.

Rob Zwartendijk (1939)
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.; chairman Stichting Beheer SNS Reaal.

Fritz Fröhlich   Jan Hovers   Leo van Wijk

report of the supervisory board

The reporting year, 2006, has been one of the most successful in the Group's 46-year history. Randstad Holding nv's supervisory board is gratified to report that the majority of five-year strategic goals set in 2002 have already been achieved in 2006. This achievement is due to the commitment and endeavors of all involved in Randstad and its Group companies.

For shareholders, it was also a very rewarding year. The executive board proposes to declare a cash dividend on ordinary shares of € 1.25 (2005: € 0.84 per ordinary share) and a cash dividend on the cumulative preferred shares of € 0.284 (2005: € 0.33 per preferred share). As Randstad Holding nv's supervisory board, we endorse this proposal. We further support the executive board's proposal to retain the remaining net income of € 215.6 and add it to reserves.

These proposals ensue from the financial statements contained in this 2006 annual report. Randstad Holding nv's Articles of Association (article 27) stipulate that we, the supervisory board, submit these statements to the General Meeting of Shareholders (AGM) annually. The financial statements have been audited and approved by PricewaterhouseCoopers Accountants N.V. (please see the auditors' report on page 103).

We propose the AGM adopts the financial statements and the appropriation of net income recommended by the executive board.

Structure of the supervisory board

In line with Dutch corporate government requirements, Randstad Holding nv's supervisory board is composed of members with a broad range of experience and expertise. Its role is to supervise the ongoing growth and development of the Group, monitoring its strategy, progress and performance and providing expert advice and support. The supervisory board comprises seven members. From its members, three dedicated committees are composed which focus on *audit*, *strategy*, and *nomination & compensation*. Committee members are appointed by the full supervisory board based on their relevant expertise.

Working method

Randstad Holding nv has structured reporting lines in place to the supervisory board and its committees. Key departments and operating companies work according to reporting frameworks that facilitate monitoring by both the executive and the supervisory boards. The supervisory board meets regularly throughout the year, according to a pre-arranged schedule, both with the executive board and senior management, and without the executive board. Outside this schedule, members are flexible and available to the executive board at all times. Committees come together at fixed times during the year, according to a pre-determined schedule, and when required. They report directly to the full supervisory board on a regular basis.

Supervision and advisory in 2006

In 2006, the full supervisory board met eight times. The executive board chairman participated in seven meetings and the full executive board in six. The auditors were involved in one full supervisory board meeting. Supervisory board committee meetings are scheduled ahead of full meetings to prepare decision-making. The audit committee met four times, always with auditor participation. The strategy committee came together twice. And the nomination & compensation committee met five times. There was almost no absenteeism.

Randstad Holding nv operates in a highly competitive environment. For this reason, it is inappropriate to detail many of the topics discussed and monitored by the supervisory board. However, the following overview is an indication of its supervisory activities – all topics and issues are recurrent through the year.

Key issues in 2006:

- strategy and growth, organically and through acquisitions;
- corporate planning projects, including potential mergers & acquisitions and strategic alliances;
- financial performance;
- management development, both short- and long-term programs;
- information technology;
- corporate social responsibility, including integrity code;
- budgets;
- evaluation and appraisal of supervisory & executive boards and individual member performance;
- composition of supervisory board and its committees, including new appointments;
- remuneration.

Strategy and growth are always top priority for the supervisory board.
In late 2006, this board had the task of reviewing future strategy in light of the fact that our main target to 2007 – EBITA of between 5 and 6% – has already been achieved. Through the reporting year, the supervisory board was involved closely in assessing current business goals and strategic planning into the future. As part of this ongoing development, acquisitions and strategic alliances in the Netherlands, Asia and a number with international coverage were focus points.

Management development is an equally key ongoing issue for the whole Randstad Group. The executive board plays a hands-on role in a range of programs aimed at developing Randstad people with the skills and capabilities to take on more senior positions. These programs are crucial as Randstad continues to pursue and achieve significant organic growth. For the supervisory board, continuity and succession planning are high priority to ensure sustainable growth into the future.

Since 2005, the supervisory board shares responsibility for and supports the Randstad Integrity Code. This code comprises a confidential telephone line and website where people can submit issues or activities that are illegal, or possibly in breach

of the Group's code of conduct or other relevant policies and procedures. Local integrity officers of operating companies report periodically to the central integrity officer, who gives quarterly account to the audit committee. If the reported misconduct concerns the top management of an operating company, the central integrity officer informs the executive board or supervisory board; either board may involve the audit committee for investigation and follow-up.
For more information, please see Corporate Social Responsibility on page 30.

Supervisory board committees

All of the above points and issues are discussed, monitored and supervised by the full board. In addition to company reporting on these topics, the supervisory board committees work closely with senior management to generate detailed information and recommendations. An overview of committee activities offers insight into the depth and span of supervision.

Audit committee
The audit committee comprises three members, Jan C.M. Hovers (chairman), Frits J.D. Goldschmeding and Fritz W. Fröhlich, who is the designated financial expert in the sense of the Dutch corporate governance code. However, each member has specific and extensive relevant expertise in the area of financial management.

Through the year, the audit committee is tasked with direct supervision of all matters relating to financial strategy and performance, its reporting, auditing, budgeting, internal audit and control, and recommendations to the supervisory board on the appointment and performance of external auditors.

On a regular basis, audit committee members discuss with the CEO and the CFO and his team, and with the external auditors, the 'building blocks' of solid financial performance and reporting. In 2006, these included market developments, also related to the geographic revenue mix, Days Sales Outstanding, operating margin development and impact of service offerings, gross profit ratios, including operating expenses and productivity, financing of the company, tax and legal developments, provisions and risk & opportunity management. The committee assists the CFO in determining audit strategy, scope and approach of external auditors, and monitors progress. With the executive board, the audit committee reviews quarterly and full-year financial statements, auditors' reports and management letters. Every year, the audit committee evaluates the performance of external auditors and makes recommendations. It also appraises its own performance, reporting to the full supervisory board.

Strategy committee
Willem A.F.G. Vermeend, Rob Zwartendijk and Frits J.D. Goldschmeding (chairman) form the strategy committee. This committee's activities were especially relevant during 2006, as Randstad further refined its (organic) growth goals following successful and early achievement of targets set to year-end 2007. Throughout the year, the strategy committee acts as sparring partner for the executive board, ultimately generating an annual strategy paper for discussion with the full supervisory board. It works with the executive board on updates of strategic targets and monitors and evaluates growth criteria. The strategy committee subsequently presents recommendations to the supervisory board on the avenues available to the Randstad Group in achieving its growth and targeted goals. In 2006, analyses of acquisition candidates, including economic and organizational factors, were key issues for this committee. Continuity and succession, also through management development programs, and requisite image and name recognition in recruitment were high priority.

Nomination & compensation committee
The nomination & compensation committee is chaired by Fritz W. Fröhlich; members are Giovanna Monnas (joined May, 2006) and Leo M. van Wijk. One of this committee's tasks is to make recommendations with regard to the Randstad remuneration policy for the executive board and the supervisory board, for adoption by the General Meeting of Shareholders (AGM). Fixed remuneration and variable compensation for the executive board is based on this approved remuneration policy. Variable components are linked to pre-determined individual and group performance targets. The nomination & compensation committee determines achievement of targets and ensuing bonus percentages, including stock options, making recommendations to the supervisory board. The annually published remuneration report covers every aspect of fixed and variable remuneration of the executive board and the supervisory board, and is first approved by the full supervisory board. Please see the remuneration report on page 40.
Based on benchmarks by an external remuneration expert in 2006, comprehensive proposals on the executive board's remuneration package and adjustments to supervisory board fees will be submitted to the AGM in 2007.

The nomination & compensation committee is also tasked with advice on candidates to fill vacancies in the executive board or supervisory board, to evaluate the performance of existing members, to review the long-term succession planning of senior management and to make recommendations on the composition of supervisory board committees. The process to engage a new supervisory board member resulted in the appointment of Giovanna Kampouri Monnas at the AGM in 2006. At that same AGM, Leo M. van Wijk was re-appointed as supervisory board member. Currently, the committee is preparing the nomination of three supervisory board members for re-appointment in May 2007.

In October 2006, the nomination & compensation committee recommended the appointment of Robert-Jan van de Kraats as vice-chairman of the executive board in addition to his CFO position. This nomination was supported by the full supervisory board; it underlines their confidence and recognition for the way he has given shape to his role in the company.

The supervisory board is gratified to report that Robert-Jan van de Kraats was voted 2006 'CFO of the year' for listed companies in the Netherlands. The prestigious Institutional

Investor publication awarded Ben Noteboom ‘Top CEO’ and Robert-Jan van de Kraats ‘Top CFO’ in the European Business Services segment.

Corporate governance best practice

In 2005, by-laws and terms of reference for both the supervisory board and its committees were revised in compliance with the Dutch corporate governance code. These documents can be reviewed on the website, www.randstad.com. The supervisory board of Randstad Holding nv takes the view that the code’s III.2.1 best practice provision on independence of members has been fulfilled. With the exception of Randstad founder Frits J.D. Goldschmeding, all supervisory board members are independent in the sense of the code.

Remuneration report 2006

This is a summary of Randstad Holding nv’s remuneration policy and the main points of the various compensation components, as well as an overview of the actual remuneration of the executive board and supervisory board in 2006. The full remuneration policy and report of Randstad Holding nv is posted on the corporate website, www.randstad.com.

Introduction
On May 10, 2005, the annual General Meeting of Shareholders (AGM) adopted Randstad Holding nv’s remuneration policy for 2005 and beyond for executive board members; in addition, the AGM approved the revised medium- and long-term share-based incentive plans.
All remuneration proposals for the supervisory board are submitted to the AGM for approval.

Remuneration levels are benchmarked against two peer groups:
a an international labor market peer group;
b an international performance peer group.

a The international labor market peer group represents the market in which Randstad competes for senior management talent. It is composed of twelve companies headquartered in five countries, reflecting Randstad’s international orientation. These peer group companies qualify as international staffing and business outsourcing companies, and are:
- Adecco S.A., Rentokil Initial Plc, Cap Gemini S.A., Atos Origin SA, Robert Half International Inc, LogicaCMG Plc, Manpower Inc, Vedior NV, Kelly Services Inc, Spherion Corporation, Labor Ready Inc and Volt Information Sciences.

b The international performance peer group, which is used as a benchmark for establishing performance criteria for the payout of variable remuneration components, reflects the market in which the company competes for shareholder preference. This group is comprised exclusively of staffing companies and can be characterized as ‘sector-specific’; it consists of the following companies:
- Adecco S.A., Kelly Services Inc, Labor Ready Inc, Manpower Inc, Robert Half International Inc, USG People N.V., Spherion Corporation, Vedior NV and Volt Information Sciences.

Executive board remuneration in 2006
In 2006, the compensation of the executive board was brought closer 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. This remuneration consists of a number of components that are explained here.

In keeping with the remuneration policy and actual performance in 2006, almost half of the total remuneration of executive board members in 2006 was accrued through performance against pre-set criteria.

The following amounts (in € 1,000) have been included in the income statement 2006 and 2005:

	B.J. Noteboom		R.J. v.d. Kraats		L.J.M.V. Lindelauf		J.W. v.d. Broek		**Total**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Fixed compensation:										
- Base salary	**690**	530	**490**	408	**430**	374	**430**	374	**2,040**	1,686
- Pension charges	**183**	140	**129**	107	**113**	98	**113**	98	**538**	443
Variable remuneration:										
- Short-term cash bonus	**500**	349	**367**	265	**323**	281	**312**	281	**1,502**	1,176
- Medium-term performance shares	**135**	333	**105**	257	**95**	235	**95**	235	**430**	1,060
- Long-term stock options	**285**	217	**208**	168	**192**	163	**170**	111	**855**	659
Other benefits	**24**	89	**31**	44	**9**	33	**20**	31	**84**	197
Total	**1,817**	1,658	**1,330**	1,249	**1,162**	1,184	**1,140**	1,130	**5,449**	5,221

Fixed compensation

Base salary
In the reporting year, the AGM approved a gradual shift of base salaries towards the base salary levels of the defined international labor market peer group; the next step will be made in 2007, based on a recent updated benchmark.

Pension scheme
The pension arrangements for the executive board members are based on defined contribution and are placed with an insurance company.
Randstad provides an annual contribution of 27% of base salary to the schemes of executive board members; the board members themselves contribute 8.5%.

The company has no specific early-retirement arrangements in place for board members.

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.
The total package of variable compensation is going to be reviewed at the AGM in 2007.

Annual cash bonus
Target cash bonus level for all executive board members is 50% of base salary 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% 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 goodwill) of € 3.17 and an organic revenue growth of 19% in 2006, the executive board outperformed on the two joint criteria; the individual targets have been achieved or outperformed as well. This resulted in bonus percentages of 72.5% for two board members and 75% for the other two board members.

Three-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 shareholder 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.

At the start of the period July 1, 2004 – July 1, 2007, numbers of shares awarded for 'at target performance' were determined for this three-year period.
The first of three equal tranches of performance shares vested in mid-2005. TSR measurements over the period July 1, 2003 thru July 1, 2006, ranked Randstad in a second position in its performance peer group, resulting in the vesting of 200% of the second tranche of the performance shares.
The number of performance shares vested is calculated as follows:
base salary per January 1, 2006 times 200% times one-third, divided by the share price at the start of the plan period (July 1, 2004: € 22.30).

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.
This resulted in the following numbers of shares:

	Number of performance shares 2006	Number of 2006 shares sold for tax purposes	Number of 2006 shares to be retained for 2 years	Total number of shares in possession[1]
B.J. Noteboom	20,613	9,388	11,225	19,845
R.J. van de Kraats	14,637	6,666	7,971	14,601
L.J.M.V. Lindelauf	12,858	5,856	7,002	13,080
J.W. van den Broek	12,858	5,856	7,002	13,080
Total	60,966	27,766	33,200	60,606

1 In addition, Mr. Lindelauf has 123 share depository receipts and Mr. Van den Broek has 26 share depository receipts.

The share price per the date of award was € 42.72.
In the income statement 2006 and 2005, the fair value in relation to the plan has been included based on a Monte Carlo valuation model; for the details and parameters, please refer to page 93 of the financial statements.

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[2] as a percentage of base salary, ranging from 0% to 100%.

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

In case, however, the executive board achieves certain predetermined EPS targets related to budget, they will be rewarded with the maximum grant of options: 170% of the base salary for members and 175% for the CEO, 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. The option term is seven years; the options are exercisable as of 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 2005 have been realized; the granting of stock options in May 2006 was based on 170% (CEO 175%) of base salary. This resulted in the following grants:

	2006		2005	
	Number	Value in €	Number	Value in €
B.J. Noteboom	**22,471**	**362,000**	32,320	263,000
R.J. van de Kraats	**15,500**	**250,000**	24,170	197,000
L.J.M.V. Lindelauf	**13,616**	**219,000**	22,155	181,000
J.W. van den Broek	**13,616**	**219,000**	22,155	181,000
Total	**65,203**	**1,050,000**	100,800	822,000

The value of the stock options is based on a binomial valuation model. The expenses included in the income statement relate to the vesting of stock options from 2003 to 2006, based on this valuation model; for the details and parameters of the model, refer to page 93 of the financial statements.

The numbers of stock options outstanding per December 31, 2006 are:

	Year of granting	Option price (in €)	January 1, 2006	Granted in 2006	Exercised in 2006	Share price at exercise	December 31, 2006	Exercise period ends in
B.J. Noteboom	2002	17.50	32,000		32,000	47.10	–	
	2003	10.50	78,500		78,500	47.69	–	
	2004	23.75	34,200				34,200	May 2011
	2005	28.70	32,320				32,320	May 2012
	2006	53.70		22,471			22,471	May 2013
L.J.M.V. Lindelauf	2003	9.10	63,500		63,500	47.69	–	
	2004	26.75	27,700				27,700	May 2011
	2005	28.70	22,155				22,155	May 2012
	2006	53.70		13,616			13,616	May 2013
R.J. van de Kraats	2003	9.10	63,500		63,500	46.37	–	
	2004	26.75	27,700				27,700	May 2011
	2005	28.70	24,170				24,170	May 2012
	2006	53.70		15,500			15,500	May 2013
J.W. van den Broek	2004	30.00	22,000				22,000	May 2011
	2005	28.70	22,155				22,155	May 2012
	2006	53.70		13,616			13,616	May 2013
Total			**449,900**	**65,203**	**237,500**		**277,603**	

In addition, Mr. J.W. van den Broek has exercised 7,718 options with an exercise price of € 10.50, granted in 2003 within the framework of the senior management stock option plan before his appointment as member of the executive board; the share price at exercise date was € 47.69.

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

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

Remuneration 2006 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 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.

The AGM of May 10, 2006 decided to further adjust the remuneration of the supervisory board to a level more in line with the international labor market peer group (ref. introduction), as of January 1, 2006.

Supervisory board fees:

Supervisory board member	€ 46,250
Supervisory board chairman	€ 62,500

Committee fees:

Nomination & compensation committee member	€ 4,500
Nomination & compensation committee chairman	€ 6,500
Strategy committee member	€ 4,500
Strategy committee chairman	€ 6,500
Audit committee member	€ 5,500
Audit committee chairman	€ 8,500

The total remuneration in 2006 amounted to € 369,354 (2005: € 252,750), which includes fees for an additional supervisory board member and nomination & compensation committee member as of June 2006; the details per board member are:

	2006	2005
F.W. Fröhlich	74,500	64,000
F.J.D. Goldschmeding	58,250	40,750
J.C.M. Hovers	54,750	38,750
G. Kampouri Monnas (appointed as per May 10, 2006)	29,604	–
W.A.F.G. Vermeend	50,750	36,250
L.M. van Wijk	50,750	36,250
R. Zwartendijk	50,750	36,750
Total	369,354	252,750

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, remuneration levels are still below median market levels and the supervisory board intends to submit proposals to the AGM of May 8, 2007 to adjust the remuneration.

The AGM of May 2006 adopted the proposal to appoint Mrs. Giovanna Kampouri Monnas as member of the supervisory board, which filled the vacancy that occurred in 2004.
As per the same date, Mrs. Monnas was appointed member of the nomination & compensation committee.

Diemen, February 13, 2007

The supervisory board,

Fritz W. Fröhlich (chairman)
Frits J.D. Goldschmeding (vice-chairman)
Jan C.M. Hovers
Giovanna Kampouri Monnas
Willem A.F.G. Vermeend
Leo M. van Wijk
Rob Zwartendijk

corporate governance

Principles

At Randstad, sound corporate governance has always been a key component in our culture and behavior, even before external focus on systems and structures arose. Our business processes throughout the organization incorporate transparency for both external reporting and the sound management of our activities around the world. This transparency has been achieved through the consistent application of our core values: to know, serve and trust; striving for perfection; simultaneous promotion of all interests (please see page 3). 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.

We welcomed the formalization of the Dutch corporate governance code (the code) in 2005 and later recommendations on further best practice. The code helps us to monitor our own corporate governance against accepted best practice. In 2005, we adjusted our Articles of Association so that they were fully in line with the code.

Best practice

The code is based on the 'comply or explain' principle. Randstad's corporate governance structure was discussed in the annual General Meeting of Shareholders (AGM) of May 2005. We explained a number of so-called 'deviations' to shareholders – these are noted below. No changes to the corporate governance structure have occurred since that date. Any material changes will be discussed with the shareholders at the AGM. Corporate regulations and charters can be reviewed on our website: www.randstad.com.

Our governance in practice

Executive board
Tasked with the management of Randstad Holding nv and its subsidiaries, the executive board is accountable for developing, driving, executing and achieving the approved Group strategy and strategic targets. The executive board is also responsible for sound business and financial controls, while respecting policies that have been set and always taking into consideration the interests of all the Group's stakeholders. The executive board reports to the supervisory board and to the AGM.

For biographies of the executive board members, please see pages 6-7.

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. It evaluates the strategy, development of results, operating model and internal control mechanisms established under the executive board's management. Randstad's supervisory board provides advice to the executive board, also through its three dedicated committees: the audit committee, the strategy committee and the nomination & compensation committee. These committees prepare decision-making of the full supervisory board through well-grounded advice and recommendations.
For biographies of the supervisory board members, please see pages 36-37.

Annual General Meeting of Shareholders
Randstad's AGM is organized annually 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 policy 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 Group 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.

Within three months after the AGM, Randstad makes the meeting report available on the corporate website.

Voting rights
The share capital of Randstad Holding nv consists of 116.1 million ordinary shares and 25.2 million Type-B preferred shares (financing prefs).
The holders of approximately 88% of ordinary shares may make unrestricted use of their voting rights at the AGM. The other 12% of ordinary shares have been converted into depository 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. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable; exchangeability of the depository receipts issued by Stichting Administratiekantoor Randstad Holding is limited. The depository receipts issued by the depositories are held by Stichting Randstad Optiefonds and Gaud Holding bv, respectively, and by employees who have obtained depository receipts by exercising options. F.J.D.Goldschmeding (founder of the company) is sole board member of both Stichting Administratiekantoor Randstad Optiefonds and Stichting Administratiekantoor Randstad Holding.

The foundation Stichting Administratiekantoor Preferente Aandelen Randstad Holding holds Type-B preferred shares (financing prefs). The voting rights attached to these shares are vested in this 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. The foundation's Articles of Association were compiled in accordance with Annex X, Euronext Amsterdam Rule Book, Book II. Depository receipts issued by the foundation are held by ING Groep N.V., Fortis N.V., Randstad Beheer bv and Gaud Holding bv.

Transparent communication to stakeholders
Randstad attaches great importance to its communication with the investment community and all stakeholders.
The CFO has direct responsibility for investor relations and the dedicated department, while the CEO and the other members of the executive board are actively involved. Our strategy and results are presented and explained frequently through the year. We provide all external shareholders and other parties in the financial markets 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.

Auditor
PricewaterhouseCoopers Accountants N.V. was appointed by the AGM to audit and express an opinion on the financial statements for 2006.

Internal risk management and control systems
On pages 22-26, you will find a detailed description of Randstad's risk & control framework; in this section you will also find specific actions taken in this area in 2006, including effectively working control systems and compliance with relevant regulatory environments.

Deviations from the Dutch corporate governance code

Randstad applies all relevant provisions of the Dutch corporate governance code, with some exceptions. Apart from III.3.4, the deviations below were discussed by the 2005 AGM. When important changes occur, these will be put on the agenda of the AGM for discussion.

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 three-year medium-term bonus is paid out in performance shares. These shares vest after three years and 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 we value management development as a strategic issue. Therefore, we feel that the nomination & compensation committee should be chaired by the chairman of the supervisory board.

III.3.4 The number of supervisory boards of Dutch listed companies of which an individual may be a member shall be limited to such an extent that the proper performance of his duties is assured; the maximum number is five, for which purpose the chairmanship of a supervisory board counts double.

In the course of 2006, Mr. F.W. Fröhlich moved from member to chairman of Draka nv's supervisory board, following the death of the previous chairman. In the interest of continuity, he is awaiting an appropriate moment in 2007 in which to reduce the number of board memberships. At that time, he will again be in compliance with the corporate governance code.

Decree in order to implement article 10 of the EU-Takeover Directive (taking effect on December 31, 2006)

In 2006, new legislation concerning disclosure of items that can be relevant in the case of a public bid on a company became effective. Most of the information that needs to be disclosed is available in various sections of our annual report. In this particular section, we provide additional information or indicate where the information can be found.

a *Capital structure and attached rights and duties*
Authorized capital is € 50 million and consists of 200 million ordinary shares with a nominal value of € 0.10, 50,000 type-A preferred shares with a nominal value of € 500.00 and 50 million Type-B preferred shares with a nominal value of € 0.10. As per December 31, 2006, issued share capital consists of 141,296,328 shares, with an equal number of voting rights and a nominal value of € 0.10.

The issued share capital is divided over 116,096,328 ordinary shares and 25,200,000 Type-B preferred shares.

The usual property rights, such as dividend rights, voting rights and related rights, are attached to the shares. Details can be found on page 44 under voting rights. Each share has one vote attached.

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. The dividend on preferred shares amounts to € 0.284 per share (or 4.32% of the amount paid-in). The dividend on the preferred shares is reviewed every seven years. The next review is scheduled for November 2012.

b *Statutory or contractual restrictions on share transfers*
About 28% of the total share capital (10% ordinary shares and 18% Type-B preferred shares) is converted into depository receipts.

c *Major shareholders*
Five shareholders have disclosed a stake of more than 5% in our issued share capital. The list of major shareholders can be found on page 47, in the section on major shareholders.

d *Special rights of control*
The company has not issued special rights of control to specific shares or shareholders.

e *Control mechanisms relating to option plans and share purchase plans*
Within the Group, the following share-based payment arrangements are effective: two option plans (one for the executive board and one for senior management), a performance share plan for executive board members and a share purchase plan for all corporate employees. The relevant characteristics of these plans can be found on page 40 in the remuneration section and note 37 in the financial statements.

The maximum number of options and shares to be granted is fixed; the actual granted number is linked to predetermined performance targets. The number of options and shares to be granted may not lead to a dilution per year of more than 1% of issued ordinary shares. The share purchase plan for all corporate employees does not affect the share capital of the company.

f *Voting limitations*
Holders of ordinary share depository receipts and Type-B prefs depository receipts have no voting rights.

g *Agreements with shareholders that can limit the transfer of shares or voting rights*
The company is not aware of any arrangements with share-holders that can limit the transfer of (certificates of) shares or of voting rights.

h *Regulations concerning appointment and dismissal of executive board members and supervisory board members*
Members of the executive board will be appointed by the AGM and they may at any time be suspended or dismissed by the AGM. Supervisory board members will be appointed by, and may be suspended or dismissed by, the AGM. A supervisory board member is eligible for reappointment twice. Resolutions with respect to appointment and dismissal will be passed by an absolute majority of the votes cast.

When a proposal for the amendment of the Articles of Association is made to the AGM, this shall invariably be stated in the convening notice for the said meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, shall simultaneously be deposited at the office of the company, for perusal by every shareholder and holder of depository receipts, until the end of the meeting. Copies will be available free of charge. Amendments to the Articles of Association involving changes to the special rights accruing to the holders of preference shares will require the approval of the holders of preference shares concerned at the meeting.

i *Authority of the executive board, especially issue of shares in the company and the acquisition of company shares by the company.*
The executive board is authorized, subject to the approval of the supervisory board, to issue shares, grant subscription rights and restrict or exclude pre-emptive rights for holders of common shares until May 8, 2008 (subject to any extension approved by the AGM) for an annual maximum of 1% of the issued ordinary share capital of the company.

j *Change of control arrangements*
The company has no contracts that come into force, change or cease to exist in case a public offer is made, other than those mentioned under item *k*.

k *Agreements with board members or employees*
In the event that a board member's employment contract is terminated because of a public offer, they will receive severance pay of two annual base salaries plus one-twelfth of the same annual salary per year of service to a maximum of three annual salaries.

investor relations & Randstad shares

Investor relations goals

Our investor relations goals are to enhance the understanding of Randstad's profile, strategy and performance. We aim to continuously improve Randstad's reputation among financial target groups and build leadership in external communication to the financial community. This applies to Randstad-specific issues, but we also aim to be recognized as a worldwide labor market authority.

Randstad is supported by the commitment of a major shareholder with a long-term view. This enhances Randstad's strategy to deliver long-term shareholder value creation. It also means that Randstad's free float is relatively limited. Therefore, we constantly aim to further increase the liquidity of the Randstad share through continual improvements in transparency, and to expand our shareholder base internationally and in the retail segment.

Communication

We communicate with our existing and potential shareholders, analysts and the press through a broad range of dedicated activities. Our style of communications is facts-based. In each activity, we take the corporate governance code and the rules of the Dutch stock market regulator, Authority Financial Markets (AFM), into consideration.

Each quarter, Randstad organizes analyst meetings or conference calls to discuss results, supplemented by press conferences twice a year. Webcasts of analyst meetings and conference calls are available on our corporate website, www.randstad.com.

Furthermore, in November 2006, Randstad organized a two-day analyst & investor conference in Brussels. Topics discussed at this conference were the strategy, profitability through the cycle, tax issues, developments in several countries such as Belgium, Germany and the US and progress in the segments interim professionals, search & selection and HR solutions. We also provided in-depth insight into our mass-customized and in-house operations through visits to various branches in Belgium. Conferences like this help investors and analysts to gain better understanding of the way we work and are an opportunity to meet the executive board as well as several key managers and directors from operating companies and the holding. We will continue to organize such conferences on an annual basis.

Roadshows for institutional investors were organized in the Netherlands, the US, the UK, Belgium, Germany, Switzerland, Scandinavia, Italy and Austria. A large number of one-on-one investor meetings were conducted at our head office in the Netherlands. In addition, Randstad participated in several international conferences on the business services sector, on the Benelux, and in general conferences in the Netherlands, the UK, the US and France. We also held several presentations for private investors.

Randstad shares

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

Share capital

At year-end 2006, the issued share capital of Randstad Holding nv consisted of:

	Number	Nominal value
Ordinary shares	116.1 million	€ 0.10
Type-B preferred financing shares	25.2 million	€ 0.10
Total number of shares	**141.3 million**	**€ 0.10**

In 2006, to accommodate the three-year performance share plan for executive board members, 60,966 ordinary shares were issued. In addition, at year-end, 36,000 ordinary shares were held as treasury stock to cover the obligations of the executive board 2001/2002 stock option program.

Major shareholders

Under the Act on Financial Supervision, shareholders are obliged to give notice of interests exceeding certain thresholds to the AFM. In 2006, AFM redefined the thresholds, which is the major reason why the notifications have changed. Almost all the holdings listed below are a combination of (depository receipts of) ordinary shares and (depository receipts of) type B preferred financing shares.

	2006	2005
Randstad Beheer bv/ F.J.D. Goldschmeding	**30-40%**	25-50%
ING Groep N.V.	**10-15%**	10-25%
Fortis N.V.	**5-10%**	5-10%
Gaud Holding bv	**5-10%**	5-10%
Stichting Randstad Optiefonds	**5-10%**	5-10%

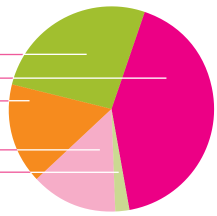
Randstad's free float is estimated at approximately 40-45%.

Indicative free float spread

The majority of the free float of ordinary shares is held internationally. We actively pursue an international spread. In 2006, no major changes in the spread were observed. We estimate that approximately 10% of the free float is held by private investors.

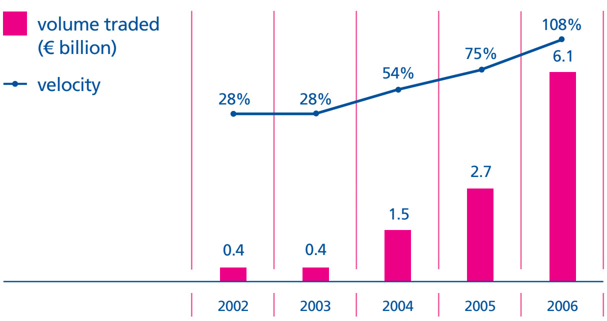
Indicative geographical spread ordinary shares

Netherlands	25%
United Kingdom	40%
North America	15%
Continental Europe excluding the Netherlands	13%
Other	2%



Liquidity
Liquidity has improved over the past few years. The volume traded has risen substantially, from about € 0.4 billion in 2002 to € 6.1 billion in 2006. In part, this is due to the increase in the share price. However, velocity has risen as well. Velocity is measured as the total number of shares traded divided by the number of shares outstanding. Velocity increased from 28% in 2002 to 108% in 2006.

Share volumes traded and velocity



Indices
In March 2007, the Randstad Holding nv ordinary share will be promoted from the Euronext Midkap Index (AMX) to the leading AEX Index of 25 most traded stocks on Euronext Amsterdam. At year-end 2006, other indices in which the Randstad Holding nv ordinary share is included are Euronext 100, Dow Jones Stoxx TMI, MSCI Europe, Dow Jones World Sustainability Index and the Dow Jones Stoxx Sustainability Index. Inclusion in large indices is important, in part, because it improves visibility and liquidity.

Earnings per share reporting
Randstad reports earnings per share on a fully diluted basis. We focus on earnings per share before amortization of other intangible assets and impairment goodwill as, in our view, this gives the best reflection of underlying business performance.

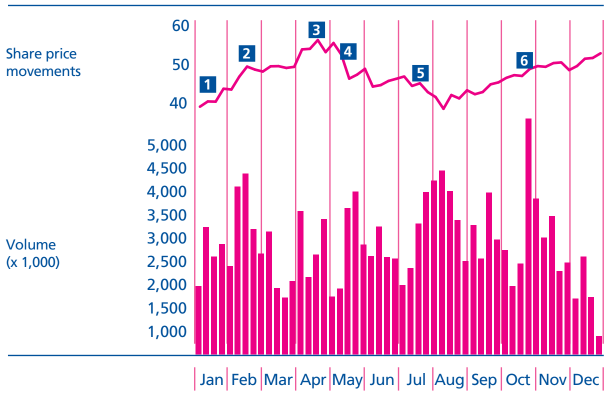
	Q1	Q2	Q3	Q4	Full Year
2006	€ 0.43	€ 0.64	€ 0.92	€ 1.18[1]	€ 3.17
2005	€ 0.24	€ 0.47	€ 0.65	€ 0.79[1]	€ 2.15
2004	€ 0.12	€ 0.31	€ 0.43	€ 0.82[1]	€ 1.68
2003[2]	€ (0.04)	€ 0.10	€ 0.24	€ 0.32	€ 0.62
2002[2]	€ (0.04)	€ 0.11	€ 0.20	€ 0.16	€ 0.43

1 Including one-off tax gains of € 0.38 in 2004, € 0.09 in 2005 and € 0.19 in 2006.
2 2002 and 2003 figures are based on Dutch GAAP.

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.

	2002	2003	2004	2005	**2006**
Dividend (€)	0.17	0.25	0.66	0.84	1.25
Payout (%)	40	42	39	40	40

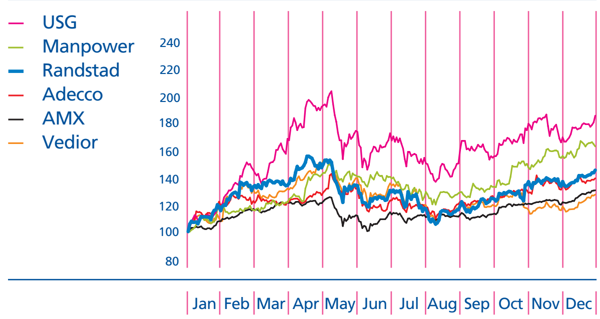
Share price development Randstad Holding ordinary shares



1 January 10th: Acquisition Bindan/Teccon
2 February 16th: Full year results 2005
3 April 26th: Q1 results
4 May 11th: AGM
5 July 28th: Q2 results
6 October 27th: Q3 results

The share price performed well in 2006, ending the year at € 52.40, 43% above the 2005 closing price of € 36.69. Including the dividend of € 0.84 that was paid out in May, total shareholder return (TSR) was 45%. The share did very well from January until April. As of May, and until mid-August, the share declined, along with a broader market setback. As of mid-August, the share rebounded, including a strong rally after the Q3 2006 figures. Market capitalization of ordinary Randstad shares amounted to € 6,083.4 million on December 31, 2006, compared to € 4,243.9 million on December 31, 2005.

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



	2002	2003	2004	2005	**2006**
Closing price (€)	8.55	19.23	28.95	36.69	52.40
TSR (%)	- 42	127	52	29	45
High (€)	18.48	19.70	29.90	36.80	57.55
Low (€)	5.02	7.15	18.90	26.73	36.35

For our financial calendar, please see the inside back cover.

strong concepts

In our annual report this year, we want to highlight Randstad's 'strong concepts'. This is one of our strategic building blocks, and a very important element in the execution of our growth strategy.

As a global HR services company, we provide services rather than a tangible product. If our 'products' were cars or clothing, we could simply show you an image, tell you something about specifications, color, size. It would be relatively easy for you to get a sense of what was offered. With services, that is more difficult. Yet, at Randstad, the 'product' of each service group, each strong concept, is just as carefully specified as any tangible product. We take all factors into account, like how and where we offer it, and the style and competencies of all the people that are involved. That is what makes it a total 'concept'.

Just like a supplier of tangible products, we are always striving to improve and innovate our concepts. We want them to be strong concepts. A concept is strong when it is not only successful in its original market, but when it can also be extended and copied across to other markets. So, on the one hand, we make sure that we know exactly what can be adapted to local market circumstances, and what must remain the same in order for the concept to perform optimally. Generally speaking, around 80% of the factors are the same, which ensures considerable synergy and speed. On the other hand, each core concept definition also serves as the platform for innovations and specialty development. A specialty is developed by adding specific knowledge about a market segment to the core concept, so that it is even better tuned to the needs of clients and candidates in that segment.

We now have five such concept groups: mass-customized, in-house, interim professionals, search & selection and HR solutions. The descriptions here go much further than simply describing what we do – although we take that very seriously. Also, throughout our annual report you will find portraits of people who work together in each concept. One is a Randstad person, the other a client or a candidate. The five concept descriptions in the theme section are supplemented with highlights of interviews with representative couples. On www.goodtoknowyou.com, you will find the full interviews and many more, drawn from the examples you can find every day in our global business. Our aim is to give you a real sense of what we mean by strong concepts – told by the people who execute them every day, throughout the world.

mass-customized

In late September 1960, the young Dutch economics graduate Frits Goldschmeding started one of the first 'staffing' firms in Europe with a close friend. Working from their student dorm, they called the new firm 'Uitzendbureau Amstelveen' after the Amsterdam suburb where the dorm was located. They were soon outgrowing Amstelveen and even Amsterdam. Time for a name change that reflected growth ambitions: 'Randstad' is the combined name for the cities in the west of the Netherlands. Today, what started so small has evolved into a multifaceted global business, although 'staffing' is still the mainstay.

In 1960, people had difficulty imagining what 'staffing' could be. There's no such problem almost 50 years later. For clients, a staffing firm provides a flexible way to staff their company. The staffing firm listens to the requirements of the client and finds the required people quickly. All HR processes needed to employ, pay and train people can be handled by the staffing firm to the client's requirements. For candidates, a staffing firm presents an easy, accessible way to find suitable work.

The growth of this business is still based on the principles that have been developed in Randstad over the years. We work in a unit system, with a team of two consultants working together so one of them is always available to talk to. The two unit consultants who visit the client also select the candidates from people they have interviewed personally. This guarantees a high degree of interaction and personal involvement with both clients and flexworkers. We call it mass-customized. 'Mass' because we ensure high-quality reliability through well-defined, standardized work processes. 'Customized' because we can adapt the concept to clients' needs in specific sectors or circumstances, while ensuring the same quality. So, we offer the maximum value to clients and flexworkers alike. Today, we employ people in a very wide range of positions, from nurses to welders, from Los Angeles to Stockholm to Tokyo. And increasingly, we recruit people for permanent jobs as well, using the exact same branch network.

At the heart of it all is our consultant, building up a high level of knowledge about the clients, the market, the labor regulations and the candidates. Consultants are a trusted partner for both sides. We only employ the best in this position; the vast majority of our consultants are educated to master or bachelor level. These consultants are the backbone of our formidable staffing services network worldwide.

Serena is the Randstad account manager for a large producer of bottled water in Northern Italy. 'There is such a demand for workers in the local manufacturing and industrial sectors, that I have little difficulty placing enthusiastic flexworkers like Diego. He was selected as "Best Italian Flexworker 2006",' she says. Building trust with her client and giving her candidates excellent service are just two of Serena's strong points, as Diego confirms. 'I heard about Randstad from friends,' he says. 'I sent in my resume and Serena immediately called me in for an interview. During the interview, she really tried to find out as much about me and who I am as she could, in order to assess if and how I would fit with her client. The service was professional and friendly and I have received great follow up ever since. Serena found me the perfect job – I like the company and the company likes me.'

Diego has now been working through Randstad for a year and does a variety of jobs at the bottled water plant, most notably quality control. 'The name of the company where Serena placed me is known worldwide. Every time I see one of our bottles, I think: I helped to make that. Being named "Best Italian Flexworker 2006" was the icing on the cake.'


‘During the interview, she really tried to find out as much about me and who I am as she could, in order to assess if and how I would fit with her client. The service was professional and friendly…’

‘That’s the great thing about the in-house concept – Jennifer works with us rather than for us, and the success of our company is as important to her as it is to us. It is a great mix of professionalism and friendship.’

in-house services

Since Randstad was founded, our staffing business grew rapidly and we were employing ever-larger numbers of people. Then, some ten years ago, Randstad developed a fundamental innovation in the way we can add value and improve productivity for large clients who need a flexible way to employ a large workforce with a limited number of job profiles.

Imagine a large plant or a large processing center. Production levels fluctuate with demand. This means there is significant value in having some of the capacity on a flexible basis. After all, why pay for people sitting around when there is less demand, and why accept lots of overtime and run the risk of quality complaints when there is too much demand? This is a typical example of what in-house services solves for the HR and operations departments of such a workplace.

We provide a well-trained team of Randstad people that focuses exclusively on the needs of that one client. We study their processes, and together with the client we perfect the workforce demand forecasting system. On the basis of our intimate knowledge of their and our processes, we create a pool of flexible workers and train them. We provide a sophisticated planning system that optimizes performance. We also take care of all the administrative hassle of people moving in or out, and we even provide customized management reporting on our activities in a format we have agreed with the client.

Over time, the relationships with our in-house clients often evolve into true partnerships. We constantly work with our clients to further optimize our joint processes, sharing the efficiency gains with them.

In this way, we have numerous examples among our client list where the efficiency and productivity of a relatively labor-intensive work process can still compare very favorably in the face of trends, such as offshoring. After all, the main issue is not so much low wages, but low total cost. And this is where the in-house concept provides a solution.
After ten years, this concept is still growing rapidly, and today it is 15% of our global revenues. Underpinned by the imagination and dedication of our people at the client site.

Jennifer is an in-house account specialist for Randstad Germany and she works on site with Klaus Koch, who is responsible for purchasing, at a company that produces metal enclosures and components. 'I am now in charge of about 60 flexworkers. Since the company took me on in-house, its HR department has been able to focus much more on achieving results, rather than administration,' says Jennifer. 'Klaus and I met in November 2005. We have regular contact and work closely together to measure cost savings and give feedback on all aspects of the company's HR needs.'
'Before we changed to an in-house solution,' says Klaus, 'our HR department was bogged down with administrative tasks, including finding and managing flexworkers. Since joining forces with Randstad, we have worked on a plan to further improve some of our processes.'
Jennifer adds, 'as an in-house specialist, I always try to balance the needs of both the client and the flexworker. For this reason, I stay close to our flexworkers and the production line. Continuous improvement is the central point of our work.'
Klaus agrees. 'That's the great thing about the in-house concept – Jennifer works with us rather than for us, and the success of our company is as important to her as it is to us. It is a great mix of professionalism and friendship.'

interim professionals

Engineers, IT and financial specialists, as well as many other professionals, have studied hard in order to make a good living with their chosen specialty. During their studies and through their work, they have formed networks with colleagues in the same discipline. Often, their work is also to a large extent their hobby.

These kinds of specialists are often in demand on a project-to-project basis. An aircraft part designer may work one year on parts developed in Germany, the next year on parts developed in France. When the Sarbanes-Oxley regulations hit public companies, a lot of financial work needed to happen in a short time.

Hiring overcapacity in these relatively expensive groups of specialists is not a very good idea in today's competitive world. Not only from the cost point of view, but also because in times without meaningful work, these people leave anyway. They have not trained so hard to sit and wait for the next challenging and exciting project.

This is why Randstad has interim professionals available for its clients, under the brands Yacht, Teccon and Randstad interim professionals. As a client, you can hire some high-level specialists or a whole team, to add capacity or even to staff an entire project. The specialists can be technical, IT or financial, but of course many of them also fulfill the roles of project manager or interim manager. Other interim professionals available include legal, HR and marketing & communications people, and the range keeps growing.

For the specialists themselves, this is an interesting proposition. After all, they can go from exciting project to exciting project, learning a lot in different circumstances every time. We also provide for knowledge updates, and we actively support networking with their peers in several ways. In turn, the client wins, because they get the benefit of working with more motivated and more experienced people.

This is a very fast-growing part of our business, meeting a real need for both the clients and the professionals. Here's what they think.

Koenraad is account manager at Randstad in Belgium. Lieven is a mechanical designer, designing machines for a company well-known in the metal industry. He has been working as an interim professional for many years. 'I met Lieven five years ago, when I started at Randstad as an account manager,' states Koenraad. 'I come from a commercial and technical background, which means I can communicate with the client and the candidate on a technical level, and understand exactly which skills are required for different jobs. This helps me find the perfect match.'
Lieven: 'I joined Randstad as an interim professional about seven years ago – I got the job after replying to an advertisement in the newspaper. Since joining Randstad, I've been placed on different projects that required me to learn new skills. With all that experience, I think I could easily be placed on almost any project.'

'The current job market in Belgium is demanding. An increasing number of companies are willing to take on interim professionals,' says Koenraad. 'My primary role is to maintain a strong working relationship with all our clients and with our interim professionals. The best way to satisfy a client is to get the right person for the job, so I make it a priority to find a worker with the right skills and personality for that company. I investigate the company's need for personnel and work from there, aiming to find the best-suited interim professional. But I'm also looking to offer the candidate a real challenge.'
'My career has also progressed thanks to Randstad,' Lieven adds. 'I've been exposed to new ideas, and am now often asked to pass on my knowledge to other people. I really feel part of Randstad.'

‘Since joining Randstad, I’ve been placed on different projects that required me to learn new skills. With all that experience, I think I could easily be placed on almost any project.’

‘The company operates in the process-outsourcing sector, something I had little knowledge of. Pooja had aroused my interest, though, and I decided I could use a challenge.’

search & selection

Besides our traditional staffing business, Randstad has always provided solutions for clients who wanted to recruit people into permanent positions. In a number of countries, the range of job profiles we recruit in the staffing business alone has extended all the way from basic manual jobs to those requiring specific academic qualifications.

Over the past few years, though, the recruitment of professionals with academic qualifications and at least a few years of job experience has become another fast growing, separate segment in our company. Through our search & selection offices, working under the names Randstad, EmmayHR and Martin Ward Anderson, we place highly qualified individuals into management positions for our clients.

Depending on the needs of our clients in each country, we also offer a range of additional services, so that we can offer innovative solutions. This could take the form of a specialization on, for instance, finance professionals, or even board level managers, but also assistance in assessments, recruitment process support or recruitment consultancy services.

For some major corporate clients, we recruit the majority of their annual academic-level inflow at entry positions. And, of course, we can assist in providing candidates for roles as interim managers, should that be part of the requirement.

We pay particular attention to the competence level of the proposed candidates, the transparency of our processes and a quick, personal service. We are continuously investing in the latest recruitment technologies.

Candidates like us for the access we provide to jobs with some of the most respected corporations in the countries where we operate – or abroad. We always make sure that our process is as transparent as possible for them.

As with all of our business segments, the key to success is the drive and professionalism of our well-trained specialists. Therefore, we employ consultants with excellent communication skills and a desire to succeed and make the difference for our clients' organizations.

Pooja is manager executive search at EmmayHR in Mumbai. The process-outsourcing company Sharad Gangal works for has been a client from the start and is now among EmmayHR's largest clients. One of Pooja's proudest moments was recruiting Sharad into his current position as head of HR and Training. From being a high-level candidate, Sharad is now one of Pooja's major clients. Sharad knows first-hand how efficient EmmayHR is. Sharad was surprised when Pooja first told him that the position was available. 'I am 48,' he says, 'and I could not believe that the role was not being offered to someone much younger. Pooja was not interested in my age, however, but based her assessment of me on my qualifications and experience. In addition, the company operates in the process-outsourcing sector, something I had little knowledge of. Pooja had aroused my interest, though, and I decided I could use a challenge.'

Since his appointment, Sharad's relationship with Pooja has continued, but now at a different level. 'In recent years,' he says, 'HR has had to become much more strategic and proactive when it comes to finding and retaining staff. In search & selection, maintaining relationships and networking is very important for finding new clients and candidates. I would describe my relationship with EmmayHR as a true business partnership that goes beyond just recruitment: we also take advantage of each other's networks and exchange leads.' Pooja agrees. 'There is certainly no shortage of people, but finding the right matches is not always easy in this competitive and candidate-driven market. You can only succeed if you know the market well and have a passion for the business.'

randstad
HR solutions

hr solutions

When you think about it, Randstad operates one of the largest international HR management systems in the world. The average of 312,300 people employed on a daily basis translates into much more than a million individuals put to work this year.

Over the past few years, our clients have asked us whether they can use the HR management expertise we have built up as a way of managing their own HR challenges. In our rapidly growing HR solutions service offering, we offer a variety of HR management-related services, independently from the provision of candidates or flexworkers.

The services offered are HR consultancy, operational HR support and outsourcing and support in the recruitment, development and exit processes in a company. In the Netherlands and Belgium, we are one of the few companies that can offer complete advisory capabilities. In other Randstad countries, the individual services are or will be offered increasingly as local demand and our own capacity grows.

Typical examples of the projects our consultancy can provide are an HR efficiency scan, transit scenarios towards shared service centers and specific issues around assessment methods, competence profiling and compensation schemes.

In operational support, we are one of the top four payroll services providers in the Netherlands, ranging from classical pay-slip processing all the way to complete outsourcing of the HR process management function. In addition, we offer web-based electronic support tools and interim HR management specialists to achieve clients' operational objectives. Similar service capabilities are gradually being built up in several other countries.

Finally, we offer a range of services like assessment, reintegration and outplacement services, absence management services and career development systems.

Our HR solutions consultants have learned their skills in an environment where HR is the core competence, and where excellent execution for our clients is one of the core values.

Elize has been working for Randstad for 10 years. She now manages HR solutions in the southwest region of the Netherlands. Her first client was the Netherlands' principal telecommunications company, where Marion works.
The company was outsourcing some of its human resources activities. Marion had the task of ensuring 8,000 employees were placed elsewhere within a five-year period. Employing Randstad to carry out the outplacement function meant that the employees could benefit from Randstad's extensive experience and network, and the client could focus on its overarching HR strategy.
'I have now been working with Randstad for nearly a year,' says Marion. 'Although outsourcing of HR services was quite new for my company, the results have been impressive. Randstad helped around 80% of our previous employees who participated in the outplacement program to find new jobs – within the first eight months.

The client originally selected Randstad for this large project because of its track record in outplacement. 'We have offices all over the Netherlands,' explains Marion. 'So we needed a partner with similar national coverage.' Says Elize: 'Regular monthly meetings with Marion helped with the outplacement itself. I even take part in some of the client's management team meetings. This shows just how closely we work together.'

Marion and Elize's first major evaluation is due shortly, but they do not foresee any problems. 'We see our relationship as long-term and we also work with the company on other HR needs, such as search and selection,' says Elize. 'Marion is one of my largest clients, so when I find the best people, if the fit is right, I try to make sure Marion gets them.'


'I have now been working with Randstad
for nearly a year. Although outsourcing of
HR services was quite new for my company,
the results have been impressive.'

the beauty of our business

How does a society grow towards a higher level of economic and social well-being? It's a question you can look at from many angles. One famous view comes from the world of sociology and psychology. Abraham Maslow was the thinker who defined the hierarchy of needs. Food and shelter are people's primary needs. At the top level, people seek self-actualization, where they strive to make the most of their abilities.

Another perspective comes from the science of economy. As people in a society learn to produce goods and services ever more efficiently, by specialization and innovation, and in open competition with other people in the same economic environment, the level of prosperity can rise rapidly for all participants.

Therefore, it is hard to underestimate the importance of work for these developments.

A society that wants to improve life for all must try to improve the efficiency in the way its people work. A business that wants to improve its results and growth needs the right mix of people, fit for the job, motivated to seek continuous improvement, some systematic and precise, others creative or entrepreneurial.

People themselves will only perform in an optimal way if they can see themselves moving gradually up the hierarchy of needs. If you have no job and no money, that becomes the first priority. If the basic needs are covered, you want to do more with your skills and talents, or you may want to develop new ones.

Now look again at Randstad's business. The world of work, in its widest sense. The investors call it the business services sector. We would like to think of it as the people services sector.

Every day, in thousands of branches throughout the world, we find jobs for people. On the basis of a good match – a fit with the job skills required, the team in which people need to fit and the culture of the specific company. We also help companies to make better use of the capacity they have. We provide an array of services that increase efficiency, from assessments to payroll processing. We provide training for employees, and we provide them with options for change when they consider doing something new.

An economist might say: banks provide money, Randstad provides work. Individuals will say that we provide options that would not otherwise exist.

But when we break it down to the most basic example, you'll find that in our company, entreprenurial people – many in their early twenties – can run a business where they provide work for tens, often hundreds, of people in the course of a year. These people are men and women, all races, all creeds, all levels of ability and education. We help them all to find work – in the West and in the East, and even, through our partnership with VSO, by sharing our knowledge in some of the most disadvantaged regions in the world. This is our contribution to opening up opportunity and options through access to the world of work.

And it is all down to our Randstad employees who do their best, each individually in their own role, to provide the best service in each specific situation.

Whatever the science, there can be only one conclusion: we're in a worthwhile, vital, essential, and above all, beautiful business.

financial statements

consolidated income statement

in millions of €	Note	2006	2006	2005	2005
Revenue	6	**8,186.1**		6,638.5	
Cost of services	7	**6,455.5**		5,233.3	
Gross profit	8		**1,730.6**		1,405.2
Selling expenses	9	**910.6**		771.6	
General and administrative expenses	10	**396.4**		342.7	
Total operating expenses	11		**1,307.0**		1,114.3
Operating profit	12		**423.6**		290.9
Financial income	13	**11.3**		8.1	
Financial expenses	13	**(20.5)**		(17.3)	
Net finance costs	13		**(9.2)**		(9.2)
Income before taxes			**414.4**		281.7
Taxes on income	14		**(54.1)**		(39.8)
Net income	15		**360.3**		241.9
Net income attributable to ordinary shareholders			**360.3**		241.9
Earnings per share attributable to the ordinary shareholders of Randstad Holding nv (expressed in € per ordinary share)					
Basic earnings per ordinary share (€)	16		**3.11**		2.10
Diluted earnings per ordinary share (€)	16		**3.10**		2.09

consolidated balance sheet at december 31

in millions of €	Note	2006		2005	
Assets					
Property, plant and equipment	17	**117.1**		99.3	
Intangible assets	18	**324.2**		111.3	
Deferred income tax assets	19	**329.0**		339.7	
Financial assets	20	**9.2**		4.9	
Associates	21	**2.7**		–	
Non-current assets			**782.2**		555.2
Trade and other receivables	22	**1,443.0**		1,289.3	
Income tax receivables	19	**6.1**		3.2	
Cash and cash equivalents	23	**346.5**		453.8	
Current assets			**1,795.6**		1,746.3
Total assets	24		**2,577.8**		2,301.5
Equity and liabilities					
Issued capital	25	**11.6**		11.6	
Share premium	25	**404.6**		384.7	
Reserves	25	**13.8**		(102.0)	
Undistributed net income	25	**360.3**		241.9	
Shareholders' equity			**790.3**		536.2
Preferred shares	26	**165.8**		165.8	
Borrowings	27	**–**		130.5	
Deferred income tax liabilities	19	**298.9**		357.4	
Provisions	28	**49.4**		34.6	
Non-current liabilities		**514.1**		688.3	
Trade and other payables	29	**1,095.7**		899.0	
Income tax liabilities	19	**48.4**		27.9	
Borrowings	27	**96.2**		117.3	
Provisions	28	**33.1**		32.8	
Current liabilities		**1,273.4**		1,077.0	
Liabilities	30		**1,787.5**		1,765.3
Total equity and liabilities			**2,577.8**		2,301.5

consolidated cash flow statement

in millions of €	Note	2006		2005	
Net income		360.3		241.9	
Taxes on income	14	54.1		39.8	
Net finance costs	13	9.2		9.2	
Operating profit		423.6		290.9	
Depreciation property, plant and equipment	12	32.3		26.1	
Amortization software	12	15.8		14.0	
Amortization other intangible assets	12	11.5		3.4	
Impairment goodwill	12	1.0		4.8	
Share-based payments	35	4.6		4.3	
Provisions	34	(0.6)		(22.1)	
Income taxes paid	19	(105.6)		(3.9)	
Cash flow from operations before operating working capital			382.6		317.5
Trade and other receivables	34	(130.2)		(187.3)	
Trade and other payables	34	157.2		108.0	
Operating working capital			27.0		(79.3)
Net cash flow from operating activities			409.6		238.2
Additions in property, plant and equipment	17	(50.8)		(48.4)	
Additions in software	18	(11.0)		(13.6)	
Acquisition of subsidiaries	18	(216.5)		(34.3)	
Acquisition of associates	21	(2.7)		–	
Held-to-maturity investments	20	(0.5)		(0.5)	
Disposals of property, plant and equipment	17	2.7		4.1	
Disposal of subsidiaries	18	3.7		–	
Loans and receivables	20	–		0.5	
Net cash flow from investing activities			(275.1)		(92.2)
Re-issue of purchased ordinary shares	25	1.0		2.7	
Issue of new ordinary shares	25	3.9		0.0	
Proceeds from non-current borrowings	27	–		0.1	
Repayments of non-current borrowings	27	(130.5)		–	
Financing		(125.6)		2.8	
Financial income received	13	11.0		7.9	
Financial expenses paid	13	(10.6)		(7.0)	
Dividend paid on ordinary shares	25	(90.7)		(76.2)	
Dividend paid on preferred shares B	25	(8.4)		(8.6)	
Reimbursement to financiers		(98.7)		(83.9)	
Net cash flow from financing activities			(224.3)		(81.1)
Net (decrease)/increase in cash, cash equivalents and current borrowings			(89.8)		64.9
Cash, cash equivalents and current borrowings at January 1	34		336.5		279.4
Net (decrease)/increase in cash, cash equivalents and current borrowings			(89.8)		64.9
Translation gains/(losses)			3.6		(7.8)
Cash, cash equivalents and current borrowings at December 31	34		250.3		336.5
Free cash flow	34		350.0		180.3

consolidated statement of changes in shareholders' equity

		Issued capital		Share Premium	Reserves				Undistri-buted net income	Total
in millions of €	Note	Ordinary	Preferred		Translation	Share-based payments	Treasury shares	Retained earnings		
Value at December 31, 2004		11.6	2.5	548.0	(9.3)	1.6	(3.8)	(237.6)	194.1	507.1
Adjustment due to IAS 32 & 39:										
- preferred shares	25	–	(2.5)	(163.3)	–	–	–	–	–	(165.8)
- held-to-maturity investments	25	–	–	–	–	–	–	(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	25	–	–	–	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:										
- fair value of vested rights	25	–	–	–	–	4.3	–	–	–	4.3
- exercised stock options (on treasury shares)	25	–	–	–	–	–	2.4	0.3	–	2.7
- awarded performance shares (new issued share)	25	0.0	–	–	–	(0.9)	–	0.9	–	0.0
Value at December 31, 2005		11.6	–	384.7	15.4	5.0	(1.4)	(121.0)	241.9	536.2
Net income 2006		–	–	–	–	–	–	–	360.3	360.3
Translation differences	25	–	–	–	(25.0)	–	–	–	–	(25.0)
Total recognized income 2006		–	–	–	(25.0)	–	–	–	360.3	335.3
Appropriation income 2005		–	–	–	–	–	–	151.2	(151.2)	–
Dividend 2005 on ordinary shares paid		–	–	–	–	–	–	0.0	(90.7)	(90.7)
Share-based payments:										
- fair value of vested rights	25	–	–	–	–	4.6	–	–	–	4.6
- exercised stock options (on new issued shares)	25	0.0	–	17.3	–	(0.6)	–	(12.8)	–	3.9
- exercised stock options (on treasury shares)	25	–	–	–	–	–	1.0	–	–	1.0
- awarded performance shares (new issued share)	25	0.0	–	2.6	–	(0.8)	–	(1.8)	–	0.0
Value at December 31, 2006		11.6	–	404.6	(9.6)	8.2	(0.4)	15.6	360.3	790.3

The sum of the various items included under reserves within shareholders' equity per December 31, 2006, amounts to € 13.8 million (December 31, 2005 € 102.0 million negative).

notes to the consolidated financial statements

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 of the company 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, including search and selection activities.

Date of authorization of issue
The financial statements were signed and authorized for issue by the executive board and supervisory board on February 13, 2007. 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 8, 2007.

2. Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereafter: 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. Adjustments due to differences between IFRS and the previous (Dutch) accounting policies are accounted for at January 1, 2005.
Preferred shares are accounted for as liabilities instead of as equity. The dividend on these shares in 2006 and 2005 is included in the income statement under net finance costs instead of as dividend payment out of the available net income. With respect to other financial instruments, the held-to-maturity investments and financial receivables (subsequently) are measured at amortized cost, instead of at nominal value.

New standards, amendments and interpretations to existing IFRS standards became effective in 2006. These new standards, amendments and interpretations, as far as these are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group.
New standards, amendments and interpretations to existing IFRS standards have been published, that must be applied in accounting periods beginning on or after January 1, 2007. As far as these standards, amendments and interpretations are applicable to the Group, the Group has not opted for early adoption. These new standards are expected to have no impact on the valuation and classification of assets and liabilities of the Group.

The financial statements are prepared under the historical cost convention, unless otherwise stated in this note of the summary of significant accounting policies.

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 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 euros.

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 Dutch Civil Code.

2.2 Consolidation principles

The consolidated financial statements comprise the financial data of Randstad Holding nv and its subsidiaries.

Subsidiaries
Subsidiaries are companies where Randstad Holding nv has the power, directly or indirectly, to govern the financial and operational policies, generally accompanying 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.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of acquisition, including directly attributable acquisition costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their estimated fair value at the date of acquisition. The excess of the consideration of an acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill. If the consideration of an acquisition is less than the fair value of the net assets acquired, the difference ('negative goodwill') is recognized directly in the income statement.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated unless there is evidence of impairment of the assets transferred.

See Note 39 for an overview of the major subsidiaries.

Associates
Associates are companies where Randstad Holding nv has significant influence, but not control, over the financial and operational policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.
Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill on acquisition, net of any accumulated impairment losses.

The Group's share of the post-acquisition profits and losses of the associates is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Results and other movements are based upon the accounting policies adopted by the Group.

2.3 Foreign currencies

Functional and presentation currency
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 and balances in currencies other than the functional currency
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.
Exchange differences resulting from the settlement of such transactions, as well as from the conversion of monetary balance sheet items, are included in the income statement. Exchange differences on cash and cash equivalents and borrowings are included in net finance costs. Exchange differences on other monetary balance sheet items are included in operating expenses.

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.

Financial statements of Group companies
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 euros 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 euros at average exchange rates.
Upon acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated to euros at the foreign exchange rates ruling at the acquisition date.

Net investment in subsidiaries that have a currency other than the euro
The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, of which settlement is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other 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 following exchange rates apply for 2006 and 2005:

	2006		2005	
	Average	At year end	Average	At year end
Canadian dollar	**0.70**	**0.66**	0.66	0.73
Chinese yuan renminbi	**0.10**	**0.10**	0.10	0.11
Danish krone	**0.13**	**0.13**	0.13	0.13
Hungarian forint	**0.004**	**0.004**	0.004	0.004
Indian rupee	**0.018**	**0.017**	0.019	0.019
Japanese yen	**0.007**	**0.006**	0.007	0.007
Polish zloty	**0.26**	**0.26**	0.25	0.26
Swedish krona	**0.11**	**0.11**	0.11	0.11
Swiss franc	**0.64**	**0.62**	0.65	0.64
Turkish lira (new)	**0.56**	**0.54**	0.62	0.63
UK pound sterling	**1.47**	**1.49**	1.46	1.46
US dollar	**0.80**	**0.76**	0.81	0.85
Hong Kong dollar	**0.10**	**0.10**	–	–
Czech koruna	**0.04**	**0.04**	–	–

2.4 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 the notes to which the information relates.

Business segments
The Group is organized, on a worldwide basis, into three different service concepts ('business segments'):
- Mass-customized; this service concept provides our regular business – staffing, permanent placement and (high-volume) specialties. This service concept also includes HR solutions.
- 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, search & selection; this service concept provides search 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 have activities in Europe, Asia and North America. The business segment interim professionals, search & selection is represented in Europe by Yacht, Teccon and Martin Ward Anderson. Search and selection activities are also performed in Asia. In addition to the three business segments mentioned in this reporting, 'corporate' and 'facilities' are also included. Corporate comprises holding activities. Facilities include centralized service companies.

Geographical areas
The Group's 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 between the geographical areas.

2.5 Impairment of assets

Non-financial assets
The carrying amounts of the Group's non-financial 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. For assets that have an indefinite life, such as goodwill, testing for impairment is performed at least annually.

If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. For purposes of impairment testing, assets, including goodwill, are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units); these cash-generating units are generally operating entities of the Group.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.
The resulting impairment loss is recognized in the income statement immediately.

The recoverable amount 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.

Impairment losses recognized relating to 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.

Financial assets
The carrying amounts of the financial assets (held-to-maturity investments and loans and receivables) of the Group are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is impaired. If objective evidence exists that a financial asset or group of financial assets is impaired, the amount of the impairment loss is calculated as the difference between the carrying amount of the financial asset and 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). The resulting impairment loss is recognized in the income statement immediately.

Reversals of impairment losses
An impairment loss with respect to goodwill is not reversed.

With respect to 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.

An impairment loss with respect to financial assets (held-to-maturity investments and loans and receivables) is reversed if, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment loss was recognized.

2.6 Revenue

Revenue comprises the fair value of the consideration received or receivable for services rendered during 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.
An expected loss on a contract is recognized immediately in the income statement.

2.7 Expenses

Cost of services comprises expenses directly attributable to revenue. These costs include mainly expenses related to staffing employees, such as wages, salaries and social charges.

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.

2.8 Leasing

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

Lease contracts of which the majority of risks and rewards inherent to ownership lie with 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 between a repayment and an interest portion, so as to achieve a constant rate on the finance balance outstanding. 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 over the lease period.

2.9 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 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 for the cost of an asset are deducted from the capitalized value of the related asset and recognized in the income statement as part of the depreciation and/or amortization charges.

2.10 Net finance costs

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

2.11 Income taxes, deferred tax assets and liabilities

Taxes on income
Taxes on income for the year comprise current taxes and the realization of deferred taxes. 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.

Current 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 or substantially enacted at year-end. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are recognized, using the balance sheet liability method, to provide for temporary 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 to the extent that it is probable that future taxable profits will be available against which the temporary differences, including tax losses carry-forward, can be utilized.

Deferred tax assets and liabilities are stated at nominal value and are valued against tax rates enacted or substantially enacted at year-end that are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

No deferred tax liability is created for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of goodwill that is 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.

2.12 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 are capitalized as a separate asset or

in the asset's carrying amount, as appropriate, 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. The carrying amount of the replaced part is derecognized.
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 are 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, from the date they are available for use.
The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate.

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

2.13 Intangible assets

Goodwill
Goodwill is the excess of the consideration of an acquisition over the fair value of the Group's share in the net assets acquired at the date of acquisition.
Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of associates is included in investments in associates.
Goodwill upon acquisitions represents payments made by the Group in anticipation of future economic benefits from assets that cannot be identified individually and cannot be separately recognized. These relate, for example, to synergies expected from the combination and the workforce of the acquired companies.

Goodwill is stated at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold.

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 at the date of its acquisition. This cost is determined on a basis that reflects the estimated 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.

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

The residual values and useful lives 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. Capitalized costs include employee costs of software development 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 their estimated useful lives, from the date they are available for use.

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

2.14 Financial assets

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 cost 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.

2.15 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.

2.16 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.

2.17 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, 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 under reserves.

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 retained earnings.

2.18 Share-based payments
The company has various share-based payment arrangements that are settled in ordinary shares. The fair value of these share-based payments, calculated on grant date, is based on valuation models. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity.

At each balance sheet date, the company revises its estimates of the vesting of these share-based payment arrangements. The impact of the revision on original estimates in respect of the past vesting period, if any, is recognized in the income statement immediately, with a corresponding adjustment to shareholders' equity.

2.19 Preferred shares
Preferred shares are classified as non-current liabilities. 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.

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

2.21 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 for branches 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 of leased premises in accordance with applicable legal or contractual requirements;
- estimated amounts of claims from third parties;
- estimated earn-out obligations arising from acquisitions.

2.22 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 with respect to 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 years less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service 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 with respect to 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 based on factors such as age, years of service and compensation (projected unit credit method). Actuarial gains and losses related to these termination indemnity plans are recognized in the income statement in the year they occur.

2.23 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.

2.24 Net cash/debt

The net cash or net debt includes the balance of cash, 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, because 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. Interest income and expenses 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. This purchase price paid, as well as the selling price received, is included in the consolidated cash flow statement net of cash acquired or disposed of, respectively.
Changes in assets and liabilities, which are the result of acquisition and disposal of subsidiaries, are adjusted for in the calculation of the consolidated cash flows.

4. Critical accounting estimates and judgments

In the preparation of financial statements, the Group makes certain critical accounting estimates and assumptions concerning the future. The resulting accounting amounts will, by definition, rarely equal the related 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 whether intangibles have suffered any impairment, in case of triggering events and at least annually. The recoverable amounts of cash-generating units have been determined using, among 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 deviation could have a material effect on the carrying amounts of the intangible assets. For the accounting policies of intangible assets, refer to note 2.13.

4.2 Provisions

Due to the nature of provisions, a considerable part of their determination 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, interest rates and liquidity risk. 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 in 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

Market interest rates do not materially affect the Group's income and operating cash flows. 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, because in an econimic downturn, when earnings are under some pressure, interest rates will tend downwards. 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.

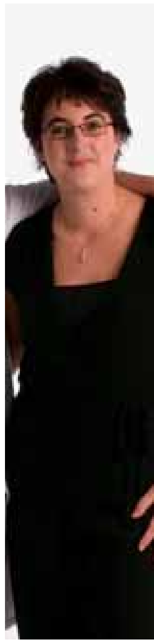
5.3 Liquidity risk

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.

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.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that services are only provided to customers with an appropriate credit history.



notes to the consolidated income statement

(amounts in millions of €, unless otherwise indicated)

6. Revenue

Revenue by business segment:

	2006	2005
Mass-customized Europe and Asia	**5,455.4**	4,470.1
Mass-customized North America	**1,023.2**	992.6
In-house services Europe	**974.2**	720.8
In-house services North America	**247.5**	188.4
Interim professionals, search & selection	**518.0**	288.3
Eliminations	**(32.2)**	(21.7)
	8,186.1	6,638.5

Intragroup revenue:

	2006	2005
Mass-customized Europe and Asia	**28.2**	17.5
Interim professionals, search & selection	**4.0**	4.2
	32.2	21.7

Revenue by geographical area:

	2006	2005
Netherlands	**2,912.2**	2,457.6
Germany	**1,307.4**	787.8
Belgium/Luxembourg	**923.6**	795.2
France	**532.2**	469.2
Spain	**498.0**	415.1
United Kingdom	**249.0**	184.3
Italy	**253.2**	187.6
Other European countries	**223.4**	160.6
North America	**1,270.7**	1,181.0
Asia	**16.4**	0.1
	8,186.1	6,638.5

7. Cost of services

	2006	2005
Wages, salaries, social security and pension charges	**6,182.2**	5,009.8
Depreciation property, plant and equipment	**1.4**	0.0
Amortization software	**0.5**	–
Other cost of services	**271.4**	223.5
	6,455.5	5,233.3

For further information on wages, salaries, social security and pension charges included in cost of services, refer to note 35.

8. Gross profit

Gross profit by business segment:

	2006	2005
Mass-customized Europe and Asia	**1,213.7**	1,002.1
Mass-customized North America	**198.4**	201.6
In-house services Europe	**138.9**	101.2
In-house services North America	**28.8**	22.4
Interim professionals, search & selection	**152.7**	78.9
Eliminations	**(1.9)**	(1.0)
	1,730.6	1,405.2

Gross profit by geographical area:

	2006	2005
Netherlands	**708.1**	609.8
Germany	**325.4**	197.4
Belgium/Luxembourg	**173.6**	145.7
France	**75.5**	64.7
Spain	**80.3**	68.1
United Kingdom	**53.3**	33.0
Italy	**42.9**	32.2
Other European countries	**41.2**	30.2
North America	**227.2**	224.0
Asia	**3.1**	0.1
	1,730.6	1,405.2

9. Selling expenses

Selling expenses include an amount of € 8.0 million (2005: € 9.6 million) related to impairment losses on trade receivables.

10. General and administrative expenses

General and administrative expenses include:
- foreign exchange losses in the amount of € 0.1 million (2005: gains of € 0.6 million);
- book profit on sale of property, plant and equipment in the amount of € 0.1 million (2005: € 0.8 million);
- book profit on the sale of subsidiaries and activities of € 1.6 million (2005: nil).

11. Total operating expenses

11.1 Total operating expenses by nature

	2006	2005
Personnel expenses	**898.7**	759.6
Depreciation property, plant and equipment	**30.9**	26.1
Amortization software	**15.3**	14.0
Advertising and marketing	**91.6**	78.4
Accommodation	**106.0**	92.0
Other	**152.0**	136.0
Operating expenses	**1,294.5**	1,106.1
Amortization other intangible assets	**11.5**	3.4
Impairment goodwill	**1.0**	4.8
Total operating expenses	**1,307.0**	1,114.3

For further information on personnel expenses, refer to note 35.

12. Operating profit

Operating profit by business segment:

	2006	2005
Mass-customized Europe and Asia	**313.6**	249.6
Mass-customized North America	**30.9**	14.3
In-house services Europe	**54.0**	26.8
In-house services North America	**8.5**	4.8
Interim professionals, search & selection	**42.5**	18.9
Corporate	**(25.9)**	(23.5)
	423.6	290.9

12.1 Depreciation

	2006	2005
Depreciation buildings	**0.7**	0.3
Depreciation computer hardware	**10.2**	7.0
Depreciation leasehold improvements and furniture and fixtures	**21.4**	18.8
	32.3	26.1

Depreciation is included in cost of services in the amount of € 1.4 million (2005: € 0.0), in selling expenses in the amount of € 15.4 million (2005: € 14.0 million) and in general and administrative expenses in the amount of € 15.5 million (2005: € 12.1 million).

Depreciation by business segment:

	2006	2005
Mass-customized Europe and Asia	**18.6**	16.4
Mass-customized North America	**3.7**	3.4
In-house services Europe	**0.5**	0.7
In-house services North America	**0.0**	0.0
Interim professionals, search & selection	**2.2**	0.7
Facilities	**7.3**	4.9
	32.3	26.1

Depreciation by geographical area:

	2006	2005
Netherlands	**13.0**	9.8
Germany	**3.1**	1.6
Belgium/Luxembourg	**4.6**	3.9
France	**1.3**	1.3
Spain	**3.3**	3.0
United Kingdom	**1.5**	1.3
Italy	**1.0**	1.2
Other European countries	**0.6**	0.6
North America	**3.7**	3.4
Asia	**0.2**	0.0
	32.3	26.1

12.2 Amortization and impairment

	2006	2005
Amortization software	**15.8**	14.0
Amortization other intangible assets	**11.5**	3.4
Impairment goodwill	**1.0**	4.8
	28.3	22.2

Amortization and impairment are included in cost of services in the amount of € 0.5 million (2005: nil) and in general and administrative expenses in the amount of € 27.8 million (2005: € 22.2 million).

Amortization and impairment by business segment:

	2006	2005
Mass-customized Europe and Asia	**15.7**	12.9
Mass-customized North America	**1.3**	2.8
Interim professionals, search & selection	**4.7**	–
Facilities	**6.6**	6.5
	28.3	22.2

Amortization and impairment by geographical area:

	2006	2005
Netherlands	**9.7**	11.8
Germany	**10.4**	3.3
Belgium/Luxembourg	**1.2**	1.2
France	**0.1**	0.1
Spain	**2.3**	0.4
United Kingdom	**1.4**	0.1
Italy	**0.5**	0.5
Other European countries	**1.4**	2.0
North America	**1.3**	2.8
Asia	**0.0**	–
	28.3	22.2

12.3 Operating leases

In operating profit, an amount of € 132.7 million (2005: € 117.8 million) is included for operating leases.

12.4 Grants

Grants included in operating profit amount to € 17.7 million (2005: € 23.3 million), of which € 14.9 million (2005: € 20.9 million) is reported under cost of services.

13. Net finance costs

	2006	2005
Financial income		
Interest and similar income	**11.0**	7.9
Interest income due to passage of time:		
- held-to-maturity investments	**0.3**	0.2
	11.3	8.1
Financial expenses		
Interest and similar expenses	**10.4**	7.0
Foreign exchange losses	**0.2**	0.0
Interest expenses due to passage of time:		
- defined benefit pension plans and other employee benefits	**1.2**	0.7
- workers' compensation and other provisions	**1.5**	1.2
	13.3	8.9
Dividend preferred shares	**7.2**	8.4
	20.5	17.3
Net finance costs	**9.2**	9.2

14. Taxes on income

	2006	2005
Current tax expense	**136.3**	90.0
Deferred tax income	**(82.2)**	(50.2)
	54.1	39.8

In 2006, the average effective tax rate on income before taxes is 13.1% (2005: 14.1%). The reconciliation between the income tax rate of the company's country of domicile and 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), and the average effective tax rate, respectively, is as follows:

	2006	2005
Income tax rate of the company's country of domicile	**29.6%**	31.5%
Effect of income tax rates in other (non-domestic) jurisdictions	**3.1%**	1.1%
Weighted average applicable tax rate	**32.7%**	32.6%
Tax-exempt income	**(3.1%)**	(0.8%)
Changes in statutory applicable tax rates and effects prior years	**(8.6%)**	(4.4%)
Change in provisions on deferred tax assets and other	**(7.9%)**	(13.3%)
Average effective tax rate	**13.1%**	14.1%

The change in the weighted average applicable tax rate in 2006 compared to 2005 is caused by a changed mix of results of subsidiaries in countries with different tax rates.
The item 'changes in statutory applicable tax rates and effects prior years' includes the effects on the valuation of deferred taxes due to the change in the statutory applicable tax rates in the Netherlands (2006 and 2005) and Spain (2006).

15. Net income

15.1 Foreign exchange results

Net income includes foreign exchange losses of € 0.3 million (2005: gains of € 0.6 million).

15.2 Net income, EBITA and EBITDA

	2006	2005
Net income	**360.3**	241.9
Taxes on income	**54.1**	39.8
Net finance costs	**9.2**	9.2
Operating profit	**423.6**	290.9
Amortization other intangible assets	**11.5**	3.4
Impairment goodwill	**1.0**	4.8
Operating profit before amortization other intangible assets and impairment goodwill (EBITA)	**436.1**	299.1
Depreciation	**32.3**	26.1
Amortization software	**15.8**	14.0
Operating profit before depreciation, amortization and impairment goodwill (EBITDA)	**484.2**	339.2

EBITA by business segment:

	2006	2005
Mass-customized Europe and Asia	**322.0**	257.8
Mass-customized North America	**30.9**	14.3
In-house services Europe	**54.0**	26.8
In-house services North America	**8.5**	4.8
Interim professionals, search & selection	**46.6**	18.9
Corporate	**(25.9)**	(23.5)
	436.1	299.1

16. Earnings per ordinary share

	2006	2005
Net income attributable to ordinary shareholders	**360.3**	241.9
Amortization other intangible assets and impairment goodwill (after taxes)	**8.6**	7.2
Net income attributable to ordinary shareholders before amortization other intangible assets and impairment goodwill	**368.9**	249.1
Average number of ordinary shares outstanding (in millions)	**115.8**	115.4
Basic earnings per ordinary share (€)	**3.11**	2.10
Average number of diluted ordinary shares outstanding (in millions)	**116.3**	116.0
Diluted earnings per ordinary share (€)	**3.10**	2.09
Diluted earnings per ordinary share before amortization other intangible assets and impairment goodwill (€)	**3.17**	2.15

Basic earnings per ordinary share are calculated by dividing the net income attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, being issued ordinary 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 dilutive potential ordinary shares arise from various share-based payment arrangements.

Weighted average number of ordinary shares outstanding

(in millions of shares)	2006	2005
Weighted average number of ordinary shares outstanding	**115.8**	115.4
Dilutive effect of share-based payments	**0.5**	0.6
Weighted average number of diluted ordinary shares outstanding	**116.3**	116.0

notes to the consolidated balance sheet

(amounts in millions of €, unless otherwise indicated)

17. Property, plant and equipment

Property, plant and equipment by business segment:

	2006	2005
Mass-customized Europe and Asia	**55.9**	46.2
Mass-customized North America	**13.1**	7.4
In-house services Europe	**1.1**	1.1
In-house services North America	**0.3**	0.1
Interim professionals, search & selection	**6.7**	2.8
Facilities	**40.0**	41.7
	117.1	99.3

Changes in property, plant and equipment are:

	Buildings and land	Computer hardware	Leasehold improvements, furniture and fixtures	Total
Cost	47.4	78.9	188.9	315.2
Accumulated depreciation	20.2	64.7	151.0	235.9
Book value at January 1, 2005	**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**
Book value at January 1, 2006	**24.1**	**24.0**	**51.2**	**99.3**
Acquisition of subsidiaries	–	2.1	1.1	3.2
Additions	–	11.4	39.4	50.8
Disposals	–	(1.0)	(1.7)	(2.7)
Depreciation	(0.7)	(10.2)	(21.4)	(32.3)
Translation differences	–	(0.4)	(0.8)	(1.2)
Book value at December 31, 2006	**23.4**	**25.9**	**67.8**	**117.1**
Cost	43.8	96.6	243.3	383.7
Accumulated depreciation	20.4	70.7	175.5	266.6
Book value at December 31, 2006	**23.4**	**25.9**	**67.8**	**117.1**

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 the event that 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.

Additions property, plant and equipment by business segment:

	2006	2005
Mass-customized Europe and Asia	**28.2**	29.4
Mass-customized North America	**11.3**	4.5
In-house services Europe	**0.3**	0.3
In-house services North America	**0.3**	0.1
Interim professionals, search & selection	**4.8**	1.1
Facilities	**5.9**	13.0
	50.8	48.4

Additions property, plant and equipment by geographical area:

	2006	2005
Netherlands	**15.8**	21.8
Germany	**5.5**	1.1
Belgium/Luxembourg	**7.5**	9.1
France	**2.9**	2.7
Spain	**2.1**	4.9
United Kingdom	**1.8**	1.6
Italy	**1.2**	1.9
Other European countries	**1.1**	0.7
North America	**11.6**	4.6
Asia	**1.3**	–
	50.8	48.4

18. Intangible assets

	2006	2005
Software	**33.5**	32.3
Goodwill and other intangible assets	**290.7**	79.0
	324.2	111.3

Intangible assets by business segment:

	2006	2005
Mass-customized Europe and Asia	**222.9**	51.9
Mass-customized North America	**2.3**	2.0
Interim professionals, search & selection	**81.9**	36.0
Facilities	**17.1**	21.4
	324.2	111.3

18.1 Software

Changes in software are:

	Developed software	Other software	Total
Cost	24.0	52.2	76.2
Accumulated amortization	4.6	39.4	44.0
Book value at January 1, 2005	**19.4**	**12.8**	**32.2**
Book value at January 1, 2005	19.4	12.8	32.2
Additions	9.9	3.7	13.6
Amortization	(7.5)	(6.5)	(14.0)
Translation differences	–	0.5	0.5
Book value at December 31, 2005	**21.8**	**10.5**	**32.3**
Cost	34.1	59.0	93.1
Accumulated amortization	12.3	48.5	60.8
Book value at December 31, 2005	**21.8**	**10.5**	**32.3**
Book value at January 1, 2006	21.8	10.5	32.3
Acquisition of subsidiaries	5.7	0.5	6.2
Additions	4.7	6.3	11.0
Amortization	(7.9)	(7.9)	(15.8)
Translation differences	–	(0.2)	(0.2)
Book value at December 31, 2006	**24.3**	**9.2**	**33.5**
Cost	43.9	59.8	103.7
Accumulated amortization	19.6	50.6	70.2
Book value at December 31, 2006	**24.3**	**9.2**	**33.5**

The estimated useful life for software is 3 to 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.

Additions software by business segment:

	2006	2005
Mass-customized Europe and Asia	**5.9**	3.5
Mass-customized North America	**1.8**	0.8
Interim professionals, search & selection	**1.4**	–
Facilities	**1.9**	9.3
	11.0	13.6

Additions software by geographical area:

	2006	2005
Netherlands	**3.8**	9.4
Germany	**2.5**	1.3
France	**0.1**	–
Spain	**0.6**	0.8
United Kingdom	**1.6**	0.3
Italy	**0.2**	0.6
Other European countries	**0.4**	0.4
North America	**1.8**	0.8
Asia	**0.0**	–
	11.0	13.6

18.2 Goodwill and other intangible assets

Changes in goodwill and other intangible assets are:

	Goodwill	Other intangible assets	Total
Cost	33.0	17.0	50.0
Accumulated amortization	–	1.1	1.1
Book value at January 1, 2005	**33.0**	**15.9**	**48.9**
Book value at January 1, 2005	33.0	15.9	48.9
Acquisition of subsidiaries	30.7	8.1	38.8
Adjustments to goodwill	(1.3)	–	(1.3)
Amortization	–	(3.4)	(3.4)
Impairment	(4.8)	–	(4.8)
Translation differences	0.5	0.3	0.8
Book value at December 31, 2005	**58.1**	**20.9**	**79.0**
Cost	58.1	25.4	83.5
Accumulated amortization	–	4.5	4.5
Book value at December 31, 2005	**58.1**	**20.9**	**79.0**
Book value at January 1, 2006	58.1	20.9	79.0
Acquisition of subsidiaries	156.4	67.5	223.9
Adjustments to goodwill	(0.2)	–	(0.2)
Amortization	–	(11.5)	(11.5)
Impairment	(1.0)	–	(1.0)
Translation differences	0.1	0.4	0.5
Book value at December 31, 2006	**213.4**	**77.3**	**290.7**
Cost	213.4	93.3	306.7
Accumulated amortization	–	16.0	16.0
Book value at December 31, 2006	**213.4**	**77.3**	**290.7**

Goodwill

The value at cost for goodwill includes the accumulated impairment.

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 based upon management's estimates and assumptions of revenue growth and developments of operating margins, assessed with external data, covering a period of, in principle, five 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 reasonable.

The discount rate used in the cash flow projections for the determination of the value in use is, in general 10%, with upward adjustments for country-specific circumstances when considered necessary.
The values assigned to the key assumptions – such as revenue growth rates and operating margins – represent management's assessment of short- and long-term trends in the economic environments of the cash-generating units and are based on both external and internal data.

For 2006 and 2005, 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 € 1.0 million (2005: € 4.8 million) is recognized.

The carrying amount of goodwill per cash-generating unit:

	2006	2005
Martin Ward Anderson Ltd (United Kingdom)	16.2	16.1
Teccon GmbH & Co KG (Germany)	26.4	–
Randstad Deutschland GmbH & Co KG	63.6	–
Randstad Nederland bv	47.7	–
Other	59.5	42.0
	213.4	58.1

Other intangible assets
Other intangible assets include customer relationships in the amount of € 73.9 million (2005: € 17.1 million), brand names in the amount of € 1.8 million (2005: € 2.0 million) and flexworker databases in the amount of € 1.6 million (2005: € 1.8 million).

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

	Term
Customer relationships	4-8 years
Brand names	1-5 years
Flexworker databases	2-5 years

Other information goodwill and other intangible assets
Additions goodwill and other intangible assets due to acquisitions by business segment:

	2006	2005
Mass-customized Europe and Asia	175.3	2.8
Interim professionals, search & selection	48.6	36.0
	223.9	38.8

Additions goodwill and other intangible assets due to acquisitions by geographical area:

	2006	2005
Netherlands	78.0	2.8
Germany	133.5	8.8
Belgium/Luxembourg	6.0	–
United Kingdom	–	22.5
Asia	6.4	4.7
	223.9	38.8

18.3 Business combinations

During 2006 and 2005 the following companies were acquired:

Company	Acquired % of shares	Acquisitions 2006	Acquisitions 2005	Activity	Earn-out arrangements
Gamma Dienstverlening B.V. (Netherlands)	100	January 2, 2006		1	No
Galilei nv (Belgium)	100	January 16, 2006		1	Yes
Bindan GmbH & Co KG (Germany)	100	January 19, 2006		1	No
Teccon GmbH & Co KG (Germany)	100	January 19, 2006		1	No
Team HR Limited (India)	100	April 12, 2006		1	No
Worktoday (activities; Netherlands)	100	May 22, 2006		1	No
PinkRoccade Public Sector bv (Netherlands)	100	October 4, 2006		1	No
Talent Academy BV (Netherlands)	100	December 22, 2006		1	Yes
Hageweld B.V. (Netherlands)	100		June 10, 2005	1	No
Emmay HR Services Pvt. Ltd (India)	100		November 22, 2005	2	No
Martin Ward Anderson Ltd (United Kingdom)	100		December 21, 2005	2	Yes

The main activities of the companies indicated as '1' in the table above are temporary and contract staffing; including HR solutions. The main activities of the companies indicated as '2' in the table above are search and selection.

Information about acquisitions

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

	2006								2005
	Bindan/Teccon		PinkRoccade HR		Other		Total		Total
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Fair value
Property, plant and equipment	2.5	2.5	0.4	0.4	0.3	0.3	3.2	3.2	0.7
Software	0.8	0.5	11.3	5.7	–	–	12.1	6.2	–
Other intangible assets	–	43.6	–	18.4	–	5.5	–	67.5	8.1
Deferred tax assets	1.3	1.3	0.3	0.4	0.1	0.1	1.7	1.8	–
Loans and receivables	3.7	3.7	–	–	–	–	3.7	3.7	–
Working capital	8.7	8.7	0.0	0.0	4.1	4.1	12.8	12.8	3.6
Provisions	(9.0)	(9.0)	(5.1)	(5.1)	–	–	(14.1)	(14.1)	–
Deferred tax liabilities	–	–	0.0	(3.3)	(0.2)	(1.8)	(0.2)	(5.1)	(2.5)
Net assets acquired	8.0	51.3	6.9	16.5	4.3	8.2	19.2	76.0	9.9
Goodwill		90.0		47.7		18.7		156.4	30.7
Total consideration		141.3		64.2		26.9		232.4	40.6

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

Goodwill is based upon the expected costs of these acquisitions amounting to € 232.4 million (2005: € 40.6 million), of which € 225.7 million is paid during 2006 (2005: € 32.7 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 2006, the acquired businesses contributed € 241.8 million to the Group's revenue (2005: € 4.1 million) and € 8.4 million to the Group's operating profit (2005: € 0.2 million negative).

If these acquisitions had occurred on January 1, 2006, Group revenue and operating profit would have been higher by approximately € 38 million and € 6.0 million, respectively (for acquisitions in 2005: approximately higher Group revenue of € 54 million and higher Group operating profit of € 0.5 million).

The reconciliation of the amount of acquisition of subsidiaries in the cash flow statement is as follows:

	2006	2005
Total consideration	**232.4**	40.6
Deferred compensations	**(6.7)**	(7.9)
Consideration paid	**225.7**	32.7
(Net cash)/net debt of subsidiaries acquired, included in working capital	**(16.8)**	1.6
Consideration paid, adjusted for net cash/net debt acquired for acquisitions during the year	**208.9**	34.3
Consideration paid in respect of acquisitions in preceding years	**7.6**	–
Acquisition of subsidiaries, cash flow statement	**216.5**	34.3

Information about the disposal of subsidiaries and activities
During the year, the Group disposed of subsidiaries and activities – in the segment mass-customized and mainly in the US – with a cash consideration of € 49 million; the disposed subsidiaries and activities represented a net value of current assets and liabilities of € 47 million.

19. Deferred and current income taxes

19.1 Deferred income tax assets

Deferred income tax assets are attributable to the following:

	2006	2005
Goodwill	**140.3**	144.5
Tax losses carry-forward	**67.0**	65.3
Temporary differences	**121.7**	129.9
Total deferred income tax assets	**329.0**	339.7

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 and in accordance with the exemptions offered by IFRS 1 at the transition date to IFRS (January 1, 2004).
Deferred tax assets in relation to tax losses carry-forward comprise an amount of € 55 million (2005: € 39 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.
Deferred tax assets in relation to temporary differences originate from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes; these differences exist mainly with respect to certain property, plant and equipment and certain accruals and provisions.

The recoverability of deferred tax assets resulting from net operating losses and timing differences is reviewed annually, based upon management's estimates and assumptions of revenue growth and development of operating margins of the Group companies concerned, assessed with external data. Deviations from these estimates and assumptions can affect the value of deferred tax assets and may, in that case, have a material impact on the effective tax rate.

Certain deferred tax assets of which the recoverability is considered not probable, are valued at nil. These comprise deferred tax assets relating to goodwill of approximately € 16 million (2005: approximately € 50 million), deferred tax assets in relation to tax losses carry-forward of approximately € 105 million (2005: approximately € 125 million) and deferred tax assets relating to other temporary differences of approximately € 22 million (2005: approximately € 20 million).

The part of deferred tax assets that is expected to be recovered within one year is estimated at € 12 million (2005: € 24 million).

19.2 Deferred income tax liabilities

Deferred income tax liabilities are attributable to the following:

	2006	2005
Recapture obligations	**288.5**	351.5
Temporary differences	**10.4**	5.9
Total deferred income tax liabilities	**298.9**	357.4

The deferred tax liability with respect to recapture obligations ensues from incorporation in the Netherlands of tax losses incurred in the United States and Germany.

The deferred tax liability for temporary differences originates from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The part of deferred tax liabilities that is expected to be settled within one year is estimated at € 36 million (2005: € 13 million).

19.3 Movements in total position taxes on income

Changes in the total position of taxes on income are:

	2006	2005
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 January 1	**(42.4)**	**(20.8)**
Movements during the year		
Debited to income statement	(54.1)	(39.8)
Net payments	105.6	3.9
Acquisition of subsidiaries' deferred taxes	(3.3)	(2.5)
Acquisition of subsidiaries' income taxes	0.1	0.0
Recognized in shareholders' equity	3.0	(4.9)
Translation (losses)/gains	(21.1)	21.7
Total movements	**30.2**	**(21.6)**
Assets/(liabilities) taxes on income		
Deferred tax assets	329.0	339.7
Current income tax receivables	6.1	3.2
Deferred tax liabilities	(298.9)	(357.4)
Current income tax payables	(48.4)	(27.9)
Value at December 31	**(12.2)**	**(42.4)**

20. Financial assets

	2006	2005
Held-to-maturity investments	**5.0**	4.3
Loans and receivables	**4.2**	0.6
	9.2	4.9

Changes in held-to-maturity investments are:

	2006	2005
Value at January 1	**4.6**	3.9
Additions	**0.5**	0.5
Interest due to passage of time	**0.3**	0.2
Value at December 31	**5.4**	4.6
Non-current portion	**5.0**	4.3
Current portion	**0.4**	0.3
Total held-to-maturity investments	**5.4**	4.6

Held-to-maturity investments relate to loans with an average remaining term of 13 years and an effective interest rate of 5.5% (2005: 5.8%). The book value of held-to-maturity investments approximates the fair value as of January 1 and December 31, 2006.

Changes in loans and receivables are:

	2006	2005
Value at January 1	**0.6**	1.0
Acquisitions of subsidiaries	**3.7**	–
Repayments	–	(0.5)
Translation differences	**(0.1)**	0.1
Value at December 31	**4.2**	0.6

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

The loans and receivables do not have a fixed maturity date; the average effective interest rate is 4.0% (2005: 4.0%). The book value of the loans and receivables approximates the fair value as of January 1 and December 31, 2006.

21. Associates

Changes in associates are:

	2006	2005
Value at January 1	–	–
Acquisitions	**2.7**	–
Share of profit	**0.0**	–
Translation differences	**0.0**	–
Value at December 31	**2.7**	–

During 2006, 47% of the shares of Talent Shanghai, China, were acquired. Total assets amount to € 9.7 million and liabilities to € 5.9 million as per December 31, 2006. Total revenue in 2006 amounts to € 55 million and the result is approximately nil. Investments in associates at December 31, 2006 include goodwill of € 0.9 million.

22. Trade and other receivables

	2006	2005
Trade receivables, net of provision for impairment	**1,327.6**	1,112.7
Other receivables	**90.3**	149.2
Prepayments	**24.7**	27.1
Held-to-maturity investments	**0.4**	0.3
	1,443.0	1,289.3

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.

23. Cash and cash equivalents

	2006	2005
Time deposits	**65.1**	373.7
Cash on hand and in banks	**281.4**	80.1
	346.5	453.8

The time deposits fall due within a one-month average. The average interest rate for the time deposits is 3.5% (2005: 2.3%). All cash and cash equivalents are available on demand.

24. Total assets

Assets by business segment and geographical area include all assets with the exception of deferred tax assets, current income tax receivables and cash and cash equivalents.

	2006	2005
Total assets	**2,577.8**	2,301.5
Less:		
- deferred tax assets	**329.0**	339.7
- current income tax receivables	**6.1**	3.2
- cash and cash equivalents	**346.5**	453.8
Assets by business segment and geographical area	**1,896.2**	1,504.8

Assets by business segment:

	2006	2005
Mass-customized Europe and Asia	**1,345.3**	958.1
Mass-customized North America	**135.0**	198.2
In-house services Europe	**151.7**	138.5
In-house services North America	**28.3**	27.4
Interim professionals, search & selection	**173.0**	115.3
Facilities	**66.8**	76.9
Corporate	**31.8**	36.4
Eliminations	**(35.7)**	(46.0)
	1,896.2	1,504.8

Assets by geographical area are:

	2006	2005
Netherlands	**675.7**	558.3
Germany	**364.6**	125.9
Belgium/Luxembourg	**212.8**	166.2
France	**168.0**	147.9
Spain	**127.2**	130.1
United Kingdom	**78.1**	75.4
Italy	**53.5**	49.2
Other European countries	**64.3**	54.3
North America	**163.3**	225.6
Asia	**9.2**	5.1
Eliminations	**(20.5)**	(33.2)
	1,896.2	1,504.8

25. Shareholders' equity and dividends per share

25.1 Shareholders' equity

Additional information about shareholders' equity is included in the consolidated statement of changes in shareholders' equity.

Authorized capital is € 50 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 and 50,000,000 type-B preferred shares with a nominal value of € 0.10. Issued share capital consists of 116,096,328 ordinary shares (2005: 115,669,464) and 25,200,000 type-B preferred shares (2005: 25.200.000) at year-end.

IAS 32 and 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. Since 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 26 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 translation differences are recognized initially in this separate component of shareholders' equity and recognized in the income statement on disposal of the net investment.

Refer to note 6 of the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

The company has various share-based payment arrangements. Additional information with regard to these arrangements is included in Note 37. Included in the income statement is an amount of € 4.6 million (2005: € 4.3 million) for share-based payments.
At year-end 2006, 1,458,000 stock options (2005: 1,454,000 stock options) are outstanding, which upon exercise will lead to the issuance of the same number of new ordinary shares.

At December 31, 2006, the number of treasury shares amounted to 36,000 shares (2005: 103,227 shares) with a value of € 0.4 million (2005: € 1.4 million). These treasury shares relate to 36,000 stock options (2005: 103,227 stock options) outstanding, granted to members of the executive board in 2002.

25.2 Dividend per ordinary share and dividend per preferred share

Dividends paid in 2006 and 2005 on ordinary shares amounted to € 90.7 million (€ 0.84 per share) and € 76.2 million (€ 0.66 per share), respectively. A holder of depository receipts for ordinary shares waived in 2006 his dividend (€ 6.5 million).
Dividends paid in 2006 on preferred shares amounted to € 8.4 million (2005: € 8.6 million) or € 0.33 per preferred share (2005: € 0.34 per preferred share).
For 2006, a dividend of € 1.25 per ordinary share, amounting to a total dividend of € 144.7 million, will be proposed at the annual General Meeting of Shareholders to be held on May 8, 2007. These financial statements do not reflect this proposal.
The dividend on preferred shares is reported under net finance costs.

Dividends on ordinary and preferred shares during recent years are:

	Dividend related to:		
	2006	2005	2004
Ordinary shares:			
- dividend paid during 2005			76.2
- dividend paid during 2006		90.7	
- dividend 2006 proposed	144.7		
Preferred shares:			
- dividend paid during 2005			8.6
- dividend paid during 2006		8.4	
- dividend payable at end of 2006	7.2		

26. Preferred shares

	2006	2005
Issued preferred shares	**2.5**	2.5
Share premium	**163.3**	163.3
	165.8	165.8

The dividend on preferred shares is reviewed every seven years. This review took place in November 2005 and the dividend has been set at € 0.284 per preferred share. The next review on the dividend will take place in November 2012. Only the company can propose to the annual General Meeting of Shareholders to decide to repay the preferred shares.
The book value of the preferred shares approximates the fair value, because the dividend as a percentage of the amount paid approximates the relevant market interest rate.

27. Borrowings

	2006	2005
Non-current borrowings		
Drawings on the multi-currency syndicated revolving credit facility	**–**	130.0
Other non-current borrowings	**–**	0.5
	–	130.5
Current borrowings	**96.2**	117.3
Total borrowings	**96.2**	247.8

Changes in non-current borrowings are:

	2006	2005
Non-current borrowings January 1	130.5	130.4
Proceeds	–	0.1
Repayments	(130.5)	–
Non-current borrowings December 31	–	130.5

The company has a € 650 million multi-currency syndicated revolving credit facility at its disposal, that will mature in June 2011. The company, however, has the opportunity in both June 2007 and June 2008 to request that the banks extend the maturity date by one year at each date (so called '5+1+1 facility'). This new facility of € 650 million is a refinancing and extension of the facility of € 330 million existing at year-end 2005, and maturing in 2008. There is no repayment schedule.

The credit facility has an interest rate, which is, each time, based on the term of the drawings, increased with a margin above the applicable Euribor or Libor rates. This margin is variable and depends on the (senior) net debt leverage ratio. At the end of 2006, there was no drawing under this facility (2005: € 130 million; with an average interest rate at year-end of 3.0% for a term shorter than one month, approximating the effective interest rate, because the interest rate on the credit facility fluctuates with market trends).

The long-term interest-bearing debt was fully denominated in euros at the end of 2005.

The majority of short-term interest-bearing debt is denominated in euros. An amount of € 11 million is denominated in US dollars (2005: € 54 million) and an amount of € 14 million is denominated in UK pounds sterling.

Negative pledges have been issued for the purposes of bank overdraft facilities and 'pari passu' clauses apply.
At year-end, the Group has no outstanding interest rate or currency derivatives.

28. Provisions

	2006	2005
Provisions for pensions and employee benefits	14.7	4.4
Provisions for restructuring, workers' compensation and other provisions	67.8	63.0
	82.5	67.4
Non-current provisions	49.4	34.6
Current provisions	33.1	32.8
	82.5	67.4

28.1 Provisions for pensions and employee benefits

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

	2006	2005
Defined benefit plan corporate employees Belgium	(1.0)	(0.4)
Defined benefit plan staffing and corporate employees Switzerland	0.7	0.8
Defined benefit plan corporate employees Germany	8.6	–
Defined benefit plan corporate employees the Netherlands	1.3	–
Termination indemnity plans	5.1	4.0
	14.7	4.4

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

	2006	2005
Present value of funded obligations	33.9	18.0
Present value of unfunded obligations	6.4	4.0
Total present value of obligations	40.3	22.0
Fair value of plan assets	(22.9)	(17.1)
	17.4	4.9
Unrecognized actuarial losses	(2.7)	(0.5)
Liability in the balance sheet	14.7	4.4

The amounts recognized in the income statement are:

	2006	2005
Current service costs employer	11.6	8.5
Amortization of gains and losses	0.1	–
Expected return on plan assets	(1.1)	(0.9)
Charged to operating result	10.6	7.6
Interest expenses due to passage of time	1.2	0.7
Charged to income statement	11.8	8.3

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

	2006	2005
Value at January 1	**22.0**	17.2
Acquisitions of subsidiaries	**9.5**	–
Current service costs total	**12.7**	8.9
Interest expenses due to passage of time	**1.2**	0.7
Benefits paid	**(9.2)**	(6.3)
Unrecognized actuarial results, net	**4.4**	1.5
Translation differences	**(0.3)**	0.0
Value at December 31	**40.3**	22.0

The changes in the fair value of the plan assets with respect to defined benefit pension plans are:

	2006	2005
Value at January 1	**17.1**	13.7
Expected return on plan assets	**1.1**	0.9
Contributions employees	**1.1**	0.4
Contributions employers	**2.9**	2.0
Benefits paid	**(1.1)**	(0.9)
Unrecognized actuarial results, net	**2.1**	1.0
Translation differences	**(0.3)**	0.0
Value at December 31	**22.9**	17.1

The actual return on plan assets was € 2.0 million (2005: € 0.8 million).

The principal actuarial assumptions used for defined benefit plans are:

	2006	2005
Discount rate	**2.7-5.5%**	3.1-4.2%
Expected return on plan assets	**3.6-6.3%**	3.8-6.5%
Expected salary increases	**1.8-5.3%**	1.8-5.3%
Expected pension increases	**0.5-1.5%**	0.5-2.3%

The average effective interest rate used in the calculation of the provision for legal arrangements for termination indemnity payments amounts to 4.3% (2005: 4.1%).

28.2 Provisions for restructuring, workers' compensation and other provisions

Changes in provisions are:

	Restructuring	Workers' compensation	Other	Total
Non-current provisions	2.5	13.4	20.5	36.4
Current provisions	7.4	10.8	26.5	44.7
Value at January 1, 2005	**9.9**	**24.2**	**47.0**	**81.1**
Acquisition of subsidiaries	–	–	(1.3)	(1.3)
Charged to income statement	1.1	20.6	9.3	31.0
Interest due to passage of time	–	1.1	0.1	1.2
Released to income statement	(2.5)	–	(16.7)	(19.2)
Withdrawals	(4.4)	(19.8)	(9.9)	(34.1)
Translation differences	0.3	3.8	0.2	4.3
Value at December 31, 2005	**4.4**	**29.9**	**28.7**	**63.0**
Non-current provisions	1.6	20.5	9.8	31.9
Current provisions	2.8	9.4	18.9	31.1
Value at December 31, 2005	**4.4**	**29.9**	**28.7**	**63.0**
Acquisition of subsidiaries	–	–	6.1	6.1
Disposal of subsidiaries	–	–	0.9	0.9
Charged to income statement	2.7	25.6	3.5	31.8
Interest due to passage of time	–	1.2	0.3	1.5
Released to income statement	(0.7)	–	(1.5)	(2.2)
Withdrawals	(3.9)	(24.5)	(1.4)	(29.8)
Translation differences	(0.2)	(3.1)	(0.2)	(3.5)
Value at December 31, 2006	**2.3**	**29.1**	**36.4**	**67.8**
Non-current provisions	0.6	17.7	18.8	37.1
Current provisions	1.7	11.4	17.6	30.7
Value at December 31, 2006	**2.3**	**29.1**	**36.4**	**67.8**

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 5.0% (2005: 4.1%). The effect of the change in the effective interest rate from 4.1% to 5.0% amounts to € 1.0 million and is included in the charge to the income statement of € 25.6 million.

Other provisions consist primarily of provisions for claims of third parties; also included is € 5.1 million (2005: € 3.4 million) for earn-out arrangements from acquisitions and € 5.7 million (2005: € 4.3 million) for provisions for site restoration.

The non-current part of these provisions is for the major part expected to be settled within the three years immediately following the balance sheet date.

29. Trade and other payables

	2006	2005
Trade payables	**70.9**	48.1
Other taxes and social security premiums	**418.8**	347.6
Pension contributions	**15.8**	13.1
Dividend on type-B preferred shares	**7.2**	8.4
Wages, salaries and other personnel costs	**462.2**	391.9
Other accruals	**113.2**	83.2
Deferred income	**7.6**	6.7
	1,095.7	899.0

30. Total liabilities

Liabilities by business segment include provisions and trade and other payables.

	2006	2005
Liabilities	**1,787.5**	1,765.3
Less:		
- preferred shares	**165.8**	165.8
- borrowings	**96.2**	247.8
- deferred income tax liabilities	**298.9**	357.4
- current income tax liabilities	**48.4**	27.9
Liabilities by business segment	**1,178.2**	966.4

Liabilities by business segment:

	2006	2005
Mass-customized Europe and Asia	**871.6**	714.3
Mass-customized North America	**54.4**	69.0
In-house services Europe	**117.9**	95.3
In-house services North America	**25.0**	26.7
Interim professionals, search & selection	**96.3**	58.0
Facilities	**16.7**	19.3
Corporate	**32.0**	29.8
Eliminations	**(35.7)**	(46.0)
	1,178.2	966.4

31. Operating working capital

	2006	2005
Working capital	**522.2**	669.3
Adjusted for:		
- cash and cash equivalents	**(346.5)**	(453.8)
- current income tax receivables	**(6.1)**	(3.2)
- current income tax liabilities	**48.4**	27.9
- dividend on type-B preferred shares	**7.2**	8.4
- current borrowings	**96.2**	117.3
- current provisions	**33.1**	32.8
Operating working capital	**354.5**	398.7

Operating working capital by business segment:

	2006	2005
Mass-customized Europe and Asia	**180.6**	182.3
Mass-customized North America	**87.7**	150.4
In-house services Europe	**35.3**	26.4
In-house services North America	**11.2**	3.2
Interim professionals, search & selection	**32.4**	19.5
Facilities	**(6.6)**	(5.4)
Corporate	**13.9**	22.3
	354.5	398.7

32. Net cash and borrowings

	2006	2005
Non-current borrowings	**–**	(130.5)
Current borrowings	**(96.2)**	(117.3)
Total borrowings	**(96.2)**	(247.8)
Cash and cash equivalents	**346.5**	453.8
Net cash	**250.3**	206.0

33. Commitments

	2006	2005
Commitments, less than 1 year	**130**	121
Commitments, more than 1 year, less than 5 years	**214**	204
Commitments, more than 5 years	**55**	58
	399	383

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.

notes to the consolidated cash flow statement

(amounts in millions of €, unless otherwise indicated)

34. Notes to the consolidated cash flow statement

The majority of the items in the consolidated cash flow statement are cross-referenced to the relevant notes on the consolidated income statement and balance sheet on an individual basis. 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.

34.1 Cash

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

	2006	2005
Cash and cash equivalents	346.5	453.8
Current borrowings	(96.2)	(117.3)
	250.3	336.5

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

	2006	2005
Balance as of January 1	1,289.0	1,062.7
Acquisition of subsidiaries	51.5	10.6
Disposal of subsidiaries	(9.2)	–
Translation (losses)/gains and other	(18.9)	28.4
Cash flow statement	130.2	187.3
Balance as of December 31	1,442.6	1,289.0

34.3 Trade and other payables (excluding dividend preferred shares)

	2006	2005
Balance as of January 1	890.6	759.7
Acquisition of subsidiaries	53.0	13.3
Disposal of subsidiaries	(6.4)	–
Translation (gains)/losses and other	(5.9)	9.6
Cash flow statement	157.2	108.0
Balance as of December 31	1,088.5	890.6

34.4 Provisions

	2006	2005
Balance as of January 1	67.4	84.6
Acquisition of subsidiaries	15.6	(1.3)
Disposal of subsidiaries	0.9	–
Interest due to passage of time	2.7	1.9
Translation (gains)/losses and other	(3.5)	4.3
Cash flow statement	(0.6)	(22.1)
Balance as of December 31	82.5	67.4

34.5 Free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding acquisition and disposal of subsidiaries and associates.

	2006	2005
Net cash flow from operating activities	409.6	238.2
Net cash flow from investing activities	(275.1)	(92.2)
	134.5	146.0
Acquisition of subsidiaries and associates	219.2	34.3
Disposal of subsidiaries and associates	(3.7)	–
	350.0	180.3

notes to personnel expenses and employee numbers

(amounts in millions of €, unless otherwise indicated)

35. Wages and salaries, social security and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services for staffing employees and in personnel expenses for corporate employees. The details for cost of services and personnel expenses, as well as the totals for wages, salaries, social security charges and pension charges are as follows:

35.1 Cost of services

Cost of services include the expenses of staffing employees:

	2006	2005
Wages and salaries	5,086.2	4,023.9
Social security charges	1,052.6	947.1
Pension charges – defined contribution plans	42.6	38.2
Pension charges – defined benefit plans	0.8	0.6
Wages, salaries, social security and pension charges	6,182.2	5,009.8
Other cost of services	273.3	223.5
	6,455.5	5,233.3

35.2 Personnel expenses

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

	2006	2005
Wages and salaries	662.8	558.3
Social security charges	92.6	79.4
Pension charges – defined contribution plans	18.2	14.6
Pension charges – defined benefit plans	1.1	0.7
Share-based payments	4.6	4.3
	779.3	657.3
Other personnel expenses	119.4	102.3
	898.7	759.6

35.3 Wages and salaries, social security and pension charges

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

	2006	2005
Wages and salaries	5,749.0	4,582.2
Social security charges	1,145.2	1,026.5
Pension charges – defined contribution plans	60.8	52.8
Pension charges – defined benefit plans	1.9	1.3
Share-based payments	4.6	4.3
	6,961.5	5,667.1

36. Employee numbers (average)

	2006	2005
Staffing employees	312,300	254,400
Corporate employees	15,380	13,430
	327,680	267,830

Employee numbers by business segments:

	Staffing		Corporate	
	2006	2005	2006	2005
Mass-customized Europe and Asia	216,500	174,600	10,680	9,130
Mass-customized North America	40,600	39,700	1,940	2,180
In-house services Europe	38,200	27,800	1,080	970
In-house services North America	11,800	9,200	230	190
Interim professionals, search & selection	5,200	3,100	910	440
Facilities	–	–	430	420
Corporate	–	–	110	100
	312,300	254,400	15,380	13,430

Employee numbers by geographical area:

	Staffing		Corporate	
	2006	2005	2006	2005
Netherlands	102,400	89,400	5,790	5,180
Germany	41,400	25,400	2,280	1,570
Belgium/ Luxembourg	31,000	26,900	1,400	1,230
France	16,400	14,900	710	670
Spain	24,300	21,300	1,110	1,060
United Kingdom	9,000	8,900	590	450
Italy	8,800	6,800	480	440
Other European countries	16,200	11,900	590	450
North America	52,400	48,900	2,170	2,370
Asia	10,400	–	260	10
	312,300	254,400	15,380	13,430

notes to share-based payments

(amounts in millions of €, unless otherwise indicated)

37. 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.

37.1 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 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. For more details, please refer to page 41 of the remuneration section in this annual report.

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.

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 2006 € 53.70, May 2005 € 28.70);
- average exercise price 2006 € 53.70 (2005: € 28.87);
- option life of seven years (2005: seven years);
- expected volatility is measured at the standard deviation of expected share price returns of daily share prices over the last year; 2006: 30% (2005: 30%);
- dividend yield: 2%;
- risk-free interest rate is 3.9% (2005: 2.9%);
- vesting: 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 (2005: 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; any adjustment is charged to the income statement. On exercise of stock options, the company issues new shares.

37.2 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: 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 'total shareholder return'-performance compared to a peer group of 10 companies. 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. For more details, please refer to page 41 of the remuneration section in this annual report.

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 € 2.2 million has been expensed up to December 31, 2006 (December 31, 2005: € 1.8 million).

			Number of options (x 1,000)									Expenses (x € 1,000)	
Year of grant	Life in years	Number of participants	January 1, 2006	Granted	Lapsed	Exercised	December 31, 2006	Exercisable	Share price (in €)	Exercise price (in €)	Fair value (x € 1,000)	2006	2005
2003	5	98	544	–	–	364	180	180	9.10	9.51	1,420	105	190
2004	7	114	431	–	–	2	429	–	20.90	22.64	3,018	681	1,098
2005	7	145	479	–	–	–	479	–	28.70	28.87	3,878	1,462	1,287
2006	7	201	–	373	3	–	370	–	53.70	53.70	5,961	1,930	–
Total			1,454	373	3	366	1,458	180			14,277	4,178	2,575

37.3 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 (2006: € 2.0 million; 2005: € 1.5 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 date of award, respectively.

related-party transactions

38. Related-party transactions

38.1 Remuneration of the members of the executive board and supervisory board

The totals of the remuneration of the members of the executive board and supervisory board are as follows:

	executive board		supervisory board	
	2006	2005	**2006**	2005
Short-term benefits	**3,626**	3,148	**369**	253
Post-employment benefits	**538**	454	**–**	–
Other long-term benefits	**–**	–	**–**	–
Termination benefits	**–**	1,200	**–**	–
Share-based payments	**1,285**	1,912	**–**	–
Total	**5,449**	6,714	**369**	253

The total for the year 2005 includes € 1.5 million remuneration of one executive board member, who resigned in 2005. In the income statement 2006, no expenses have been included for former members of the executive board. The short-term benefits include base salary, annual bonus and other short-term incentives; share-based payments include the fair value of share-based payments charged to the income statement for the year 2006 and 2005, respectively. For details of the remunerations, please refer to the remuneration section on page 40 of this annual report.

As per December 31, 2006, a total of 65,270 stock options granted to former members of the executive board are still outstanding:

- Mr C.T.M.J. Farla: 36,000 stock options 2002 with an exercise price of € 17.50 and 1,570 stock options 2003 with an exercise price of € 9.10;
- Mr J.H. Reese: 27,700 stock options 2004 with an exercise price of € 20.90.

During 2006, Mr C.T.M.J. Farla exercised 35,227 stock options 2001 (exercise price € 14.- and share price € 49.52) and Mr. J.H. Reese 63,500 stock options 2003 (exercise price € 9.10 and share price € 46.90).

38.2 Other related party transactions

One member of the supervisory board has an interest in a legal entity, which, based on the 'Wet melding zeggenschap 2006' ('Major Holdings in Listed Companies Act 2006'), is registered as a shareholder in Randstad Holding nv in the 30-40% category, and is the sole member of the board of management of two foundations, one of which, based on the same act, reports an interest in Randstad Holding nv in the 5-10% category. These two foundations hold shares in the company to which shares the voting right is attached; the beneficial ownership is separated from the legal ownership of the shares by the issue of depository receipts.

The same member is member of the board of management of Stichting Randstad Optiefonds.
There were no transactions with this related party, other than the rental of a ship, Clipper *Stad Amsterdam*, for promotional activities at approximately € 1.6 million rent annually (2005: € 1.5 million).

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. The options were granted on (depository receipts for) ordinary 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, 2006, 0.4 million options are still outstanding with an average exercise price of € 11.15 and an average remaining life of 1.1 years; in total, employees of the Randstad Group hold 0.7 million depository receipts for shares. 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.
The foundation waived the dividend 2005 on its depository receipts for ordinary shares amounting to € 6.5 million.

overview of major subsidiaries

39. 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
Randstad Work Solutions Istihdam ve Insan Kaynaldary ltd Sirketi	Istanbul
Bindan GmbH & Co KG	Bremen
Randstad Japan Ltd	Tokyo
Team HR Limited	Delhi

Mass-customized North America

Randstad North America LP	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, search & 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
Emmay HR Services Pvt. Ltd	Mumbai
Teccon GmbH & Co KG	Bremen
Randstad Consulting Shanghai Company Ltd	Shanghai

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 Group Belgium nv	Brussels
Randstad Financial Services nv	Brussels

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.

company financial statements

company income statement

in millions of €	Note	2006	2005
Income from subsidiaries after taxes	2	**370.6**	234.7
Other income after taxes		**(10.3)**	7.2
Net income		**360.3**	241.9

company balance sheet at december 31

before profit appropriation for ordinary shares

in millions of €	Note	2006	2006	2005	2005
Assets					
Subsidiaries	2	**891.5**		232.2	
Loans and receivables	3	–		268.2	
Non-current assets			**891.5**		500.4
Trade and other receivables	4	**91.3**		33.0	
Income tax receivables		**20.1**		3.5	
Cash and cash equivalents	5	**0.8**		333.3	
Current assets			**112.2**		369.8
Total assets			**1,003.7**		870.2
Equity and liabilities					
Issued capital	6	**11.6**		11.6	
Share premium	6	**404.6**		384.7	
Reserves	6	**13.8**		(102.0)	
Undistributed net income	6	**360.3**		241.9	
Shareholders' equity			**790.3**		536.2
Preferred shares	7	**165.8**		165.8	
Provisions	2	–		138.9	
Non-current liabilities		**165.8**		304.7	
Trade and other payables	8	**18.6**		29.3	
Borrowings	9	**29.0**		–	
Current liabilities		**47.6**		29.3	
Total liabilities			**213.4**		334.0
Total equity and liabilities			**1,003.7**		870.2

notes to the company financial statements

(amounts in millions of €, unless otherwise indicated)

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 Dutch Civil Code. The company made use of the possibility based on article 362, paragraph 8, Part 9, Book 2 of the Dutch 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 Notes on 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 Dutch Civil Code.

2. Subsidiaries

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

	2006	2005
Subsidiaries	**891.5**	232.2
Provisions on subsidiaries	**–**	(138.9)
Net asset value of subsidiaries	**891.5**	93.3

Provisions on subsidiaries represent the sum of equities of subsidiaries that show a negative equity, determined in accordance with the accounting policies of the Group.

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

	2006	2005
Value at January 1	**93.3**	(45.0)
Capital payments	**1,142.1**	37.7
Net income	**370.6**	234.7
Dividend	**(218.1)**	(160.4)
Disposals	**(467.7)**	–
Share-based payments subsidiaries	**(1.5)**	1.7
Translation differences	**(27.2)**	24.6
Value at December 31	**891.5**	93.3

The capital payments amounting to € 1,142.1 million as well as the disposals amounting to € 467.7 million are the result of (legal) restructurings in the Group, including the transfer of the Group's treasury activities to a Belgian subsidiary as at January 1, 2006.

See Note 39 of the Notes on the consolidated financial statements for an overview of major subsidiaries.

3. Loans and receivables

Changes in loans and receivables are as follows:

	2006	2005
Value at January 1	**268.2**	310.6
Loans granted	**–**	18.7
Repayments	**(268.1)**	(60.9)
Translation differences	**(0.1)**	(0.2)
Value at December 31	**–**	268.2

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

4. Trade and other receivables

	2006	2005
Receivables from subsidiaries	**86.1**	29.8
Other receivables	**5.2**	3.2
	91.3	33.0

5. Cash and cash equivalents

Cash includes bank balances of € 0.8 million (2005: € 3.3 million) and no time deposits (2005: € 330.0 million, falling due within a one-month average).

At January 1, 2006, the Group's treasury activities, including cash and cash equivalents, as well as loans to companies in the Group, have been transferred by the company to a Belgian subsidiary.

6. Shareholders' equity

Additional information in respect of shareholders' equity is included in the consolidated statement of changes in shareholders' equity and in Note 25 of the Notes on the consolidated balance sheet.

A legal reserve for currency translations of € 9.6 million negative (2005: € 15.4 million positive) and a legal reserve of € 24.3 million (2005: € 21.8 million) for the capitalized costs of development of software are included in the reserves.

7. Preferred shares

See Note 26 of the Notes on the consolidated balance sheet.

8. Trade and other payables

	2006	2005
Trade payables	0.2	1.2
Payables to subsidiaries	2.3	12.5
Other taxes and social security premiums	1.2	0.6
Pension contributions	0.1	0.5
Dividend on type-B preferred shares	7.2	8.4
Wages, salaries and other personnel costs	4.0	3.2
Accruals and deferred income	3.6	2.9
	18.6	29.3

9. Borrowings

	2006	2005
Bank overdrafts	29.0	–

10. Employee numbers (average)

In 2006, the company employed an average of 110 employees (2005: 100).

11. Remuneration

Refer to Note 38 of the Notes on the consolidated financial statements.

12. Related parties

All companies within the Group are considered to be related parties.
See also Note 38 of the Notes on the consolidated financial statements.

13. Guarantees and commitments not included in the balance sheet

	2006	2005
Guarantees on behalf of subsidiaries	3.8	5.8

The company bears joint and several liability for drawings by subsidiaries under the multi-currency syndicated revolving credit facility and under bank overdraft and guarantees facilities, in the amount of € 189 million (2005: € 335 million).

The company's commitments for the period shorter than one year amount to € 0.7 million (2005: € 0.7 million) and for the period between one to five years amount to € 1.0 million (2005: € 0.9 million) in respect of 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.

The company has declared itself jointly and severally liable for a limited number of its Dutch subsidiary companies, serving as subholding companies.

Diemen, February 13, 2007

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

other information

Events after balance sheet date

Subsequent to the date of the balance sheet, no events – material to the Group as a whole – occurred that require disclosure in this note.

Provisions of the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of article 28 of the Articles of Association concerning profit appropriation.

Subsection 1. Any such amounts from the profits as will be fixed by the executive board with the approval of the supervisory board will be allocated to reserves. As far as possible, from the remaining profits:

a. A dividend will first be distributed to the holders of preference A shares on the amount paid on said shares, of which the percentage will be equal to the average of the statutory interest – in the event of a change in the meantime to the respective percentages – during the financial year for which the distribution is made. This percentage will be increased by a surcharge fixed by the executive board subject to the approval of the supervisory board amounting to a maximum of three percent (3%). If, in any year, the profit distribution on preference A shares cannot be made or can only be made partially, the overdue dividend on the shares will be distributed in the subsequent years before any other dividend distribution is made.

b.1 A dividend will subsequently be distributed per series to holders of preference B shares (equal to the basic percentage to be mentioned under b.2) of the sum of the nominal amount and the amount in share premium which was paid upon the first issue of the shares of said series, which percentage will be increased upon said issue by a surcharge, fixed by the executive board subject to approval of the supervisory board, of a maximum of one hundred and thirty-five base points.

b.2 The basic percentage referred to under b.1 will be the arithmetic average of the effective yield on the government bonds issued by the Kingdom of the Netherlands with a (remaining) term of six to seven years. For the first time on the date that the preference B shares (of a series) have been outstanding for seven years, and subsequently each period of seven years after this, the basic percentage of the preference B shares (of the series concerned) will be adjusted to the yield then effective of the state loans referred to in the above-mentioned provisions.

b.3 If and insofar as the profit is not sufficient to fully make the distribution referred to hereinbefore on preference B shares, the deficit will be distributed from the freely distributable reserves, with the exception of the share premium reserves referred to in Article 4, paragraph 4 under b.

If and insofar as the distribution referred to here also cannot be made as stated hereinbefore from the reserves referred to in the preceding sentence, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the above provisions, such distribution will first be made to the holders of preference B shares that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied.

b.6 If preference B shares have been issued in the course of any financial year, the dividend on the shares concerned for said financial year will be reduced proportionately until the first day of issue.

Subsection 2. The balance then remaining will be available to the General Meeting, subject to the proviso that no further distribution will be made on preference shares, nor will any amounts be reserved for this purpose.

Subsection 4. Subject to the approval of the supervisory board, the executive board may pass a resolution for distribution of an interim dividend, to be deducted from the dividend expected for the financial year concerned. A resolution for distribution of an interim dividend may be limited to a distribution of an interim dividend exclusively to shareholders of a particular class, without prejudice to the rights of shareholders of other classes.

Subsection 5. Subject to the approval of the supervisory board, the General Meeting may pass a resolution that the distribution of dividend will not be made, or will not entirely be made, in cash, but entirely or partly in the form of shares in the company.

Proposed profit appropriation

Pursuant to Article 28 of the Articles of Association, it is proposed that a dividend of € 144.7 million be paid on the ordinary shares, out of net income for 2006 amounting to € 360.3 million and € 215.6 million be added to retained earnings.
Furthermore, it is proposed that a dividend of € 7.2 million be paid on the type-B preferred shares.

Auditors' report

To the General Meeting of Shareholders of Randstad Holding nv

Report on the financial statements

We have audited the accompanying financial statements 2006 of Randstad Holding nv, Amsterdam as set out on pages 62 to 101. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated income statement 2006, balance sheet at December 31, 2006, statement of changes in shareholders' equity 2006 and cash flow statement 2006, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company income statement 2006, the company balance sheet at December 31, 2006 and the notes.

The executive board's responsibility
The executive board of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report from the executive board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Randstad Holding nv as at December 31, 2006, and of its result and its cash flows in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

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 Randstad Holding nv as at December 31, 2006, and of its result in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report from the executive board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, February 13, 2007
PricewaterhouseCoopers Accountants N.V.

P.R. Baart RA

quarterly summary income statement 2006

unaudited

amounts in millions of €, unless otherwise indicated	first quarter	second quarter	third quarter	fourth quarter	**year 2006**
Revenue	**1,813.7**	**1,976.8**	**2,169.0**	**2,226.6**	**8,186.1**
Cost of services	1,436.6	1,564.5	1,711.3	1,743.1	6,455.5
Gross profit	**377.1**	**412.3**	**457.7**	**483.5**	**1,730.6**
Selling expenses	219.5	224.6	225.4	241.1	910.6
General and administrative expenses	96.6	96.8	100.2	102.8	396.4
Total operating expenses	316.1	321.4	325.6	343.9	1,307.0
Operating profit	**61.0**	**90.9**	**132.1**	**139.6**	**423.6**
Dividend preferred shares	(1.8)	(1.8)	(1.8)	(1.8)	(7.2)
Financial expenses	(0.2)	(0.5)	(0.9)	(0.4)	(2.0)
Net finance costs	(2.0)	(2.3)	(2.7)	(2.2)	(9.2)
Income before taxes	59.0	88.6	129.4	137.4	414.4
Taxes on income	(10.9)	(16.4)	(23.9)	(2.9)	(54.1)
Net income	**48.1**	**72.2**	**105.5**	**134.5**	**360.3**
Calculation earnings per share					
Net income for ordinary shareholders	48.1	72.2	105.5	134.5	360.3
Amortization of other intangible assets and impairment goodwill (after taxes)	1.7	1.8	1.8	3.3	8.6
Net income for ordinary shareholders before amortization other intangible assets and impairment goodwill	49.8	74.0	107.3	137.8	368.9
Basic earnings per ordinary share (€)	0.42	0.62	0.91	1.16	3.11
Diluted earnings per ordinary share (€)	0.41	0.62	0.91	1.15	3.10
Diluted earnings per ordinary share before amortization other intangible assets and impairment goodwill (€)	0.43	0.64	0.92	1.18	3.17
Average number of ordinary shares outstanding (in millions)	115.6	115.7	115.8	116.0	115.8
Average number of diluted ordinary shares outstanding (in millions)	116.3	116.4	116.4	116.5	116.3

quarterly summary cash flow statement 2006

unaudited

amounts in millions of €, unless otherwise indicated	first quarter	second quarter	third quarter	fourth quarter	**year 2006**
Net income	48.1	72.2	105.5	134.5	360.3
Taxes on income	10.9	16.4	23.9	2.9	54.1
Net finance costs	2.0	2.3	2.7	2.2	9.2
Operating profit	**61.0**	**90.9**	**132.1**	**139.6**	**423.6**
Depreciation, amortization and impairment	13.4	14.1	15.7	17.4	60.6
Share-based payments	1.0	1.1	1.2	1.3	4.6
Provisions	(1.3)	(2.1)	2.9	(0.1)	(0.6)
Income taxes paid	(12.4)	(33.5)	(25.8)	(33.9)	(105.6)
Cash flow from operations before operating working capital	**61.7**	**70.5**	**126.1**	**124.3**	**382.6**
Operating working capital	68.8	(137.1)	15.1	80.2	27.0
Net cash flow from operating activities	**130.5**	**(66.6)**	**141.2**	**204.5**	**409.6**
Net additions in property, plant, equipment and software	(11.3)	(14.7)	(11.0)	(22.1)	(59.1)
Acquisition and disposal of subsidiaries and associates	(114.7)	(8.6)	(22.0)	(70.2)	(215.5)
Other	–	(0.2)	(0.9)	0.6	(0.5)
Net cash flow from investing activities	**(126.0)**	**(23.5)**	**(33.9)**	**(91.7)**	**(275.1)**
Net cash flow from financing activities	**60.9**	**(97.6)**	**(0.3)**	**(187.3)**	**(224.3)**
Net increase/(decrease) in cash, cash equivalents and current borrowings	**65.4**	**(187.7)**	**107.0**	**(74.5)**	**(89.8)**
Cash, cash equivalents and current borrowings at beginning of period	**336.5**	**402.9**	**216.4**	**324.1**	**336.5**
Net increase/(decrease) in cash, cash equivalents and current borrowings	65.4	(187.7)	107.0	(74.5)	(89.8)
Translation gains	1.0	1.2	0.7	0.7	3.6
Cash, cash equivalents and current borrowings at end of period	**402.9**	**216.4**	**324.1**	**250.3**	**250.3**
Free cash flow	**119.2**	**(81.5)**	**129.3**	**183.0**	**350.0**

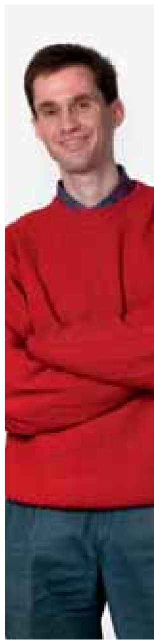
ten years of Randstad

The figures are based upon IFRS since 2004. Comparative figures for other years are not adjusted.

	IFRS		
amounts in millions of €, unless otherwise indicated	**2006**	2005	2004
Revenue	**8,186.1**	6,638.5	5,764.2
As % of previous year	**123.3%**	115.2%	109.6%
Gross profit	**1,730.6**	1,405.2	1,218.2
EBITDA	**484.2**	339.2	267.8
Operating profit	**423.6**	290.9	225.6
As % of previous year	**145.6%**	128.9%	190.9%
Net income before amortization other intangible assets and amortization/impairment goodwill (after taxes) [1]	**368.9**	249.1	203.3
As % of previous year	**148.1%**	122.5%	255.4%
Net income [2]	**360.3**	241.9	202.7
As % of previous year	**148.9%**	119.3%	262.9%
Net cash flow from operations	**409.6**	238.2	264.7
Free cash flow	**350.0**	180.3	230.3
Depreciation property, plant and equipment and amortization software	**48.1**	40.1	41.4
Investments in property, plant and equipment and software	**61.8**	62.0	43.8
Amortization other intangible assets and amortization/impairment goodwill	**12.5**	8.2	0.8
Shareholders' equity	**790.3**	536.2	507.1
Net cash/(net debt)	**250.3**	206.0	149.0
Operating working capital	**354.5**	398.7	303.0
Interest cover [3]	**242.1**	424.0	121.7
Average number of staffing employees	**312,300**	254,400	224,600
Average number of corporate employees	**15,380**	13,430	12,260
Number of branches, year-end	**1,827**	1,708	1,633
Number of in-house locations, year-end	**843**	703	687
Market capitalization, year-end	**6,083.4**	4,243.9	3,347.2
Price/earnings ratio [1]	**17**	18	17
Number of ordinary shares outstanding (average in millions)	**115.8**	115.4	115.3
Closing price (in €)	**52.40**	36.69	28.95
Ratios in % of revenue			
Gross profit	**21.1%**	21.2%	21.1%
EBITDA	**5.9%**	5.1%	4.6%
Operating profit	**5.2%**	4.4%	3.9%
Net income before amortization other intangibles and amortization/impairment goodwill (after taxes)	**4.5%**	3.8%	3.5%
Net income	**4.4%**	3.6%	3.5%
Basic earnings per ordinary share (€)	**3.11**	2.10	1.68
Diluted earnings per ordinary share (€) [1]	**3.10**	2.09	1.68
Diluted earnings per ordinary share before amortization other intangible assets and amortization/impairment goodwill (€)	**3.17**	2.15	1.68
Dividend per ordinary share (€)	**1.25**	0.84	0.66
Payout per ordinary share in % [1]	**40**	40	39

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

2003	2002	2001	2000	1999	1998	1997
5,257.4	5,443.8	5,818.4	6,168.1	5,565.4	4,223.8	3,209.5
96.6%	93.6%	94.3%	110.8%	131.8%	131.6%	118.8%
1,088.9	1,193.4	1,339.4	1,482.8	1,308.7	948.9	707.6
174.2	166.2	175.7	304.5	350.0	264.7	209.8
118.2	98.3	102.6	250.6	304.3	232.6	180.5
120.2%	95.8%	40.9%	82.4%	130.8%	128.9%	126.1%
79.6	58.6	48.3	151.8	207.0	152.2	117.0
135.8%	121.3%	31.8%	73.3%	136.0%	130.1%	124.3%
77.1	56.8	60.1	207.2	207.0	152.2	117.0
135.7%	94.5%	29.0%	100.1%	136.0%	130.1%	124.3%
223.6	196.4	197.5	116.0	293.2	–	–
231.4	224.4	107.4	13.5	226.6	–	–
53.4	66.1	62.8	53.9	45.7	32.1	29.3
34.7	30.0	113.4	113.3	58.2	57.7	42.4
2.6	1.8	1.2	–	–	–	–
353.8	334.5	350.0	359.2	410.8	430.3	353.5
(18.3)	(207.5)	(405.3)	(538.2)	(159.8)	(48.4)	153.1
248.0	311.8	381.0	464.0	273.7	220.0	86.1
20.5	10.5	6.8	14.9	33.0	–	–
202,500	207,800	217,800	244,500	241,000	204,200	165,300
12,280	13,040	14,500	15,570	12,900	9,800	7,700
1,600	1,685	1,769	2,042	1,755	1,616	1,108
642	582	489	–	–	–	–
2,223.4	988.5	1,727.3	1,809.4	5,526.6	5,298.8	4,092.1
33	20	44	13	28	33	35
115.3	115.4	115.6	115.6	115.6	108.9	108.0
19.23	8.55	14.94	15.65	47.80	45.83	37.89
20.7%	21.9%	23.0%	24.0%	23.5%	22.5%	22.0%
3.3%	3.1%	3.0%	4.9%	6.3%	6.3%	6.5%
2.2%	1.8%	1.8%	4.1%	5.5%	5.5%	5.6%
1.5%	1.1%	0.8%	2.5%	3.7%	3.6%	3.6%
1.5%	1.0%	1.0%	3.4%	3.7%	3.6%	3.6%
0.59	0.42	0.45	1.72	1.72	1.39	1.08
0.59	0.42	0.34	1.24	1.72	1.39	1.08
0.62	0.43	0.34	1.24	–	–	–
0.25	0.17	0.14	0.50	0.69	0.54	0.44
42	40	41	40	40	41	40



2 In 2006 and 2005, net income includes dividend on preferred shares as financial expenses under net finance costs.

3 Interest cover: EBITDA on net finance costs less dividend on preferred shares.

boards

(situation as of February 1, 2007)

supervisory board

Fritz Fröhlich, chairman
Frits Goldschmeding, vice-chairman
Jan Hovers
Giovanna Kampouri Monnas
Willem Vermeend
Leo van Wijk
Rob Zwartendijk

executive board

Ben Noteboom, CEO and chairman of the executive board, also responsible for Randstad in the United States, Canada and the United Kingdom, group HR & management development, business concept development, social & general affairs, group marketing & communications and the mass-customized concept

Robert-Jan van de Kraats, CFO and vice chairman of the executive board, also responsible for Yacht, Martin Ward Anderson and Teccon, Asia, IT, investor relations, shared service centers and the concepts interim professionals and search & selection

Jacques van den Broek, responsible for Randstad in Belgium, Poland, Portugal, Luxembourg, France, Switzerland, Denmark and Sweden, Tempo-Team, innovation, international accounts and the concepts in-house services and HR solutions

Leo Lindelauf, responsible for Randstad in the Netherlands, Germany, Spain, Italy, Hungary and Turkey

executive vice presidents

David van Gelder, Hungary
Fred van Haasteren, social and general affairs and chairman of the board of Randstad Groep Nederland

managing directors holding

Philippe Cafiero, group HR & management development
Frans Cornelis, group marketing & communications
Jos Huijbregts, planning, control & strategy
Cor Versteeg, business concept development
Margriet Koldijk, international accounts
Sieto de Leeuw, social & legal affairs Randstad Groep Nederland
John van de Luijtgaarden, corporate accounting and tax affairs
Hans Wanders, chief information officer

shared service centers

I-bridge
Hans Wanders, managing director

E-bridge
Wil Kitslaar, managing director

Belgium and Luxembourg

Randstad
Herman Nijns, managing director
Management team
Joost Gietelink, finance
Raf Gerard, human resources
Eddy Annys, Randstad Inhouse Services & marketing
Sophie Bertholet, operations
Dominique Hermans, operations
Frank Vervaeke, operations

Canada

Randstad
Linda Galipeau, managing director
Management team
Nadine Stamboulieh, human recources
Daniel Plante, finance

China

Randstad
Paul van de Kerkhof, managing director

Denmark and Sweden

Randstad
Kees Stroomer, managing director

France

Randstad
Frédéric Noyer, managing director
Management team
Pierre d'Arbonneau, finance
Michel Montagu, human resources
Aline Crépin, marketing
Rémy Bailly, IT & quality
Patrick Monbrun, Randstad Inhouse Services
Didier Gaillard, operations
Alain Giraud, operations
Edith Martin-Genet, operations

Germany

Randstad
Eckard Gatzke, managing director
Management team
Heide Franken, corporate affairs & market innovation
Heide-Lore Knof, human resources & social affairs
Stephanie Vonden, managing director Bindan

Yacht/Teccon
Victor van den Hoff, managing director
Klaus Kurzke, operations
Sven Scholz, operations

Hungary

Randstad
David van Gelder, managing director (acting)

India

EmmayHR
Monisha Advani, managing director
Madhu Bhojwani, operations

Team4U
Abhinav Dhawan, managing director

Italy

Randstad
Marco Ceresa, managing director
Management team
Hervé Billoud, finance & IT
Alessandra Rizzi, human recources
Stefano Manfredi, operations
Elena Parpaiola, operations
Silvia Testa, operations
Massimo Tolomelli, operations
Haro Kits, operations

Japan

Randstad
Marcel Wiggers, managing director
Akimasa Koizumi, executive vice president

The Netherlands

Randstad
Jan Vermeulen, managing director
Management team
Hans van Slooten, finance, facilities & IT
Roland Berendsen, operations
Hans Hoogeveen, operations
Andy Verstelle, operations

Tempo-Team
Peter Hulsbos, managing director
Management team
Theo van den Berg, finance, facilities & IT
Jelle de Jong, human resources & marketing
Louis Breukelman, operations
Erik de Jong, operations
Alex Meingast, operations
Albert van der Meulen, operations

Otter-Westelaken
Koos den Otter, managing director

Yacht
Jan Hendrik Ockels, managing director
Management team
David Eddes, finance
Nini Feringa, human resources
Jules The, business intelligence
Leo Witvliet, competences
Martin Delwel, operations

Poland

Randstad
Chris Heutink, managing director
Management team
Elzbieta Sokolowska, human resources
Pawel Borowy, finance
Agnieszka Bulik, social & legal affairs
Witold Krajewski, operations
Iwona Wodkiewicz, operations
Marzena Milinkiewicz, Randstad Inhouse Services

Portugal

Randstad
Kees Stroomer, managing director (acting)

Spain

Randstad
Jan Hein Bax, managing director
Management team
Rodrigo Martin, finance
Guillermo Madamé, human resources
Joaquin Soler, marketing
Oscar Gutierrez, Randstad Inhouse Services
Jesus Echevarría, operations
Daniel Lorenzo, operations
Christina Mallol, operations
Jordi Rius, operations

Switzerland

Randstad
Simone Nijsen, managing director

Turkey

Randstad
Altug Yaka, managing director

United Kingdom

Randstad
Fred van der Tang, managing director
Management team
Adrian Sargent, finance
Hala Collins, human recources
Lisa Gainsford, Randstad Inhouse Services
Patrick Maloney, operations
Linda Harlow, operations

Martin Ward Anderson
Richard Wright, managing director
Management team
Helen Norris, finance
Fiona Desmond, operations
David McDowell, operations
Lucy Wood, operations

United States

Randstad
Stef Witteveen, managing director
Management team
Ben Elliot, chief financial officer
Genia Spencer, human resources & operations
Larry Clark, chief information officer
Javier Ayuso, Randstad Inhouse Services
Jilko Andringa, operations
Eric Buntin, operations & marketing
Jeanne Pardo, operations
Steve Whitehead, operations & general counsel

history Randstad

1960 Uitzendbureau Amstelveen founded; first year's net income is NLG 9.53 (€ 4.32)
1964 The company takes a new name: Randstad Uitzendbureau
1965 First move towards internationalization: Interlabor Interim is launched in Belgium
1967 The United Kingdom becomes the next international market
1968 Staffing activities launched in Germany
1970 Randstad starts the 1970s with 32 branches in four countries; revenues exceed NLG 47 million (€ 20 million)
1971 Net income passes the NLG 1 million (€ 453,000)
1973 Randstad enters the French market; revenues top NLG 100 million (€ 45 million)
1974 Cleaning activities start in Germany
1975 The acquisition of Belglas provides access to the Belgian cleaning market
1976 Cleaning activities launched in the Netherlands following Korrekt takeover
1978 Company name changes to Randstad Holding nv
1979 Opening of 100th branch; net income exceeds NLG 10 million (€ 4.5 million)
1980 Randstad founds Randon in the Netherlands to launch entry into the security sector; Group revenues exceed NLG 500 million (€ 226 million)
1981 Staffing activities in the UK end
1983 Uitzendbureau Tempo-Team and cleaning company Lavold acquired
1985 Silver anniversary celebrations; 257 branches in four countries with 1,600 corporate and 35,000 staffing employees working via Randstad daily; revenues top NLG 1 billion (€ 453 million)
1988 Start of automation services; Randstad Options Fund Foundation (Stichting Randstad Optiefonds) for corporate employees is established
1989 Randstad re-enters the UK staffing market; revenues exceed NLG 2 billion (€ 907 million)
1990 Randstad shares listed on the Amsterdam Stock Exchange; net income over NLG 90 million (€ 40 million); new headquarters opens in Diemen (Amsterdam)
1991 500th branch opens
1992 Largest acquisition to date: the Flex Group; expansion of automation services through HCS Group acquisition; revenues pass NLG 3 billion (€ 1.3 billion)
1993 Entry into the United States staffing market with the acquisitions of staffing organizations Temp Force and Jane Jones; start of staffing activities in Spain
1994 Acquisitions of Inter Techniek and Polydesign
1995 Staffing organization Optiman in Switzerland acquired; start of staffing activities in Luxembourg
1996 Randstad Staffing Services deploys 16,000 staffing employees at the Olympic Games in Atlanta; revenues reach NLG 6 billion (€ 2.7 billion)
1997 1,000th branch opens; acquisitions of staffing organization SejersenGruppen in Denmark and LTI Bourgogne in France; start of staffing activities in Canada
1998 Founder and President and Chief Executive Officer Frits Goldschmeding is succeeded by Hans Zwarts; acquisitions of Strategix Solutions in the United States and of Life and Work in Switzerland; first share offering since initial public offering in 1990; revenues exceed NLG 9 billion (€ 4 billion)
1999 Acquisitions of Tempo Grup in Spain and time power in Germany; staffing activities launched in Italy
2000 Fortieth anniversary Randstad; acquisitions of Mobile in France, Temps & Co in the US and Umano in Spain; Hedson and newmonday.com are launched; Lavold is sold to ISS; start of staffing activities in Portugal; christening ceremony of the Clipper *Stad Amsterdam*; revenues exceed NLG 13 billion (€ 5.8 billion)
2001 Randon is sold to Securicor; acquisition of Securicor Recruitment Services in the UK; installation board of directors
2002 Tempo-Team acquires JMW Horeca Uitzendbureau
2003 Ben Noteboom appointed CEO
2004 Acquisition of Arvako in Sweden and Take Air staffing in France; start of staffing activities in Poland and Hungary; Randstad market leader in Poland after acquisition of Intersource and Job Net
2005 Forty-fifth anniversary Randstad; start up in China; Randstad enters Indian market; acquisition of Galilei in Belgium; acquisition of Gamma Dienstverlening in the Netherlands; acquisition of Martin Ward Anderson in the UK
2006 Acquisition of Bindan & Teccon in Germany, Team4U in India, Talent Shanghai in China and PinkRoccade HR Services; first branch opens in Tokyo, Japan; revenue exceeds € 8 billion

colophon

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LG&F

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financial calendar

Publication Q1 2007 results (pre-market)	April 25, 2007
Analyst conference call Q1 2007 results	April 25, 2007
General Meeting of Shareholders	May 8, 2007
Fixing ex-dividend	May 10, 2007
Dividend available for payment	May 29, 2007
Publication Q2 2007 results (pre-market)	July 25, 2007
Press conference and analyst presentation Q2 2007 results	July 25, 2007
Publication Q3 2007 results (pre-market)	October 24, 2007
Analyst conference call Q3 2007 results	October 24, 2007
Publication Q4 2007 and annual results 2007 (pre-market)	February 14, 2008
Press conference and analyst presentation Q4 2007 results	February 14, 2008
Publication Q1 2008 results (pre-market)	April 23, 2008
Analyst conference call Q1 2008 results	April 23, 2008
General Meeting of Shareholders	May 7, 2008

cover

Sonia Sanchez	**consultant mass-customized Spain**
Eva Exposito	**flexworker**

'No two clients or flexworkers are the same,' says Sonia Sanchez, who has been a consultant for Randstad in Spain since 2005. Eva Exposito, one of Sonia's flexworker candidates, believes that it is the human element that makes the difference. 'Randstad wanted to know more about me than what was written in my resumé,' she says. 'Within an hour of applying to Randstad, I was told that I had an interview so that we could find out more about each other.'

Sonia was initially drawn to Randstad because of its values. She wanted to work in a large international company 'with perspective', to be part of a close team and to learn new things. Of the many recruitment agencies in Spain, Sonia believes Randstad's values and concepts play a key part in making the company stand out from the competition. 'The unique unit structure in particular ensures employees, candidates and clients know what is happening at every stage of the interview and selection process. It also makes us efficient and transparent.'

While completing her Translation and Interpretation degree, Eva worked in a bank. The bank was so enthusiastic about her they wanted to offer her a full-time job after her studies were complete. Eva had other ideas about where she wanted her career to go, however, but could not find any positions that utilized her translation and interpretation skills. She decided she wanted to develop her business skills. When responding to an advertisement with an international company, she was told Randstad was managing the search & selection.

'Eva is different from most of my candidates, who are flex-workers in the real sense of the word, and are usually placed in manufacturing on a temporary basis,' says Sonia. 'Eva has a lot of skills and the company wanted her. We keep in touch on a regular basis. She's very happy with her current job, but she's the kind of flexworker we want to keep, so it's my job to make sure she gets the best service from Randstad.'

Read all stories on www.goodtoknowyou.com.

financial statements

supplementary information

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