

Vedior

Annual report

www.vedior.com | Worldwide edition | Results of 2006



THE FUTURE OF WORK

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This is a translation of the authentic text published in Dutch. Only the Dutch edition will be submitted to shareholders for approval.

An online version of this annual report is available at www.vedior-thefutureofwork.com



THE FUTURE OF WORK

The theme of Vedior's 2006 Annual Report is 'The future of work'.

For well over a century, the speed of change has been accelerating. Successful businesses must be able to deal with new business circumstances and be flexible enough to cope with the sheer rapidity of change. As a provider of both temporary and permanent recruitment services, Vedior plays a key role in the provision of staffing solutions to employers and flexible working arrangements to enable employees to cope with modern lifestyle demands.

Within our Annual Report, we touch upon a number of topics that will have a profound impact on the way we work and the way we will find work in the future. We explore demographic issues, technological innovation, work patterns, globalisation and occupational trends.

Vedior's business profile and strategy have been developed bearing these important future trends in mind. While we benefit from the short-term demand for our services, our strategic focus also puts us in a position to capitalise on longer-term trends.

"When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened."

Quotation: John M. Richardson Jr.



COMPANY PROFILE

Vedior is one of the world's largest recruitment companies, providing a full range of recruitment services, from temporary staffing to permanent placement, in many industry sectors and through a diversified portfolio of brands.

Operating worldwide with a network spanning Europe, North America, Australasia, Asia, South America and Africa, Vedior sources the best talent for employers and the best jobs and temporary assignments for candidates. As such, we are a highly-valued business partner in helping clients achieve their staffing objectives locally, regionally, nationally and internationally.

Vedior has a leading market position in the provision of professionals, executives and specialists in the information technology, healthcare, accounting, engineering and educational sectors. Vedior also has a significant global network providing administrative/secretarial and light industrial recruitment. In addition, the Group provides a number of complementary HR-related services including interim management, outplacement, training, vendor management and business process outsourcing.

This highly diverse business mix also means that Vedior is able to provide shareholders with a more balanced revenue stream in a cyclical industry.

The use of different brands allows Vedior to deliver services perfectly suited to specific industry sectors. These brands also allow Vedior to attract the most relevant and skilled talent on behalf of our clients. While each brand within the Group has an individual character relevant to its sector and country of operation, the common elements that define a Vedior company are quality of service and specialisation.

Operating income improved organically by 17% and sales grew organically by 8%



With a 30% increase in fees, permanent placement now represents 16.7% of gross profit



Conversion ratio for the year (operating income divided by gross profit) increased from 18.9% to 20.3%

The strongest improvements in operating income came from the accounting/finance, traditional, engineering/technical and education sectors



**Global network extended
to 48 markets**



**Earnings per share
increased by 26%**



**Completion of twelve
acquisitions**



**Good progress made
towards the achievement
of operating margin targets**



RESULTS 2006

Key figures

in millions of Euro unless stated otherwise

	2006	2005
Income statement		
Sales	7,660	6,851
Gross profit	1,429	1,227
Operating income	294	232
Operating income excluding special items ¹⁾	289	232
Net income ⁴⁾	186	158
Net income excluding special items ^{1) 4)}	181	143
Statistics		
Organic increase in sales over previous year	8%	7%
Organic increase in operating income excluding special items ¹⁾ over previous year	17%	11%
Gross margin	18.7%	17.9%
Operating margin excluding special items ¹⁾	3.8%	3.4%
Balance sheet		
Total equity ⁴⁾	1,159	1,030
Net interest-bearing assets and liabilities	- 558	- 536
Key figures per ordinary share (in €)		
Earnings per share ^{2) 4)}	1.09	0.93
Earnings per share excluding special items ^{1) 2) 4)}	1.06	0.84
(Proposed) dividend on ordinary shares ³⁾	0.30	0.25
Other information		
Average number of employees (FTEs)	14,366	12,779
Number of offices	2,433	2,276

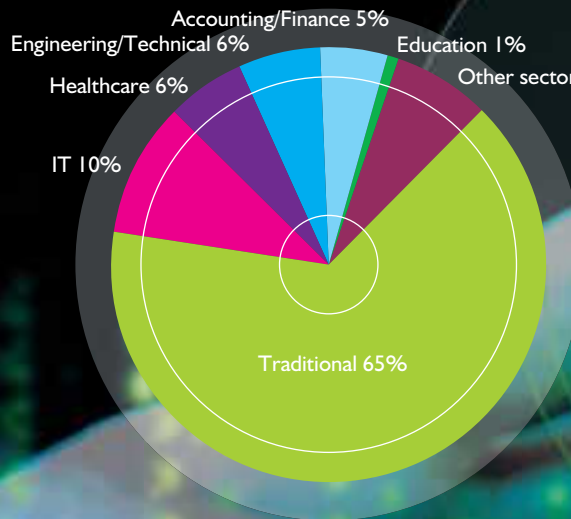
¹⁾ Special items comprise the profit from disposal of investments.

²⁾ After preference dividend.

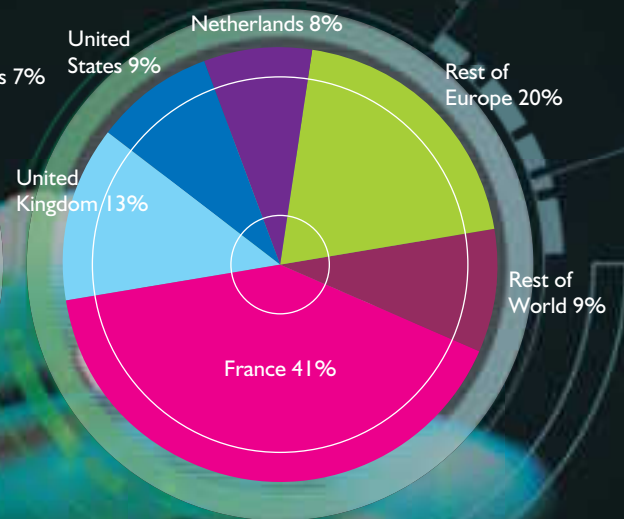
³⁾ See paragraph on dividends, page 89.

⁴⁾ We have changed our policy for accounting for minority interests. Prior year results have been restated accordingly. Please refer to page 56 for further details.

Sales segmentation



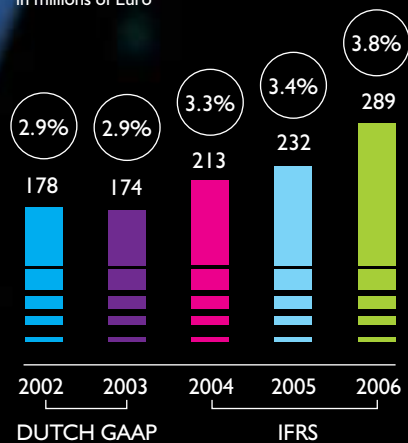
by sector



by geography

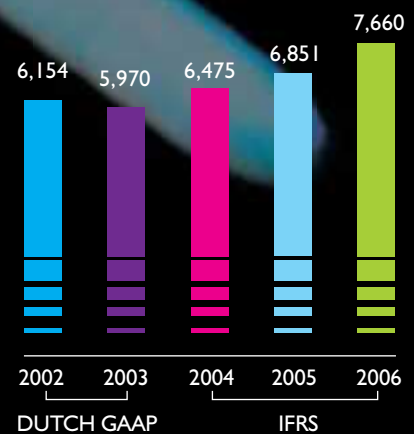
Operating income/Operating margin

in millions of Euro



Sales

in millions of Euro



INFORMATION FOR SHAREHOLDERS

Investor relations

Vedior seeks an open dialogue with investors and analysts while, at the same time, observing its legal obligations relating to confidentiality. Through active engagement with current and prospective shareholders, Vedior endeavours to achieve a more accurate valuation for the Group's shares and ensure that investors' risk perception is realistic.

The Group is committed to providing high quality, meaningful and timely information to investors and analysts in order to improve the market's understanding of the Company and to ensure that the entire market has access to price-sensitive information at the same time. Through its communications with the financial community, Vedior provides information on key value drivers, business strategy, threats and opportunities, and insights into the key ratios which the Group uses to track its own performance.

Vedior has joined an international initiative launched by IR Solutions (part of the London Stock Exchange) called the Corporate Responsibility Exchange. This Exchange provides an efficient mechanism for communicating with investors, and other interested parties, how individual companies deal with corporate social responsibility issues. The information provided within the Exchange is transparent and formatted in order to relate to all the major global ratings systems and most influential corporate social responsibility codes.

During the year under review, senior management held frequent meetings with financial analysts and existing and prospective institutional investors. Senior management also participated in a number of investor conferences as well as group meetings arranged by brokers in the United Kingdom, United States and Continental Europe. Vedior provides analysts and investors the opportunity to meet members of the Board of Management and other senior corporate personnel as well as operational managers, a number of whom participated in meetings during the course of 2006.

Results are published quarterly as Vedior believes that this provides greater financial discipline and more transparency. Each quarter, the Group holds a conference call for analysts and investors where senior management are available to discuss results in more detail and answer any questions which may arise, supplemented by a webcast twice a year.

How shareholders can exercise their voting rights

Depositary receipts of ordinary Vedior shares are securities under Dutch law and traded on Euronext Amsterdam. Holders of depositary receipts have all rights attached to the ordinary shares underlying them, such as the right to attend and address the General Meetings of shareholders and the right to receive dividends and other distributions. The voting rights are exercised by the Foundation for ordinary Vedior shares (page 90 of this report) as the actual holder of these ordinary shares. The Foundation will however at all times and without limitation, issue proxies to holders of depositary receipts who so request, allowing them to exercise their voting rights. The ordinary shares underlying these depositary receipts are not traded. Each holder of depositary receipts can therefore exercise his or her voting rights during a General Meeting of shareholders in the following ways:

- Attend the meeting in person;
- Authorise a third party to attend the meeting and vote on their behalf;
- Authorise the Foundation to vote in accordance with their instructions on a voting form.

Each holder should register their depositary receipts as specified in the notice for the General Meeting of shareholders. The notice and instruction voting form as well as any other documents for a General Meeting of shareholders are posted on Vedior's corporate website www.vedior.com, well in advance of the Meeting.

Vedior (depositary receipts of) shares

Vedior has two classes of (depositary receipts of) shares:

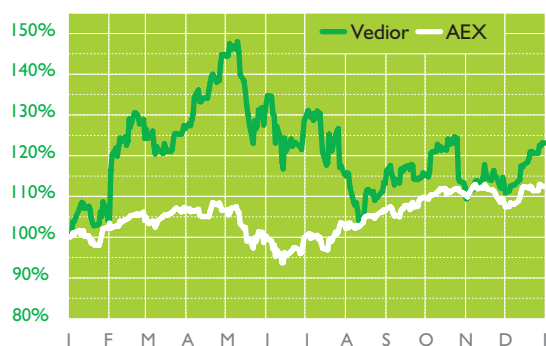
- (Depositary receipts of) ordinary shares, listed on Euronext Amsterdam, with a face value of €0.05. At the end of the financial year 171,283,462 shares were in issue.
- Preference B shares, with a face value of €100.00 and in the form of non convertible depositary receipts. Number issued 27,000, with a total face value of €2,700,000. These shares will be redeemed effective 1 July 2007.

Development in the number of (depositary receipts of) ordinary shares outstanding during 2006

As at 31 December 2005	168,893,071
Issued in 2006	
● for the US employee stock purchase plan	83,561
● for employee share and option related incentive schemes	2,306,830
(Depositary receipts of) ordinary shares placed and outstanding at 31 December 2006	171,283,462

Share price performance January - December 2006

Relative performance AEX ¹⁾ - 2006

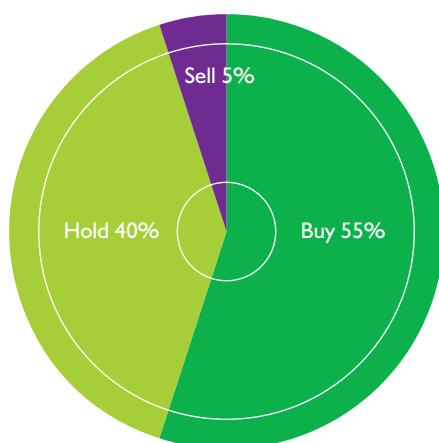


¹⁾ AEX: the index made up of the 25 most active securities traded in Amsterdam.

Vedior price and daily volume



Financial analysts' recommendations as at 31 December 2006



Number of recommendations: 20

Dividend Policy

Vedior intends paying a slightly increased dividend each year. The pay out ratio may vary between 25% to 50% of annual net distributable earnings per share. This year's proposed dividend payment equals 28% of earnings per share.

Share price history

Closing price on 31 December 2002	€ 5.44
Closing price on 31 December 2003	€ 12.40
Closing price on 31 December 2004	€ 11.99
Closing price on 30 December 2005	€ 12.52
Closing price on 29 December 2006	€ 15.71

Key figures per (depository receipt of an) ordinary share

	IFRS			Dutch GAAP ³⁾	
	2006	2005	2004	2003	2002
Net profit ^{1) 2)} (in €)	1.06	0.84	0.63	0.47	0.46
(Proposed) dividend/ payment from reserves (in €)	0.30	0.25	0.20	0.16	0.16
Average number of outstanding ordinary shares (x 100,000)	170.7	167.9	165.5	163.5	161.3

¹⁾ After deduction of preference payments and excluding special items.

²⁾ 2005 and 2006 after change of accounting policy for minority interests.

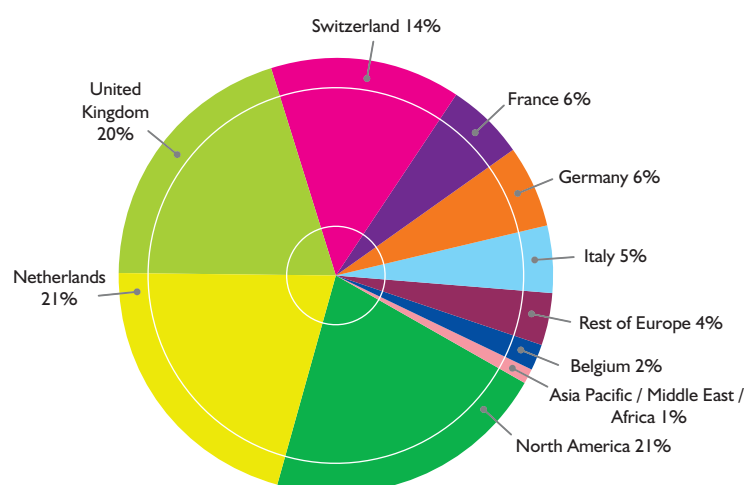
³⁾ Net profit excluding goodwill amortisation and extraordinary items.

Stock exchange listing

The depository receipts of ordinary shares are listed on the stock exchange of Euronext Amsterdam and included in the AEX index, which comprises the 25 most active securities traded in Amsterdam; symbol VDOR. Since 9 March 1999, options on Vedior shares are traded on the Amsterdam Option Exchange; symbol: VDR.

Distribution of holding of (depository receipts of) ordinary shares

According to Capital Precision's Global Shareholder Identification Survey held in January 2007, an estimated 8.3% of the outstanding depository receipts of ordinary shares are held by retail/private investors in the Netherlands. The remainder of the depository receipts of ordinary shares are held by institutions, of which the geographical distribution is as follows:



Source: Capital Precision - Global Shareholder Identification Survey - January 2007.

Shareholder interests

As per 31 December 2006, Vedior's voting capital consisted of 171,283,462 (depository receipts of) ordinary shares (76% of voting rights), and 27,000 (depository receipts of) preference B shares (24% of voting rights).

Only depository receipts of ordinary shares are traded on Euronext Amsterdam. The Company's free float is regarded as 100% by Euronext Amsterdam.

Primarily based on their holding of (depository receipts of) preference B shares, the following interests are known under the Dutch Financial Supervision Act, as per 31 December 2006, and have been disclosed to the Netherlands Authority for the Financial Markets ('AFM') on 1 November 2006:

- Fortis Utrecht N.V. 5.74%
- ING Groep N.V. 10.22%

Financial agenda

- Publication of first quarter 2007 results..... 27 April 2007
- Annual General Meeting of shareholders in 2007..... 27 April 2007¹⁾
- Declared ex dividend..... 2 May 2007
- Dividend made payable..... 9 May 2007
- Publication of half-yearly 2007 results..... 26 July 2007
- Publication of third quarter 2007 results..... 25 October 2007
- Publication of annual results 2007..... 7 February 2008
- Annual General Meeting of shareholders in 2008..... 25 April 2008

¹⁾ In 2007, the Annual General Meeting of shareholders will be held on Friday, 27 April at the Hilton Hotel in Amsterdam, starting at 10.00 am.

Investor/media relations and other reports

Further information on Vedior, including copies of all media releases, presentations, annual reports and share (price) information can be obtained from our website at **www.vedior.com**

- For investor information contact investor-relations@vedior.com
- For media enquiries contact press@vedior.com
- Telephone +31 (0) 20 573 5600

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Vedior endeavours to provide comprehensive responses to questions in a timely fashion while at the same time being aware of its obligations with regard to information which may be price sensitive.



MODERN TIMES

More flexible ways of working are an inevitable outcome of demographic and technological change.

For those in permanent employment, flexible working practices will increase such as part-time/flexi-time and job sharing. But forward-thinking businesses will also embrace other, non-traditional employment practices such as sabbaticals, self-rostering allowing workers to nominate preferred hours, and term-time working where employees can take paid (or unpaid) leave during school holidays.

Not only the hours of the working day will change. Significant improvements in telecommunications are already making home working/teleworking a reality for millions. While such flexibility may be welcomed in many quarters, the implication is that work becomes an "any time, anywhere" activity (as many users of PDA devices will readily testify!).

Working on a temporary and contract basis will increasingly be perceived as a lifestyle choice and the difference between a permanent and a temporary job will be almost indiscernible as average job tenure decreases. New entrants to the labour market, Generation X and Generation Y, regard work more as a contract and less as a career. Employers are already discovering that the concept of work does not fit the same central role for younger workers as it did their predecessors.

Accommodating the diverse working requirements of highly skilled and highly valued employees will be an essential component of future recruitment policies. Getting ahead means getting flexible.



REPORT OF THE BOARD OF MANAGEMENT

[Members of the Board of Management]

Frits Vervoort (44, Dutch)

A member of the Board of Management and Chief Financial Officer since October 2001. He is responsible for control and reporting, tax and treasury. Mr Vervoort joined Vedior in 1997 as Corporate Controller and then became Director of Finance in November 2000. He is a member of the Royal Netherlands Institute of Register Accountants. Between 1994 and 1997, he was a financial analyst for the Vendex Food Group and Vendex International. Between 1985 and 1994 he held various positions with Ernst & Young, Reed Elsevier and the Free University of Amsterdam.

Philippe Salle (41, French)

A member of the Board of Management since May 2003. Mr Salle joined Vedior in 1999 as Chairman and Chief Executive of Group Expectra in France. In December 2002, he was appointed Chairman and Chief Executive of Vediorbis in France, the largest operating company of the Group. In 2006, Mr Salle also became responsible for the Group operations in Italy, Spain and Switzerland. He previously held senior positions at Accenture and McKinsey.

It was announced on 6 March 2007 that Mr Salle will resign as a member of the Board of Management, effective 30 April 2007. He has accepted a position outside the company.

Brian Wilkinson (50, British)

A member of the Board of Management since May 2003. Mr Wilkinson originally joined the Group as UK Development Manager in 1999 and in May 2002 became Zone Manager responsible for operations in the United Kingdom, Eire, Australia, New Zealand, India, Singapore, Hong Kong, the Middle East, Sri Lanka and Malaysia. In 2006, he also became responsible for the Group operations in Portugal and Scandinavia. He has 26 years staffing services industry experience and is a former President of the Recruitment and Employment Confederation, the trade association for the staffing industry in the United Kingdom.



Peter Valks (48, Dutch)

A member of the Board of Management since May 2003 with responsibility for all operating companies in the Benelux as well as business development for emerging markets in the Far East, including Japan. In 2006, he also became responsible for the Group operations in Germany, Greece, Turkey and several Central European countries. Mr Valks joined the Group in 2000 as General Manager of Vedior in the Netherlands having previously worked as a diplomat for the Dutch Foreign Service and subsequently in various management functions for ING.

Zach Miles (57, British)

Chairman of Vedior's Board of Management and Chief Executive since February 2004 and a member of the Board of Management since December 1999. He is responsible for the Group's overall operations, developing and implementing strategy, corporate planning and business development. Mr Miles served as Chief Financial Officer from December 1999 until October 2001. He joined Select Appointments (which was acquired by Vedior in 1999) as Finance Director and a member of its Board of Directors in 1988. Before joining Select Appointments, he was a partner with Arthur Andersen. He is a qualified Chartered Accountant in the United Kingdom.

At Vedior's next Annual General Meeting of Shareholders to be held on 27 April 2007, the Supervisory Board will propose Gregory A. Netland for appointment to the Board of Management. Mr Netland (age 45, American), has served as the Chief Executive for Vedior North America since 2003, where he has overseen strong acquisitive and organic revenue growth in a number of specialist markets. Prior to his appointment as CEO for Vedior North America, he served as the Chief Operating Officer and Executive Vice President of Business Development of this subsidiary.

[Vedior | Where people matter]

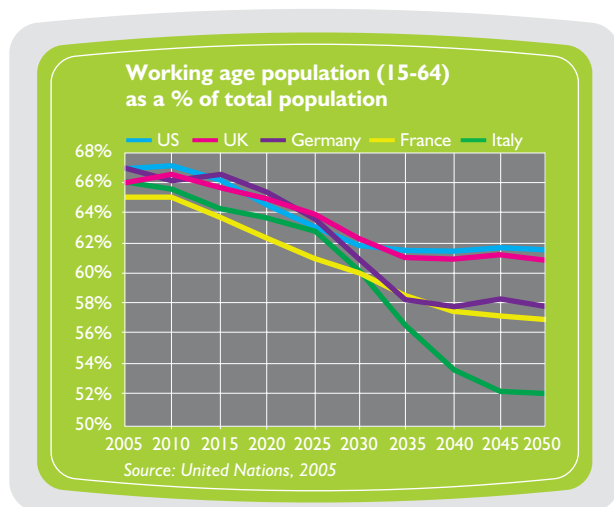
Vedior is an international recruitment company that helps jobseekers achieve their ambitions and match work demands to their lifestyle requirements. We have a global network of offices spanning Europe, North America, Australasia, Asia, South America and Africa. We operate a diversified portfolio of brands targeting a broad range of industry sectors, designed to attract skilled job seekers and offer employers a comprehensive range of services to enhance their management of human resources and satisfy their staffing requirements.

We believe that recruitment is very much a people business. In fact, it is the ULTIMATE people business. Our reputation stands or falls on our ability to match the right people to the requirements of our clients. We also rely on the commitment and talent of our own consultants as they are the ones who guarantee the quality and continuity of our services.

War for Talent

Ask any chief executive what they regard as being their company's biggest asset and they'll usually respond "people". They understand that it's the ability to efficiently find and retain talented staff that will define the successful businesses of the future. Vedior has a unique profile and strategy that enables us to efficiently source rare talent and sets us apart from other recruitment companies. Our sectoral diversity, combined with an extensive geographic coverage, makes us an attractive partner for all types of business, from large multi-nationals to small local employers.

Demographic forecasts suggest a future with a sharp decline in the working-age population in many countries and increasingly severe skills shortages. Vedior is at the centre of this 'war for talent', operating in a valuable and dynamic industry. As skill shortages become more acute, more employers seek our assistance in recruiting personnel and managing their human resource needs.



Our Services

The common elements that define a Vedior company are *quality of service* and *specialisation*.

Client and candidate characteristics differ markedly across the different sectors in which we operate. Jobseekers like to deal with a recruitment company that fully understands their profession, its trends, qualifications and terminology. Specialists like to deal with specialists. We believe that the delivery of a credible quality service within each of our market sectors can best be effected through separate offices, separate personnel, separate recruitment and sales strategies and, logically, separate brands.

Given a future with impending and extreme skills shortages, the main strength of Vedior's brands is in their ability to attract candidates, particularly those with increasingly rare and highly valued skills.

Vedior is very well placed to provide services to employers requiring staff in multiple markets across a broad range of disciplines. Through our value-added services, we can help employers simplify, streamline or consolidate recruitment of permanent and temporary staff on a local, regional, national or international basis. We provide tools to better select, optimise, measure and manage the client's workforce. These services include workforce audit, evaluation, deployment, quality control and reporting.

Dealing with multiple recruitment vendors can be a drain on business resources and efficiency. Our Vedior1 programme manages and co-ordinates all staffing services on behalf of our clients through a nominated shortlist of vendors. Our tailored solutions provide employers with a single point of contact and a dedicated team of specialists to help them better co-ordinate and manage their staffing supply chain. Vedior1 allows employers to outsource employment-related activities without losing control and increase their business efficiency. We also have a specialised and dedicated team to enhance the service we provide to our multinational clients.

Temporary Work

The distinction between temporary work and permanent employment has narrowed in recent years. Temporaries today often receive many of the same benefits as full-time workers as well as comparable salaries.

Flexible working arrangements provided through temporary and contract assignments are playing an increasingly important role in economic success. They allow business to compete more effectively and benefit from enhanced efficiency, better productivity and higher quality. Our services benefit both employers and employees. We help employers to cope with demand during busy periods, manage their costs more effectively and improve productivity. But, importantly, temporary recruitment is increasingly used as a resource to fill skills gaps with specialised talent.

Working on a temporary or contract basis requires a special type of aptitude. The ideal temporary is someone who values variety, who can rise to a challenge, a self-starter who can learn and adapt quickly. Someone who can be relied upon to understand a task and get results.

Finding people with these special skills is Vedior's core competence.

For job-seekers, in addition to allowing people to better manage their work-life balance, temporary work can be an effective bridge to full-time work. For those entering the labour market for the first time such as newly qualified students, women returning to work after raising a family, and disadvantaged minorities, temporary work can provide an important step up the career ladder. Many people use their experience gained working as a temporary to update and improve their skills thus improving their career prospects and salary potential.

We also provide a valuable service to governments by contributing to general economic well-being. The recruitment industry helps to keep the world working, improving labour market efficiency, creating new jobs and reducing unemployment.

Our People

As a service company, the calibre of our own personnel is integral to the success of our business. We take great care in engaging and training skilled recruitment consultants, who not only have expertise in general employment and staffing issues, but also have particular knowledge of the sector in which they operate. Many of our staffing consultants are, themselves, qualified within the sector in which they specialise, be it, for example, engineering, information technology, or teaching. They understand the business drivers, trends, skills, qualifications and speak the same business language. This industry focus helps us provide the right employees to our clients and find the right jobs for jobseekers.

Process and professional standards are crucial in accurately matching candidates to jobs, but equally important are the experience and 'soft skills' of our consultants in guaranteeing that the right match is made. Skills can be measured and qualifications and references checked but aptitude, character and reliability are less tangible, more complex attributes to assess. For employers who get it wrong, the cost of a bad match goes well beyond the immediate cost of hiring. In a "people" business, being able to understand the specific requirements and personality of the candidate as well as the culture of the prospective employer is what makes a good recruitment consultant.

The quality of our services depends upon our ability to efficiently and accurately match the requirements of both parties in the recruitment process: employers and jobseekers. As well as sustaining good client relationships it is also important we treat candidates with the same degree of professionalism.

Strategy

We believe Vedior has the right infrastructure, strategy, products and services to identify and recruit the best people on behalf of our clients. Our databases are rich with talented people who have been personally interviewed, referenced and assessed by our consultants. This means we can respond swiftly to our client's recruitment needs - town by town, region by region, country by country or on a global level. As the 'war for talent' intensifies, our services become increasingly valuable to our clients.

We focus on our core competence of recruitment and take advantage of the positive demographic, business and social trends which are driving the growth of our industry. We aim to offer a full range of specialist recruitment services to both local and multinational employers in markets worldwide. Our strategy is to develop strong local brands dedicated to specific employment sectors in order to concentrate our expertise and attract the best candidates. As skill shortages become more acute, demand for our services increases. Our global network provides an ideal platform to develop our business and expand the range of recruitment services that we offer in each country. Our decentralised business model empowers local management with the flexibility and creativity to adopt market specific strategies and maximise growth opportunities.

Growth opportunities for our Company are further enhanced by the ongoing liberalisation of labour laws in several countries. We play an active role in trade federations at both a local and international level. In particular, we sponsor CIETT, our Industry's international trade federation, to lobby governments and demonstrate the benefits of adopting more flexible working practices. We also sponsor independent research into trends in labour markets.

We are able to build our business through a well-balanced mixture of organic and acquisitive growth. We value organic growth highly and have extensive experience of launching services into new markets. We also have a proactive acquisition programme, where our focus is mostly within high-growth specialist sectors. We target smaller, fast-growing companies where the founding management team wishes to stay in place and accelerate the development of their business with our help. Our business development priorities are to build on our leading position in professional and executive recruitment, expand our presence in faster growing markets in Central Europe, the Americas and Asia and reduce our growth dependence on more mature markets and sectors.

We will continue to deploy new technologies to enhance our productivity and keep abreast of the latest industry developments. We will also continue to encourage sharing of best practices across the Group to enhance the quality of our services and reduce operating costs. In 2007 we are introducing a global leadership development programme for senior managers to foster our own talent, coordinate skill development and improve internal communication.

Financial Targets

We have set geographic operating margin targets. The achievement of these targets, which in part depends on economic trends, would result in an overall Group operating margin (after corporate expenses) in the range of 4.6% to 5.6%.

	2006 operating margins	Target operating margins
France	3.5%	4.0 to 4.5%
UK	5.9%	7.0 to 8.0%
USA	6.3%	7.0 to 8.0%
Netherlands	3.5%	5.0 to 6.0%
Rest of Europe	3.3%	3.5 to 4.0%
Rest of World	4.9%	5.0 to 6.0%
Vedior Group	3.8%	4.6 to 5.6%

We believe that, for a recruitment company, a degree of financial leverage is both appropriate and prudent. We use debt to finance working capital and maintain our net debt within the range of 25% to 50% of accounts receivable. The level of borrowing we need depends on our working capital requirement, which in turn depends on the level of sales. Our industry is cyclical, but cash flows are less volatile than earnings because of compensating fluctuations in working capital. At the end of 2006, net debt was €558 million or 35% of accounts receivable – well within our target range.

We intend to maintain interest cover higher than 6 (EBITDA: net interest) and leverage lower than 2.5 (net debt: EBITDA). At 31 December 2006, the interest cover ratio was 10.4 and the leverage ratio was 1.7.

Vedior has credit facilities of over €1 billion, which meets our current requirements. Included within this amount are committed syndicated credit facilities of €650 million which mature in 2011 and €150 million with an initial maturity at the end of 2007 which can be extended to 2009. These facilities are at floating interest rates linked to Euribor and Libor.

In 2006, Vedior also completed a private debt placement of USD 215 million (€170 million) with US institutional investors. The debt is comprised of senior notes split into two equal amounts with 7 and 10 year maturity dates. The Company has swapped USD 65 million of the sum raised into Euro, and USD 75 million into pounds sterling. The Euro denominated debt is at floating interest rates while the US dollar and the pound sterling denominated debt is at fixed interest rates. Through this private placement, Vedior has been able to extend the maturity and diversity of its sources of debt finance.

[Segmentation analysis]

Financial year ended 31 December, in millions of Euro

	2006	2005	Change in %	Organic growth
By geography				
France	3,137	2,991	5%	5%
UK	977	874	12%	1%
US	686	579	19%	13%
Netherlands	588	518	13%	12%
Rest of Europe	1,536	1,368	12%	11%
Rest of World	736	521	41%	20%
Sales	7,660	6,851	12%	8%
France ¹⁾	110	96	14%	14%
UK	57	52	10%	-6%
US	44	35	22%	15%
Netherlands	20	14	43%	49%
Rest of Europe	51	37	40%	40%
Rest of World	36	24	52%	22%
	318	258		
Corporate expenses	-29	-26		
Operating income (before special item)	289	232	25%	17%
By sector				
IT	768	621	24%	6%
Engineering/Technical	463	410	13%	10%
Healthcare	437	424	3%	-1%
Accounting/Finance	376	287	31%	13%
Education	126	111	14%	11%
Other sectors	543	408	33%	14%
Professional/executive	2,713	2,261	20%	8%
Traditional	4,947	4,590	8%	8%
Sales	7,660	6,851	12%	8%
IT	48	37	30%	9%
Engineering/Technical	29	24	21%	17%
Healthcare	21	24	-10%	-16%
Accounting/Finance	21	13	50%	25%
Education	17	15	16%	14%
Other sectors	32	19	64%	32%
Professional/executive	168	132	27%	12%
Traditional	150	126	20%	21%
	318	258		
Corporate expenses	-29	-26		
Operating income (before special item)	289	232	25%	17%

¹⁾ Excluding a net one-off gain of €4 million in 2005, operating income in France increased by 19%.

[Operational review]

Vedior's strategic focus is on increasing profit rather than gaining market share as evidenced by the significant improvements we have achieved in operating income in 2006 across each of our regions.

Operating income increased by 17% to €289 million. The operating margin (operating income as a percentage of sales) was 3.8%, up from 3.4% in 2005. All growth percentages exclude profits from the disposal of investments and are calculated on an organic basis.

For the second consecutive year, we achieved organic growth across all major geographies. The strongest growth came from the US, Netherlands, Rest of World and Rest of Europe regions. In Belgium, Spain, Australia, Portugal, Germany and Switzerland, we achieved double digit sales growth. One of the aspects of Vedior's growth in 2006 was the outstanding performance of our operating companies in emerging markets. The relative immaturity of these markets combined with a positive economic environment has led to sales growth of 59% in India and 27% in Latin America. In addition to organic growth, sales of €234 million were added as a result of companies acquired in 2006, principally CNC Global, Blomfield and Talisman.

Currency effects decreased operating income by 1%, but had no significant impact on 2006 annual sales.

Looking at our business by industry sector, the strongest improvements in operating income came from the accounting/finance, traditional, engineering/technical and education sectors. In terms of operating leverage, the best performance came from traditional staffing in continental Europe.

In line with our longer term objective, we saw continued growth in permanent placement across all our regions. With a 30% increase in fees to €238 million, permanent placement now represents 16.7% of Group gross profit compared to 13.3% of gross profit in 2005.

In France, permanent placement fees more than tripled to €14 million.

In France, operating income increased by 19%. Gross profit increased by 9% reflecting an improved business mix and our focus on permanent placement.

In the Netherlands, also as a result of our improved business mix, operating income increased by 49% and gross profit by 16%. This significant improvement in performance has been achieved while at the same time making substantial investments to improve future performance.

Our focus on operational efficiencies resulted in an increase in our conversion ratio for the year (operating income divided by gross profit), from 18.9% to 20.3%.

Operating costs increased by 10% including increased investment in the business to benefit long-term growth. Investments were made in new start-up initiatives and the development of existing brands worldwide including further expansion into the Middle East, new office openings, continued roll-out of permanent placement activities in France and other markets including Japan, upgrade and expansion of our infrastructure (particularly in continental Europe), enhanced eBusiness functionality, and improved managed service capability.

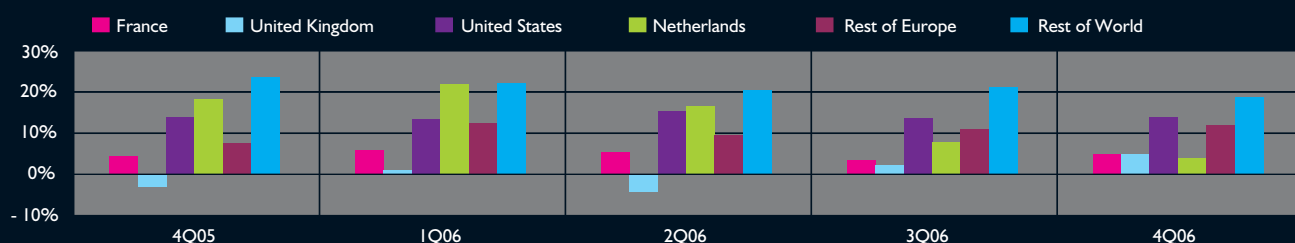
Excluding the profit from the disposal of investments, the tax rate decreased to 29.3% in 2006 from 31.0% in 2005.

The decrease in tax rate is mainly due to the inclusion of a deferred tax asset of €6 million in 2006 relating to operating loss carry forwards in the Netherlands.

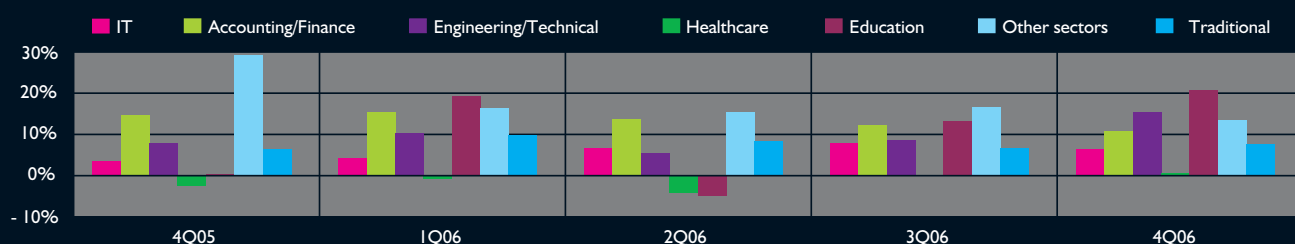
Cash flow from operating activities increased to €206 million in 2006 from €113 million in 2005 following higher operating income and lower additional working capital requirements to finance sales growth.

Debtor days at the end of the year were one day lower at 63 (2005: 64).

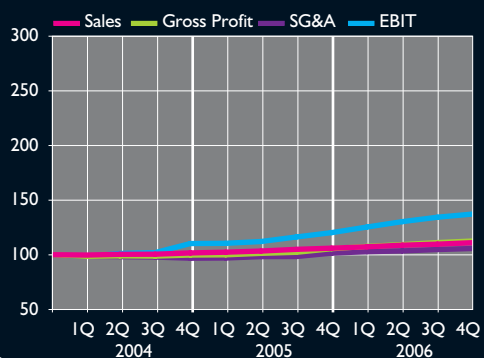
Organic sales trend by geography Year on year increase or decrease



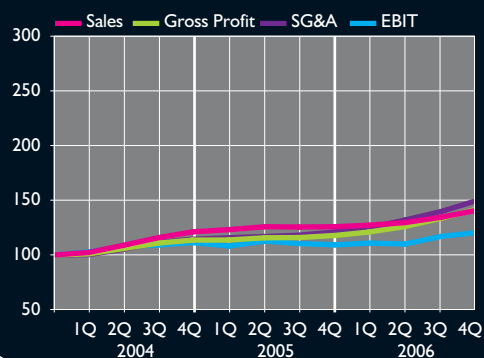
Organic sales trend by sector Year on year increase or decrease



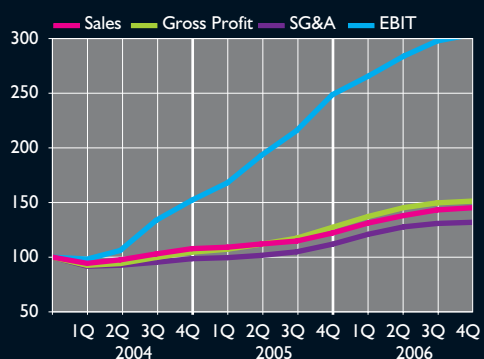
MAT France



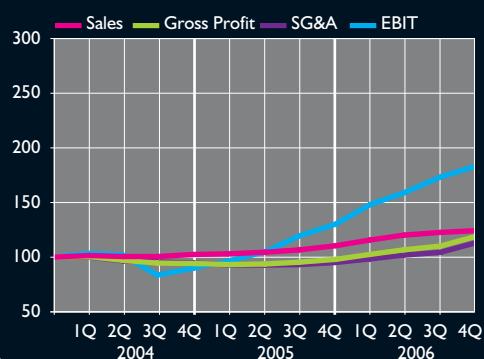
MAT United Kingdom



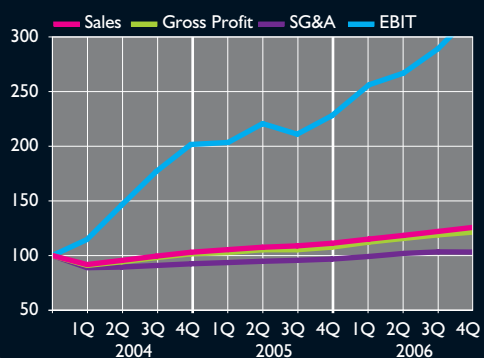
MAT United States



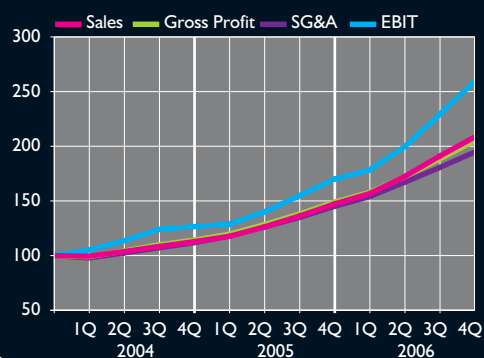
MAT Netherlands



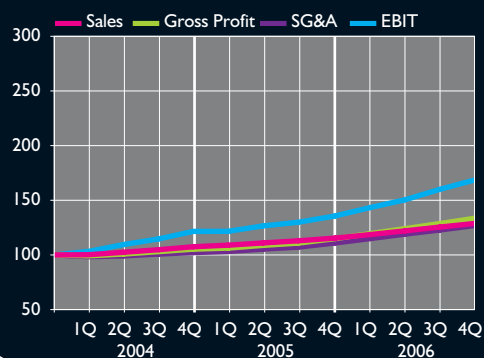
MAT Rest of Europe



MAT Rest of World



MAT Vedior Group



MAT stands for Moving Annual Total which expresses the average value for the preceding four quarters at any point in the graph, thereby normalising any seasonal effects felt during the annual period.

These graphs are index based with 4Q 2003 = 100.

CALLING ALL EXPERTS

Recent years have seen a profound shift in the types of jobs our post-industrial, post-dot.com and post-millennium society demands in order to thrive and propel itself into the future.

With an increasing amount of knowledge available in the collective consciousness, workers need to distinguish themselves through specialised skill sets, and future roles will require subject matter expertise or non-routine, specialised levels of service. In a world that can no longer function without technology, IT and new media opportunities will grow concurrent with technology development. Healthcare will continue to grow, not only in terms of advancements in research and treatment but also because of the need to care for an ageing population. Global environmental experts will be called upon to face the resource and climate concerns of the 21st century.

For those about to plan their future career, in addition to the demand in professional/specialised sectors, there are still promising prospects to be had in some of the more traditional vocations. To avoid jobs threatened by the offshoring trend, the key to future job security lies in proximity and creativity. Look for a job that requires a very high level of skill or creativity such as being an artist, writer, designer, musician, inventor, marketing strategist, or actor. Alternatively, learn a skilled trade that requires hands on presence such as carpentry, plumbing, electrics, hair styling, construction/contracting, mechanics or dental hygiene.

Future jobs

Percentage change in employment in occupations projected to grow fastest | 2004 - 2014

Source: U.S. Department of Labor, Bureau of Labor Statistics



PROFESSIONAL/EXECUTIVE IT



Vedior's IT consultants support clients at all stages of the IT product lifecycle, developing, installing or maintaining hardware and software. Expert technical personnel are provided in a full range of disciplines including software engineers, programmers, systems analysts, architects, testers, systems administrators and telecommunications professionals.

IT is Vedior's largest professional/executive niche responsible for 10% of total Group sales. On an organic basis, IT recruitment operating income increased by 9% and sales increased by 6%.

Two important IT acquisitions were made during the year; Talisman, which provides services in several European countries, and CNC Global, the largest IT staffing firm in Canada. Our sales in this sector increased by 24% reflecting the impact of these acquisitions.

The US is Vedior's largest market for IT recruitment which it provides mostly through the Sapphire Technologies brand. Sapphire is a market leader in the US, servicing a broad range of industries and government agencies through its national network of offices. In 2006, the business continued to expand in a healthy operating environment.

In the UK, our IT brands, Abraxas and MVM, experienced a difficult year. Significant pricing pressure reduced margins in the contract IT market.

IT staffing sales in continental Europe are mostly provided under the Expectra brand. We achieved particularly strong growth in sales and operating income in Spain, The Netherlands and Portugal. The Group also provides IT recruitment in Australia and India where we capitalised on very positive market trends.

PROFESSIONAL/EXECUTIVE Engineering/Technical



Vedior provides qualified technical personnel to support both private and public sector infrastructure initiatives. We provide contractors with experience in many different engineering skills such as consulting, designing, drafting, manufacturing, constructing and field commissioning.

Engineering recruitment has grown to become Vedior's second largest professional/executive recruitment sector responsible for 6% of Group sales. 2006 proved to be another very good year for this business. On an organic basis, engineering recruitment operating income grew by 17% while sales increased by 10%. The sector continued to benefit from investments in public sector construction and increased demand for engineering specialists in the oil and gas industry.

Engineering recruitment is our largest recruitment sector in the UK. In this market, Vedior operates three engineering brands, Hill McGlynn, Beresford Blake Thomas and Qualitair all of which achieved good growth in sales and operating income. Satellite offices in the Middle East continued to develop during the course of the year.

In continental Europe, our main engineering brand, Expectra, operating in Belgium, France, Germany, the Netherlands and Switzerland, also benefited from increased demand for engineering personnel.

ATS Reliance, based in Canada, provides specialist personnel primarily to the oil and gas industries in Canada and also on an international basis. During 2006, the company enjoyed strong demand for its services.

PROFESSIONAL/EXECUTIVE Healthcare



Vedior's healthcare services can be divided into two broad categories; qualified medical staff to private and public hospitals, and professional social workers and care staff for home and residential care centres. Healthcare recruitment is responsible for 6% of Vedior's overall sales.

While healthcare remains a market with long-term growth potential, recruitment demand has been relatively weak in a number of markets during 2006 due to pressure on private and public care budgets and a shortage of qualified candidates. Organically, annual operating income reduced by 16% while sales declined by 1%.

L'Appel Médical is our main brand and is the market leader in healthcare staffing services in France, with a national network of offices. 2006 was a positive year for the company and one of recovery following two years of negative growth. The fourth quarter in particular was positive with an improved pricing environment.

In the US, our Clinical One brand provides nurse staffing services. In difficult market conditions, sales declined slightly but operating income improved. Also in the US, Locum provides physicians and Delta is a life sciences recruitment specialist; both of these companies achieved growth in sales and profits.

In the UK, the care division of Beresford Blake Thomas, which mainly provides nurses and qualified social workers and Reliance, which operates in the domiciliary care market experienced continuing pressure on margins in a market which is highly competitive.

In Australia, MSSA Care Personnel, a provider of health and social care recruitment, grew very strongly and improved operating income.

Supernurse, the specialist nursing brand we are developing in Japan, recorded its first operating profit in 2006.

PROFESSIONAL/EXECUTIVE
Accounting/Finance



Vedior provides both qualified and part-qualified accountants as well as all categories of financial personnel to accounting, finance, banking, consulting and other corporate clients. Accounting recruitment is responsible for 5% of Group sales. During 2006, operating income increased by 25% and sales by 13% on an organic basis.

In the US, the Group provides accounting recruitment services primarily through Accountants Inc., Acsys, and AccountPros. These brands took advantage of better market conditions, especially at the beginning of the year, to improve both sales and operating income.

In April 2006, Vedior increased its shareholding in the Blomfield Group, to a majority position. Joslin Rowe, which is Blomfield's main operating brand and also one of the largest financial and insurance recruitment specialists in the UK, recorded a significant increase in profitability during 2006 boosted by strong demand in London's financial market.

Andrew Farr Associates, a new company which is developing a regional accountancy recruitment network in the UK, also continues to make excellent progress, becoming profitable at the end of the year.

In the Netherlands, Rekenmeesters has achieved strong increases in sales and operating income. Elsewhere in Europe, our developing accounting recruitment businesses in France, Spain, Belgium and Luxembourg made encouraging progress.

Link, our Australian accounting specialist had a more challenging year but successfully grew sales.

PROFESSIONAL/EXECUTIVE
Education



Vedior provides a full range of teachers and support staff to public and private schools as well as higher educational establishments. Experienced personnel can be provided to teach nursery, infant, junior, special needs, further education and senior classes. Education is responsible for 1% of Group sales.

On an organic basis, Education recruitment operating income increased by 14% while sales grew by 11%.

In the UK, Select Education, our leading brand in the sector, returned to growth in the second half of the year. Also in the UK, we provide complementary education staffing services under a number of different brands: Areté (head teachers), Supreme Education (Local Education Authorities), and Special Agent (education support roles). These niche

brands complement the range of services we provide to schools and further education colleges and help to maintain our leading position in the UK market.

Select Education's international division, Teach Anywhere, benefited from very strong demand particularly in the Middle East, Asia and Europe.

The Group also provides education recruitment services in the US, Australia, the Netherlands and Canada. In Australia, Select Education has established a very strong market position in a relatively short period and, during 2006, more than doubled its operating income.

PROFESSIONAL/EXECUTIVE
Other sectors

Vedior provides recruitment services in a number of other specialist sectors including audio-visual, catering/hospitality, executive, human resources, insurance, interim management, legal, sales & marketing, teleservices and travel/leisure. The Group also provides a number of complementary HR-related services including vendor management, outplacement, training and business process outsourcing.

These sectors of operation represented 7% of overall Group sales in 2006. While individually small, they are important in Vedior's long-term strategy of improving the diversity of its revenue stream and increasing the proportion of sales derived from professional/executive recruitment. In 2006, these sectors grew operating income by 32% and sales by 14% organically.

The largest of these sectors is Teleservices which is provided in 17 international markets, primarily under the Teleresources brand. The most important markets are Portugal, Australia, the Netherlands, Poland, the UK and Spain, but newer teleservices divisions are also gaining traction in emerging markets.

Legal recruitment is provided in 9 countries, the largest of which are the US, Australia, the UK, the Netherlands and China. Our legal recruitment has a high proportion of permanent placement but also includes the provision of lawyers and paralegal staff on a temporary and contract basis.

During the course of the year, we established a leading market position in the provision of interim management in the UK. These services are provided under our established Albemarle brand and two newly acquired companies; Walker Cox which joined the Group in May and Armadillo which was acquired in October. We also provide interim management in the Netherlands under the brand Funktiemediair.

Managed service provision including vendor management and outsourcing solutions is increasingly seen as an attractive option for employers. Our Vedior1 and Global Managed Services ('GMS') brands consolidate the provision of our recruitment services across different markets and sectors. Managed services are an important component of our strategy to provide comprehensive outsourced solutions to key client accounts and good progress was made in a number of markets, most notably the US.

Other specialist sectors achieving strong growth during 2006 included executive recruitment and the recruitment of human resources professionals.

TRADITIONAL

Office Administration & Light Industrial



Within the traditional recruitment sector, Vedior provides all categories of white-collar office support staff including secretaries, word processor operators, data entry personnel and administrative clerks. Also within this sector, Vedior provides blue-collar personnel to help manufacturers meet peak seasonal workloads in a number of disciplines including assembly, driving, picking and packing, warehouse services, equipment handling, shipping and receiving. It is the Group's largest sector of business representing 65% of sales and slightly less than half of our operating income.

On an organic basis, traditional recruitment operating income increased by 21% while sales increased by 8%.

In France, Vedior provides traditional recruitment under the national Vediorbis brand as well as through regional providers, Selpo and Atoll. Overall, the French recruitment market was more positive in 2006 with growth of 7% although the automotive sector, which represents 8% of our sales in France, remained weak. Vediorbis achieved sales growth during the year and a very strong improvement in operating income. We have been particularly successful in developing our permanent placement services following changes to regulations in 2005 and this has helped improve our margins in the French market.

In the Netherlands, traditional recruitment is provided through the Vedior brand which targets large and middle-sized clients in the white-collar segment and Dactylo which provides mainly blue collar labour to small and medium sized clients. While the Dutch market continued in strong recovery mode during 2006, the focus for both Vedior and Dactylo was improving profitability. As a result, sales growth lagged behind overall market growth, but both companies increased operating income in excess of 70%.

In Belgium, Vedior provides traditional recruitment through two brands; Vedior Interim which has a network of offices throughout the country and is mainly focused on blue-collar labour, while Atoll provides recruitment services to small and medium sized companies. Both companies increased sales and operating income strongly during 2006.

In Spain, Laborman and Select mainly operate in the traditional recruitment sector and both companies achieved solid growth and increased their operating margins in 2006.



In Portugal, we have a market leading position through the Vedior and Select brands and, once again, the country proved to be one of our best performing markets for traditional recruitment.

In Australia, Select, our well-established traditional brand, strengthened its market position and achieved a significant improvement in both sales and profitability.

In the UK, we provide traditional recruitment through the Select brand. Sales grew during the year but the market remained highly competitive, which reduced operating margins.

In Germany, Vedior supplies high-skilled blue-collar personnel to the aviation, electronics, auto and engineering sectors. Germany is one of the world's best-performing recruitment markets benefiting from strong structural growth and a positive economic environment. Vedior achieved a strong improvement in sales and operating income during the course of the year and commenced an expansion programme. Further expansion in the network is planned in 2007.

Switzerland is another buoyant market and, during 2006, Vedior increased sales and operating profits strongly.

Our traditional recruitment business in the US, Placement Pros, continued to perform exceptionally well with its focus on higher margin segments.

In Latin America, we are experiencing rapid expansion. Argentina is our largest market in the region and our SESA Select brand expanded its operations during the year organically and also by acquiring Rest, a provider of engineers to the oil and gas industry.

We have also continued to strengthen our market position in the emerging markets of Central and Eastern Europe as we believe these markets will be important for Vedior's longer-term development.



[Business development]

During 2006, Vedior continued its active programme of organic expansion and made twelve acquisitions.

The number of countries the Group operates in increased from 44 in 2005 to 48 by the end of 2006.

Organic expansion

Within established markets, Vedior continues to launch new sectors to broaden our service offering in local markets and also provide a platform for long-term organic growth.

In the UK, Select Appointments launched two new divisions this year: Select Direct, which focuses on renewing contact with 'lapsed' jobseekers and developing longer term client and candidate relationships; and Select Hospitality, which specialises in finding permanent opportunities for supervisors, managers and senior personnel in hotels, bars and restaurants.

We expanded our permanent placement activities in France as well as Japan. In Italy, we merged our existing brands to improve efficiency and benefit from a dynamic sales trend in the market. We extended our German staffing network to cover a broader range of marketing and communications business.

In the US, we expanded our accounting market and also launched Sapphire Governmental Technologies, providing IT consultants to government system integrators as well as local, state and federal agencies. We also opened a new engineering/technical division in Australia, launched biotechnology staffing services in Singapore and teleservices recruitment in Mexico.

Taking advantage of strong economic growth, we strengthened our presence in the Middle East through a number of brands, most notably in the ICT and technical/engineering sectors in Abu Dhabi, Bahrain and Dubai. In December, we also opened offices in Mozambique, a new country of operation for the Group.

We also expanded our Vedior1 premium managed service programme internationally in 2006. The programme allows clients to easily access and coordinate their supply needs globally through a single specialist contact within our organisation.

Acquisitions

In line with our stated strategy, we normally acquire majority stakes in companies with local management retaining a minority interest (see table below).

The combined consideration for acquisitions was € 157 million.

Vedior continues to actively seek suitable acquisition opportunities in line with its objective to further diversify its business mix and increase the proportion of sales and profitability derived from professional and executive recruitment. Our ideal targets are smaller companies with excellent growth prospects.

Disposals

In July, we disposed of ISU Personaldienstleistungen, a regional provider of temporary light industrial personnel in Germany. The net profit resulting from this disposal was €4.6 million.

Acquisitions 2006	Date	Sector	Market	Latest annual sales at date of acquisition in millions of Euro
Talisman Software	February	IT	EU	30.0
Special Agent	February	Education	UK	4.0
The Blomfield Group	April	Accounting	UK/Eire	75.5
CNC Global	May	IT	Canada	173.0
MOT Models	May	Modeling	UK	7.0
Rest Personal Eventual	May	Engineering	Argentina	1.8
Walker-Cox	May	Interim Management	UK	4.5
Coopers Recruitment	July	Accounting/Admin/IT/Management	Australia	1.8
Armadillo	October	Interim Management	UK	10.9
Digby Morgan Consulting	November	HR	UK	9.8
Voxius	December	Legal	Netherlands	3.7
Corridor	December	Accounting/Admin/IT/Sales & Marketing	Norway	6.8

A black and white photograph of a young boy with short hair, looking upwards with a thoughtful expression. He is resting his chin on his hands. In the foreground, a large, stylized pen or rocket is positioned vertically. The pen has a white eraser tip, a black and white checkered band, and the number '298' printed on its body. The background is a dark, starry space with soft, out-of-focus light spots.

FUTURE TECHNOLOGY

THE FINAL FRONTIER

Predictions of the future are often coloured by the fashion of the day and quite frequently exaggerate novelty value over practical application. Sadly, the future may be slightly more mundane than an episode of Star Trek.

Nevertheless, there is little doubt that the pace of modern technology already has a significant influence on how, where and why we work. In the future, technological advances in communication led by the Internet will increasingly impact organisations and social structures. Work will be less dependent on location and less dependent on time. Information will be instantly available and have few boundaries. Communication will be open and bi-directional providing consumers with increasing power. Emerging industries such as nanotechnology and genetic engineering will create demand for a whole new set of work skills.

Faster, more powerful technology never seems to make life any simpler so whether such advances lead to improved quality of life is debatable. But change is inevitable and those businesses and individuals best able to adapt to technological change will thrive in the 21st century.



[Management outlook]

We believe that the combination of skill shortages and opportunities to expand our services into new markets and sectors will sustain good growth for our business in 2007 at a similar rate to that achieved in 2006.

European staffing markets have made a good start to the year. As we continue to refine our business mix, we expect growth in gross profit to outperform the market in France and the Netherlands. We also look forward to further growth in the US where our business mix is concentrated in professional/executive sectors. Ongoing growth in emerging markets will play an increasing role in our business development.

We expect interest expenses in 2007 to be in the range of €35 million to €36 million and our tax rate to be 31%.

The realisation of benefits from prior investments and improvements in operating efficiency will provide operating leverage and enable the Group to make further progress towards its operating margin targets.

In the longer term, demographic changes and the increased focus on the deployment and management of human resources will continue to benefit the growth of our business.

[ICT and internet]

In keeping with its decentralised management model, Vedior does not have a centralised approach to information technology. Each operating company is responsible for its own IT systems and technology staff. We believe this approach serves the Group very well.

- *Relevance* – we operate in many different sectors of the recruitment market and in many different countries with widely varying operating requirements. Our approach to technology ensures that the ICT we use is appropriate for each sector and market of operation.
- *Ownership* – companies have a strong sense of ownership and lines of communication are short.
- *Risk is distributed* – outside of the Group's compliance policies and some limited procurement initiatives, there are few "grand projects" and, therefore, the cost and impact of project failure is contained.
- *Agility* – within their annual budget companies do not have to defer to a bureaucratic central authority for purchasing decisions or change requests. There is absolutely no "one size fits all" mentality. There is also freedom to innovate.

Despite this decentralised model, there are many examples of co-operation among our operating companies to either share back-offices, products, and technology expertise or to outsource technology services from one company to another. In markets such as the UK, Netherlands, US and South America, some of our smaller operating companies are leveraging the expertise of our larger companies to outsource part, or all of, their ICT provisioning.

The Group also facilitates knowledge sharing and promotes best practice on technology issues. Each year, we host a conference of CIO's from our major operating companies with an agenda that includes project reports, risk avoidance, mitigation and management, disaster recovery and business process continuity, standards, best practice, governance and compliance. At approximately six monthly intervals, all CIO's are invited to participate in a global teleconference to discuss contemporary issues. Furthermore, the Group's intranet enables us to maintain an active dialogue with technical personnel via an eBusiness blog.

Proactive communication is underwritten by a number of corporate policies relating to technical matters which establish certain obligations and set minimum standards. In September 2006, we implemented a new software asset management policy, which included the introduction of a Group-wide audit of all software assets to be completed before the end of 2007. Auditing of our US operations was completed before the end of 2006. We anticipate that more effective management of software assets should lead to lower costs of licensing, better control and better security.

Vedior also works with operating companies to create Group-wide agreements or preferred vendor arrangements that provide substantial discounts for common products and services. In June 2006, we finalised the negotiation of a global enterprise agreement with Microsoft for the supply of their desktop pool of products. This agreement provides our operating companies with a number of cost, administrative and technical advantages including the right to upgrade to the latest versions of Microsoft products at our convenience.

During 2006, a number of operating companies were engaged in high-level ICT projects to upgrade products and services and provide greater operating efficiencies. These included investment programmes to update core business applications such as 'front-office' software, the development of new and more efficient means of processing temporary time and attendance records, payroll and billing, improvements to networked data services, and the development of web-based applications.

A number of the Group's technology initiatives have been offshored to our Indian operating company, Ma Foi, to take advantage of cost-effective and highly skilled software development expertise in that country.

Vedior companies continued to migrate to MPLS data networks, and our global networks are now generally of a very high quality, with low cost broadband access to the vast majority of offices. These traditional networks are very stable and generally more reliable than newer Voice over Internet Protocol networks (VoIP). However, in a number of markets, where there is a compelling economic case, VoIP has been implemented to take advantage of greater flexibility and lower cost.

In 2006, IT Security continued to be a priority for all companies. While there were no reports of major virus outbreaks during the year, our operating companies remain vigilant to ensure personal data remains well protected.

Vedior operates over 200 active websites providing the Group with a diverse and targeted presence to attract candidates. The Internet continues to be an increasingly valuable and efficient tool for sourcing personnel. Collectively, Vedior operating companies now receive approximately 1.3 million unique visitors to their websites every month.

The Group's DOVA system, which consolidates the online vacancies of our operating companies, has achieved a high level of productivity and is now one of the largest online databases of international job vacancies. During 2006, we experienced a dramatic rise in online job applications via online marketing campaigns, partnerships and the use of sophisticated search engine optimisation techniques. DOVA is available to all Vedior operating companies either to provide increased visibility for their online vacancies and/or as the core job-search facility within their own website. Plans to upgrade and enhance DOVA in 2007 are underway.

The trend to use the Internet for wider HR-related business transactions continues including vendor management, master vendor, and specialised candidate sourcing and background checking services.

[Legal environment]

Temporary staffing legislation varies by market and the industry is generally well-regulated. Restrictions which do apply usually fall into one of four areas: length of assignment, reason for the assignment, levels of pay and benefits, or sector prohibition. In certain markets, in addition to national and/or local legislation, the recruitment industry also seeks to actively negotiate collective labour agreements with social partners in order to operate more efficiently. General changes to employment legislation may also have an impact on the competitiveness and the costs of the staffing industry.

The UK, US and Australian recruitment markets are the most liberal in the world. Northern continental Europe has long-established recruitment markets but here, regulators seek to balance the need for flexibility with an obligation to ensure that the rights and benefits of temporary workers are on a par with those of permanent workers. In Southern and Central European markets, recruitment is a relatively new industry sector and legislation is still maturing, as is also the case with Japan.

There is a correlation between liberalisation and the size of the professional/executive recruitment sector in each market; in principle, the more relaxed the legislative environment, the larger the size of the professional/executive recruitment market. With social acceptance comes liberalisation and subsequently further social acceptance for alternative work arrangements, a more positive image and a greater likelihood that more highly educated personnel will seek temporary or contract employment opportunities.

From time-to-time, some legal developments have had an adverse impact on our industry. However, the overriding worldwide trend is for further relaxation of legal restrictions.

The increased mobility of workers positively impacts the staffing industry and allows agencies, workers and employers alike to benefit from cross border synergies. The United States Senate approved a bill in May under the Comprehensive Immigration Reform Act that establishes a guest worker program for temporary workers and removes the limits on visas from foreign nurses entering the United States as guest workers. In September, Poland announced it was easing restrictions on Eastern European and Asian workers in order to fill gaps in the labour market due to the mass migration of Polish workers to Western Europe. France, Spain, Portugal and Finland also announced that they will be gradually easing restrictions on entry for workers from Central and Eastern Europe. Between now and 2011, further transitory measures will be implemented across the EU toward an eventual full lifting of restrictions for all EU countries.

The UK passed legislation in October banning all forms of age discrimination. Under the UK Employment Equality (Age) Regulations, employers are prohibited from using age discrimination or bias of any kind in all practices and procedures, from the hiring process to workplace interactions. In addition to the UK, many countries worldwide also have legislation in place to fight age discrimination. Vedior strongly supports equal opportunities for workers and is committed to upholding this important legislation through our Code of Conduct.

In November 2006, the European Parliament approved a final draft of the EU Services Directive. The exclusion of temporary work from the scope of the directive is disappointing in that it weakens perceptions of the value of staffing services, although from a practical perspective it has no direct impact on Vedior's expansion in the EU given our established presence in the majority of member states.



[Personnel issues and organisational structure]

The average number of full time internal employees increased from 12,779 in 2005 to 14,366 in 2006, as a result of acquisitions and organic growth opportunities in well-established markets, particularly in the UK, the US and Latin America. The inclusion of our motto 'Where People Matter' as part of our corporate logo is not solely an external message; it underlines our commitment to our own staff and emphasises the important role they play in Vedior's development.

Vedior is committed to invest in its employees and become the employer of choice in our industry. We take great care in recruiting and retaining skilled recruitment consultants who not only have expertise in general employment and staffing issues, but also have particular knowledge of the sector in which they operate. In order to maintain its market position, it is important that Vedior provides its staff with stimulating career opportunities as well as an enjoyable and productive working environment. It is our policy to promote from within our organisation wherever possible.

The organisation of Vedior's operations provides our employees with a stimulating entrepreneurial working environment. Vedior has a decentralised management structure designed to enhance communication and minimise corporate overhead. Local management teams retain a high degree of autonomy in the day-to-day running of their businesses including hiring, pricing, training, sales and marketing. Such a structure enables them to respond quickly to market trends in a fast moving industry.

We conduct an annual Employee Survey for the benefit of all Vedior operating companies and personnel worldwide. Questions are made available online via the Group's intranet and responses are anonymous to encourage candid answers. The survey is in four parts; my role, my Company, Vedior and profile of respondent, and is made available in 10 different languages. At the conclusion of the Survey, each operating company manager within the Group receives detailed and individual company results compared to both regional and Group averages enabling them to benchmark their performance. Managers are encouraged to share results with their employees and act upon any areas of concern.

We believe that this attention and dedication to our staff contributes to their loyalty and commitment. Recognition for excellence has resulted in a number of awards and honours received during the course of 2006. We congratulate all our employees who make this level of quality possible through their motivation and exceptional performance. This year's accolades include Select Australasia's win as Best Recruitment Firm Employer Brand at the FEMA awards, LINK Recruitment's recognition in Human Capital magazine as the number one recruitment agency in Australia, Joslin Rowe's award as Best Accountancy/Financial Recruitment Firm and Origin HR's award for Best Managed Service Provider at the UK Recruiter Awards, Vedior Luxembourg's recognition for Best Health and Safety Solutions at the Luxembourg HR Awards and Group Vedior Netherlands' recognition in Management Team magazine as the leading company in the human resources management sector.

The role of senior corporate management is to provide appropriate advice and support, enabling operational management to accelerate the development of their businesses, and act as a clearing house for new strategies and products.

Within our relatively autonomous management structure, co-operation and information sharing is proactively encouraged. In May 2007, Vedior will hold an international management conference for all its senior managerial personnel. This conference, which is scheduled every 18 months, is a very important part of our corporate calendar. It provides the opportunity to discuss trends, explore business opportunities and encourage mutual co-operation. The event provides a forum for the development of new niche services, new products and more efficient operating practices. Co-operation and knowledge sharing is further enhanced by a number of 'functional' conferences which take place regularly covering financial and ICT matters as well as international accounts. In 2007, these functional conferences will be extended to cover marketing and legal issues.

We also started the preparation for creating a leadership development programme to benefit senior executives among our global network. We expect to launch this important initiative in 2007.

Vedior operates a small corporate office given the decentralised nature of the Group. The average number of full-time corporate employees in 2006 (including the members of the Board of Management) is less than 50. The majority of corporate staff is based at the Group's headquarters in Amsterdam but, given the nature of the Group's global network, some corporate personnel also operate out of offices in the UK, Switzerland, Australia and France.

[Corporate social responsibility]

As one of the world's largest international recruitment companies, Vedior plays an influential role in the development of flexible working arrangements. We believe the development of such flexibility is healthy for general economic growth as well as society in that it enables people to better balance their work/life priorities and experience a greater variety of work.

Vedior believes in the value of a diverse workforce for its own staff as well as for the personnel it supplies to clients. Temporary staffing can play a particular role in assisting more disadvantaged sections of society gain access to the workplace as well as in allowing recent graduates to get a first foot on the career ladder. The Group does not discriminate on the basis of age, sex, race, disability, religion, sexuality or union membership.

Vedior operating companies participate in relevant national and trade associations and to promote the benefits of our industry, encourage good practice and the adoption of socially responsible policies. Participation in these associations also provides a useful channel to communicate and negotiate with other social partners. A number of Vedior's senior managerial staff contribute directly to the development of national associations by taking active voluntary positions within these organisations. Vedior is one of six corporate members of CIETT, the International Confederation of Temporary Work Businesses and supports its code of practice and objectives.

All operating companies within the Group are encouraged to adopt socially responsible business policies and practices that balance the interests of investors, customers, employees, suppliers, business partners and local communities.

Vedior operating companies are required to abide by its Code of Conduct (available to download from www.vedior.com) which, amongst other things, describes the Group's basic environmental, equal opportunities, ethical and social policies. The Code is designed to assist in recognising and understanding the conduct of Vedior and its operations in complying with the laws, regulations and ethical standards that govern the recruitment industry. The Code establishes certain principles which are further enhanced and refined at operating company level in order to ensure policies and initiatives are directly pertinent within local jurisdictions and also to reflect the priorities and interests of local management teams. We believe Vedior's decentralised structure enables it to best respect local

customs and conform to all appropriate legislation. The Code encourages all members of staff to be good corporate citizens and to strive to become economic, intellectual and social assets to their local communities. As well as having responsibility for ensuring the Code of Conduct is understood and observed by all employees, management is expected to promote constructively the spirit and the letter of the Code through personal example, giving clear guidance and advice where appropriate.

Vedior has a Health & Safety Policy which applies to all operating companies. We regard the promotion of Health & Safety as a mutual objective for management and employees at all levels. Vedior's policy is to do all that is reasonable to prevent personal injury and damage to property and to protect employees and non employees (including temporary workers) from foreseeable work hazards, in so far as they come into contact with Vedior's operations and property. Deaths and injuries are reported at the appropriate board level and all operating companies have a board member that is responsible for Health & Safety matters. Health & Safety legislation pertaining to the placement of temporary workers varies by country. As well as taking into account local statutory requirements, operating company managers have particular responsibility to maintain a constant and continuing interest in health and safety matters applicable to their companies' activities. As such, they are expected to ensure that adequate measures are taken, including by clients, to safeguard the health, safety and welfare of our temporary workers. For clients in a number of markets we also provide Health & Safety consulting services, in which we assist companies in assessing and implementing Health & Safety policies, procedures and training requirements.

Vedior operating companies are committed to social well-being and this commitment is reflected in a variety of charitable and social initiatives in which we participate. In each of our markets we are attentive in our efforts to nurture social welfare for all people and populations. Through outreach programmes and community partnerships, like Select Appointments' partnership with the national disabled access register in the UK, we continually strive for the betterment of society. Given the nature of our business, Vedior's charitable contributions are primarily focused on helping our local communities to develop and invest in a vital future for their people. The examples on the following page are just a few of the many ways in which we do this.





CNC Global

CNC Global has an ongoing tradition of supporting charitable works. In 2006, staff members across Canada continued their efforts to make a difference in the lives of people less fortunate via CNC Global's 14th Annual Charity Auction, an internal event that has collected over CAD 1 million for a variety of charities nationwide.



Emma-at-Work

Through a partnership with the Emma Children's Hospital, a branch of the Amsterdam Medical Center (AMC) in the Netherlands, Vedor Netherlands has established 'Emma-at-Work', a temporary staffing agency for chronically ill children and adolescents. They may be unable to participate regularly in after-school, weekend or summer jobs and often find it difficult to find suitable opportunities and hence the necessary experience, acceptance and motivation for their future development. Emma-at-Work bridges the gap between a very special group of young people and their place in the workforce. www.emma-at-work.nl



Hill McGlynn

In 2006, Hill McGlynn agreed to supply Fair Trade coffee and tea exclusively in all company locations. With offices in the UK, Australia and Middle East, this commitment to social and environmental protection allows each employee to make a small difference to organic and sustainable development every day.



Ma Foi Foundation

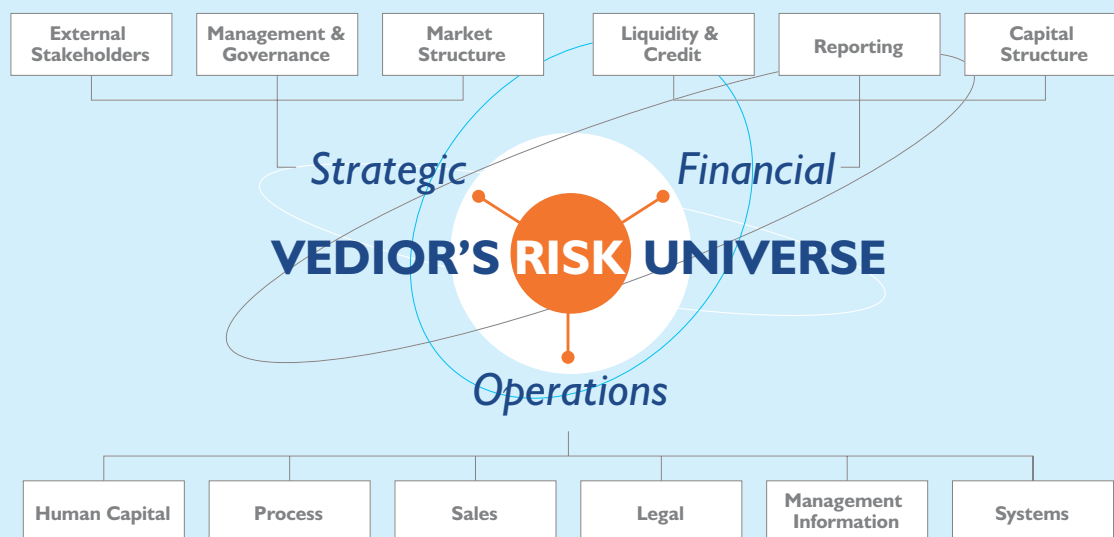
The Ma Foi Foundation was established in 1996 to sponsor students by providing them with the means to continue their schooling, especially in areas notorious for their exploitation of child labour. Today, the Foundation provides material and inspirational support to underprivileged students via a number of educational and training programmes. The Foundation also provides entrepreneurial mentoring and financial support to women's self help groups in some of the poorest areas of the country through which a number of micro enterprises have been established in food processing, handicraft production, dress making, food vending, and tailoring sectors. The Foundation works through CIOSA (The Confederation of Indian Organisations of Service & Advocacy) to promote collective action on social causes. www.themafoifoundation.org

Vedior Institute for the Promotion of Diversity and Equal Opportunity

(Institut Vedior pour la diversité et l'égalité des chances)

The Vedior Institute is active in the development of institutional, public and private partnerships in order to promote equal opportunity within France as well as through cross border associations. Many of the partnerships aim to engage disadvantaged youth in career development by facilitating skills training programmes and by supporting the integration of these skills in the community. The Vedior Institute, along with VediorBis, has also partnered with Adam's Peak, an organisation dedicated to providing aid to the victims of the tsunami which devastated Sri Lanka in 2004. Our contribution provides humanitarian support to hundreds of families and assists in the implementation of programmes to retrain workers and to launch new trade initiatives.





[Risk management]

Risk management is considered as part of our day-to-day activities, and throughout the Group actions, procedures and guidelines exist to control one or more specific risk areas. Examples include our internal planning and control procedures, our reporting guidelines and systems, our defined organisational structure with appropriate delegation of authority and our general terms of reference that specify required authorisations.

To maintain an adequate internal control environment and a balanced risk management approach which is aligned with our risk appetite we see risk management as an integral part of our organisation, where people have taken this responsibility as part of doing business. Our approach to risk management aims to provide reasonable assurance on the achievement of our business objectives and compliance with applicable internal and external laws and legislation.

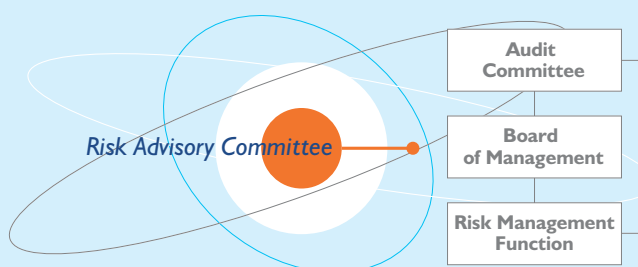
In 2006, we renewed our risk management process based on the experiences of the risk management reviews of 2004 and 2005. A pragmatic risk management methodology is used which supports management in further increasing risk awareness and risk transparency throughout our organisation. Our approach is not intended to eliminate all possible risks but to result in a positive risk/reward trade-off.

In 2007, we will further enhance and integrate this risk management approach into our business. This will be done by further increasing risk awareness within our Group, by focusing on compliance assessments and specific topics that are identified as key risk areas.

A Risk Management Function has been established by the Board of Management to facilitate the risk management process. The function is overseen by the Corporate Risk Manager and the Financial Risk Controller. The first is responsible for the strategic, operational and financial risk management as well as the compliance risk management approach and reports directly to the Chief Executive and the Audit Committee. The Financial Risk Controller is responsible for the financial reporting risk management approach, reporting directly to the Chief

Financial Officer. The Audit Committee is informed each quarter on risks identified and actions taken. Roles and responsibilities of the Risk Management Function are recorded in our risk management charter which is published on the corporate website, www.vedior.com

In addition, a Risk Advisory Committee has been established in 2006 to assist the Board of Management in evaluating the internal controls and in identifying key risks. This Risk Advisory Committee is comprised of corporate officers who advise the Board of Management proactively with regard to identified risks and recommend actions to mitigate these risks and maintain or strengthen the internal control environment.



The main risks revealed by our risk management process have been evaluated, analysed and where appropriate translated into management action(s). The results have been communicated to the Audit Committee and the External Auditors.

Although our current control environment, the people, the established processes and procedures and our risk management approach all contribute to reducing uncertainties or unexpected losses that could affect the achievement of our business objectives, it does not intend to provide absolute assurance against the failure to achieve our business objectives. Risk management cannot provide absolute assurance against material misstatements, losses, fraud, human error, poor judgment in decision-making and violations of legislation and regulations.

In addition there may be other significant risks which have not yet been identified or which have been assessed as not having a significant potential impact on Vedior's business but could become significant subsequently.

The Vedior risk management approach consists of strategic, operational and financial risk management, compliance risk management and financial reporting risk management, as discussed below.

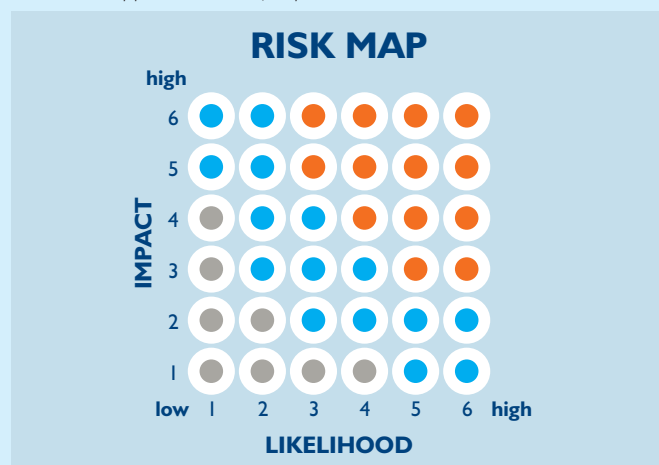
I. Strategic, operational and financial risk management

During 2006, the company-wide strategic, operational and financial risk management approach has been further enhanced to include the establishment of a common risk management policy, risk language, risk mapping and a risk identification framework based on the Enterprise Risk Management Framework as developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO-ERM Framework).

The approach is focussed on identifying the strategic, operational and financial **risks that are managed well** (risks managed to a level that provides reasonable assurance that we can achieve our business objectives) and **the top three risks that require action** (risks that require action to manage those risks at a level that provides reasonable assurance that we can achieve our business objectives).

Prioritisation of risks is undertaken during management workshops by mapping the likelihood of occurrence and the impact on business objectives in the event the risk would occur. A large number of operating companies were assessed during 2006 covering 71% of Group sales.

Risks are mapped in terms of impact and likelihood



Control procedures identified for the top risks managed well are established as best practices so that they can be shared among our operating companies to increase their overall competitive advantage. Vedior actively encourages discussion on the risk perception and controls among its operating companies.

For the top risks that require action, risk mitigating plans are drafted and implemented. Monitoring of actions is integrated into our monthly business review cycle. After a top risk is managed to an acceptable level, the next top risk is identified and risk mitigating actions are taken. This ongoing risk management process is carried out at Board of Management, corporate and operating company level.

Top strategic, operational and financial risks that are *managed well* include

Legal and regulatory risks

Our business is subject to many complex and different laws and regulations worldwide. Non compliance with existing and new laws and regulations could negatively impact our results and reputation.

Controls include the use of high level in-house or external legal expertise, adequate training programmes in law and legislation for staff, monitoring of compliance with corporate policies and guidelines and reviews by local legal counsel and external advisors.

Quality Services risks

The delivery of a quality service to customers and the ability to understand what our customers and the market expect from us, is essential. Customer needs are determined through frequent client contact, strong relationships, satisfaction surveys, workshops with our clients and by market investigations. Also our decentralised business model and local brand focus assists companies to satisfy the specific needs of our customers.

Client Credit Management risks

At year-end 2006, we had €1,578 million of trade receivables due from clients and this could imply a significant credit risk. While a majority of our operating companies consider the risk for doubtful accounts as a key risk, they believe that it is managed to an acceptable level. This view is supported by the limited amount of bad debts that occur.

Strict acceptance criteria, payment conditions and follow-up procedures limit this risk.

Currency fluctuation risks

Fluctuations in foreign currency exchange rates, particularly between the Euro and the USD and the Euro and the GBP, may have an impact on the Group's operating results. In 2006, 56% of our operating income was in Euro, 18% in GBP and 14% in USD.

As our operating companies are operated and financed locally, we do not hedge revenues and cash flow in foreign currencies. Our external borrowings are denominated in Euro, USD and GBP in approximately the same proportion as our operating income in these currencies.

If the exchange rate of the Euro against the USD and the GBP respectively would have fluctuated by 10%, this would have had approximately a 3% impact on the 2006 net income.

Capital availability risks

The Group has €1,009 million of committed credit facilities and €293 million of uncommitted short term credit facilities (see page 73). Our main bank facility is an €800 million multicurrency revolving credit facility which contains a number of affirmative, negative and financial covenants.

The Company's failure to maintain these covenants would constitute an event of default under the facility, entitling the lenders to accelerate the repayment obligations. Further details on Vedior's financial covenants are provided on page 73.

The borrowing requirements fluctuate significantly throughout the year, impacted by the seasonality of our business and fluctuating working capital requirements of our operating companies. The Group has cash flow forecast reports that enable the Board of Management to assess the financial headroom under its credit facilities and respond in good time, if required.

- **Interest rate fluctuation risks**

Interest rate fluctuations may have an impact on our net results. A significant part of Vedior's interest bearing debt consists of floating rate debt and as a result any change in interest rates may affect Vedior's cost of borrowing. Our policy is to hedge only a minor part of our interest bearing debt against interest rate movements as we believe our exposure to cyclical economic conditions provides a natural hedge against interest rate movements in itself, assuming these interest rate changes are also mainly affected by economic cycles. A 1% variation in average floating rate interest would have impacted the cost of borrowing by €6 million in 2006.

- **Business development risks**

These risks relate to Vedior's ability to further increase its position in the provision of professional/executive recruitment and improve the geographical balance of Vedior's business. To successfully expand its professional/executive recruitment staffing services and improve the geographical balance of its business, Vedior is dependent on its ability to pursue acquisitions that meet its strategic criteria and to expand in existing markets and develop new sectors in its current markets as well as in new markets.

In 2006, Vedior's cash outflow relating to acquisitions amounted to €157 million. Risks related to acquisitions include the possibility that the acquired company will be unable to retain key staff and clients, the possibility that the acquired company may not achieve the levels of revenue and profitability that Vedior anticipates and the possible impact on Vedior's operating results from impairments of goodwill. Vedior has implemented a number of procedures to limit these risks, such as due diligence reviews, approval procedures and financial criteria for acquisitions. When making acquisitions, Vedior's policy is to leave a minority shareholding in the acquired company with senior management of the company which helps to increase staff retention and aligns management's interests with Vedior's objectives.

Top strategic, operational and financial risks that required action include:

- **Human capital risks**

In certain markets and sectors there are severe shortages of available qualified candidates. This is perceived as a key risk. A tight labour market also makes the recruitment and retention of internal staff difficult. As we are dependent on our personnel to establish and maintain client relationships, staff retention is considered as a key risk by some of our operating companies.

Actions taken include the provision of local internal and external training programmes, competitive compensation schemes and incentive systems, the identification of new channels to recruit staff, and local advertising and recruitment campaigns. In addition, our multibrand approach provides focus in targeting specific employee groups.

- **ICT risks**

In keeping with our decentralised management model, each operating company within the Group has its own ICT systems. As a result, the risk of, for example, system failures and data corruption, is diversified internally. However, in certain markets the functionality of systems can be improved. This is considered a key risk by some of our operating companies.

Actions taken include the updating of software and analysing new software, enhancing ICT related controls, training of staff in system knowledge and sharing of best practices between operating companies.

Each operating company is required to have an appropriate and tested disaster recovery/business process continuity plan in place to avoid loss of data or business.

- **Margin risks**

The market in which we operate is highly susceptible to economic changes. In addition, some of our companies operate in highly competitive and price driven markets that can hinder margin growth. The Group's focus on achieving a sound geographic and industry sector balance helps to mitigate this risk. As such, our active development in local and regional sectors gives us a presence in these generally higher margin areas.

2. Compliance risk management

In 2006, all corporate policies were reviewed and where necessary updated including those in place to mitigate strategic and operational risks. This review and updating is undertaken as an ongoing process. We are evaluating several training options including e-learning applications to sustain or raise risk awareness, and to verify and monitor compliance with our policies and other controls. One area that is receiving increasing attention from regulatory authorities is compliance with competition/anti-trust laws and regulations; although this is already addressed in the Company's procedures and guidelines, the Company is considering what further steps it should take to ensure compliance.

We believe that our corporate policies and Code of Conduct support our internal control environment. In 2007, we will focus on increasing the awareness of our revised Code of Conduct and other corporate policies by training our staff.

3. Financial reporting risk management

The financial reporting risk management approach is focused on assisting operating companies in assessing their key financial reporting controls and in designing and implementing action plans to further improve or sustain these controls.

A financial control framework has been implemented within a selection of operating companies. These operating companies covered 78% of sales. This framework focuses on the key controls for the primary financial processes and assesses their effectiveness.

Action plans are based on the results of the financial control framework, including recommendations provided by the external auditors.

With respect to financial reporting risks, Vedior's internal risk management and control systems specifically include:

- Annual preparation of business plans and budgets that require Board of Management approval;
- A comprehensive and uniform financial reporting system with which operational and financial performance is measured monthly against budget and market developments;
- Monthly operational board meetings in which, with some minor exceptions, the relevant member of the Board of Management will participate and the highlights of which will be reported by such member at monthly meetings of the Board of Management;
- Vedior's internal control systems and accounting procedures are reviewed by the Group's external auditor in connection with their audit of Vedior's financial statements.

In connection with the audit of the 2006 financial statements of the Company, the external auditor reviewed the design and implementation of the key financial reporting controls based on the financial control framework. The review was focussed on revenue, registration of temporary workers and clients, payroll for temporary workers, billing of clients, information resources and financial reporting.

The auditor concluded that the overall level of the design and implementation of key financial reporting controls is adequate.

Recommendations and suggestions made by the external auditor, mainly relating to the above mentioned key controls, have been discussed with the Board of Management and the Audit Committee, and improvement actions are closely monitored by the Board of Management.

In-control statement

The Board of Management is of the opinion that the risk management and control systems relating to financial reporting risks, as outlined above, provide reasonable assurance that the financial reporting does not contain any material inaccuracies and that these systems have worked properly in 2006. There are no indications that these systems will not continue to work properly in the current year. However, projections regarding future effectiveness are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the company's policies, procedures and instructions may deteriorate.

Amsterdam, 7 February 2007

Board of Management



REPORT OF THE SUPERVISORY BOARD

[Members of the Supervisory Board]

Mr W.C.J. Angenent (66, Dutch)

Mr Angenent has been a member of the Supervisory Board since 1997 and its Chairman since 2000, and holds his current appointment until the Annual General Meeting of shareholders in 2007. At the upcoming Annual General Meeting on 27 April 2007, the Supervisory Board proposes to reappoint Mr Angenent for a two year term, taking into account a twelve year maximum term of service on the Supervisory Board. Important considerations for this proposal are his long and valuable contribution to the Supervisory Board and its Committees.

He is also a member of the Remuneration and Appointment Committee and a member of the Audit Committee.

From 1998 until mid 2000, Mr Angenent was Chairman of the Board of Management of Laurus N.V. From 1970 until 1991, he held various positions with Unilever in the Netherlands, Latin America, France and the United Kingdom. From 1992 until 1998, he has been a member of the Board of Management of Vendex International N.V.

He is Chairman of the Supervisory Boards of Altera Vastgoed N.V. and De Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ('FMO').

He is a member of the Boards of Stichting Preferente Aandelen Grolsch en Stichting Preferente Aandelen B Vedior.

Mr R.J. Laan (64, Dutch/French)

Mr Laan has been a member of the Supervisory Board since 1998 and Vice-Chairman since November 2001, and holds his current appointment until the Annual General Meeting of shareholders in 2008.

He is also Chairman of the Remuneration and Appointment Committee.

Mr Laan was General Partner of Lazard LLC and subsequently from July 2001 until May 2006, he was Senior Advisor of Lazard LLC and Chairman of the Advisory Board of Lazard B.V. in Amsterdam. Since May 2006, he is Senior Partner with Leonardo in Paris.

He is a member of the Supervisory Boards of KLM N.V. and AON France S.A., a member of the Boards of Directors of Patinvest S.A. and KKR Private Equity Investors and a member of the Advisory Board of GLG Partners.

He is a trustee of the Insead Foundation.

Mr H.M.E.V. Giscard d'Estaing (47, French)

Mr Giscard d'Estaing has been a member of the Supervisory Board since April 2006, and holds his current appointment until the Annual General Meeting of shareholders in 2010.

He is also a member of the Remuneration and Appointment Committee.

Mr Giscard d'Estaing is Chairman of the Board and Chief Executive Officer of Club Méditerranée since December 2002. Before joining Club Méditerranée in 1997, he held various management positions at Danone Group and Cofrema.

He is a member of the Board of Directors of Groupe Casino, Guichard-Perrachon.

Mrs B.C. Hodson OBE (55, British)

Mrs Hodson has been a member of the Supervisory Board since April 2006, and holds her current appointment until the Annual General Meeting of shareholders in 2010.

She is also a member of the Audit Committee.

Mrs Hodson was formerly Retail Managing Director of WH Smith Group PLC, having previously headed businesses within Sears PLC and the Boots Company PLC.

She is a non-executive director of Legal & General Group PLC, First Milk and Robert Wiseman Dairies PLC.

Mr D. Sinninghe Damsté (67, Dutch)

Mr Sinninghe Damsté has been a member of the Supervisory Board since May 2001, and holds his current appointment until the Annual General Meeting of shareholders in 2009.

He is also Chairman of the Audit Committee.

Until November 2000, Mr Sinninghe Damsté was a member and Vice-Chairman of the Board of Management of Hollandsche Beton Groep N.V. From 1968 to 1988, he held various positions at Royal Dutch Shell Group in the Netherlands and abroad.

He is Chairman of the Supervisory Board of HITT N.V. and a member of the Supervisory Board of BE Semiconductors Industries N.V. and Chairman of its Audit Committee.

He is a member of the Boards of Stichting Preferente Aandelen Getronics, Stichting Preferente Aandelen Macintosh and Stichting Preferente Aandelen HITT.

He is an arbiter at Nederlands Arbitrage Instituut, member of the Banking Arbitration Board and a member of the Supervisory Board of Nederlands Kanker Instituut/Anthoni van Leeuwenhoek ziekenhuis.

Supervision of the Company

The Supervisory Board is pleased to report on its activities in 2006 including its supervision of the policies pursued by the Board of Management and the general state of affairs within Vedior.

In the year under review, the Supervisory Board performed its duties in close cooperation with the Board of Management, with which it meets frequently both formally and informally. In 2006, the Supervisory Board held twelve formal meetings, eleven of which were held with the Board of Management. Four meetings were held by conference call. Mrs Hodson and Mr Giscard d'Estaing were unable to attend one meeting each. With this exception, the full Supervisory Board participated in all other meetings held in 2006. By way of frequent informal consultation in between the regular meetings with the Board of Management, the Supervisory Board, and particularly its Chairman, endeavours to remain well informed about the general state of affairs within the Company in order to offer the Board of Management prompt and constructive advice. The Chairman of the Supervisory Board and the Chief Executive meet every month.

The main topics discussed at the meetings in 2006, were:

- Financial results and performance: the 2005 annual results, the financial statements as at 31 December 2005, the 2005 annual report, the quarterly 2006 results and the 2007 budget. The discussion of the annual and quarterly results is based on a financial report presented by the Chief Financial Officer and the operational reports given by the Chief Executive and other members of the Board of Management. This gives the Supervisory Board an overview of the general state of affairs and the financial position of the Company as well as insight into the development of results and markets within specific geographic areas. It also allows the Supervisory Board to concentrate in greater detail on the Company's development and measures taken in specific countries in response to changing economic or market conditions.
- Strategy: the progress on strategic objectives and business development, including organic initiatives, acquisitions and disposals as well as the Group's financial performance and valuation compared to its peers.
- The allocation of restricted shares to the Board of Management under the Group share plans and the Company's policy regarding transactions in Vedior shares and options.
- The preparation and evaluation of the Annual General Meeting of shareholders, held on 28 April 2006.
- Corporate governance, including the assessment of compliance with the Dutch corporate governance code.
- Risk management (further information can be found on page 32 of this annual report).
- The US debt private placement.
- Renewal of the employee stock purchase plan in the United States and introduction of such plan in Canada.
- The issues reported and proposals presented by the Chairman of the Audit Committee following each regular Audit Committee meeting, such as in relation to internal risk management and control systems, the provision of financial information by the Company, compliance with any recommendations and observations from the external auditor, the policy on tax planning, the relation with the external auditor, the financing of the Company, any material litigation issues as well as the application of information and communication technology.

In several cases, the external auditor also joined the meeting of the Supervisory Board when the Chairman of the Audit Committee reported on these issues.

- The issues reported and proposals presented by the Chairman of the Remuneration and Appointment Committee following each Committee meeting, including amongst others the proposals for nominations and reappointments as a member of the Supervisory Board and for (re)appointment as a member of the Board of Management, the remuneration and employment conditions of the members of the Board of Management, the annual remuneration report and the extension of the employment agreement of Mr Miles as Chief Executive Officer.

The Supervisory Board discussed the composition, performance and remuneration of the Board of Management and its individual members in their absence, as well as its own composition and functioning.

At the end of 2006, the Supervisory Board discussed with the Board of Management whether the Company should propose installing protection measures. Taking into account that over the past years the Company has abolished all measures which could be perceived as protection measures, and in light of developments in corporate governance and the introduction of new legislation in the Netherlands to implement the European Takeover Directive, both Boards feel that reintroducing such measures would be counter to the Company's strategy of transparency and clarity towards its shareholders.

Composition of the Supervisory Board

The Annual General Meeting, held on 28 April 2006, approved the proposal of the Supervisory Board to appoint Mr H.M.E.V. Giscard d'Estaing as a member of the Supervisory Board to replace Ms Kaminsky who retired at the meeting and was not seeking reappointment. The meeting also approved the proposal of the Supervisory Board to appoint Mrs B.C. Hodson OBE as a member of the Supervisory Board.

Mr Giscard d'Estaing and Ms Hodson both received an extensive introduction programme including a one-day visit to several operating companies.

The retirement schedule of the members of the Supervisory Board is currently as follows:

Mr Angenent	Annual General Meeting 2007
Mr Laan	Annual General Meeting 2008
Mr Sinninghe Damsté	Annual General Meeting 2009
Mr Giscard d'Estaing	Annual General Meeting 2010
Mrs Hodson	Annual General Meeting 2010

At the upcoming Annual General Meeting on 27 April 2007, the Supervisory Board proposes to reappoint Mr Angenent for a two year term, taking into account a twelve year maximum term of service on the Supervisory Board. Important considerations for this proposal are his long and valuable contribution to the Supervisory Board and its Committees.

Proposals for (re)appointment to the Supervisory Board are considered on the basis of the profile as referred to on page 44. Members of the Supervisory Board receive training for their function when and where appropriate.

FUTURE MARKET



HONG KONG



MOSCOW



LONDON



NEW YORK



LIFE IN THE GLOBAL VILLAGE

When Marshall McLuhan coined the term 'global village' in the 1960s, he had his finger on the pulse if not the life blood of the future.

With technology helping us to unite and share knowledge worldwide, the foundation stone for tomorrow's market has been laid and, under this infrastructure, boundaries will continue to shift and communities widen. With access to global expertise, the recruitment market becomes ever more competitive and more complex. Employers will seek out knowledge and resources in both near and far corners of the globe and workers will similarly broaden their job search.

The ability to either import or offshore skills provides one potential solution to the future skills crisis, however, cross-border recruitment and offshoring come with a political price tag. Those concerned over levels of immigration or the loss of work to emerging markets like India, China and Mexico may well have to re-evaluate their opinions as local worker participation levels start to decline and threaten economic growth.

At the same time, we should not forget that, both workers and employers will continue to place a high priority on convenience and familiarity. Despite the broadening horizons and opportunities engendered by globalisation, most people still want to work locally and most employers still prefer to recruit locally.

Independence of members of the Supervisory Board

The Supervisory Board attaches great importance to the independence of its members. As a rule, all members of the Supervisory Board, with the exception of not more than one, should be independent within the meaning of article 3, paragraph 7 of the regulations of the Supervisory Board, which article is in line with the relevant provision in the Dutch corporate governance code. Pursuant to the regulations mentioned above, a Supervisory Director must promptly report any conflict of interest to the Chairman of the Supervisory Board. Any conflict of interest between Vedior and any member of the Supervisory Board must be avoided, if at all possible. Every professional relationship between a Supervisory Director and the Company must be disclosed in the notes to the financial statements.

In 2006, the Supervisory Board complied with these provisions. As stated in the notes to the 2006 financial statements on page 84, Ms Kaminsky, who resigned from the Supervisory Board on 28 April 2006, received additional remuneration for services provided to Vedior subsidiaries in the United States.

All current members of the Supervisory Board are considered fully independent.

The Chairman and members of the Supervisory Board were not granted any options or shares. Mr Angenent and Mr Giscard d'Estaing personally hold depositary receipts of ordinary shares in the Company (as stated on page 84).

Report from the Audit Committee

The Supervisory Board has established an Audit Committee, which operates by virtue of a mandate from the full Supervisory Board, and reports its conclusions and recommendations to the Supervisory Board immediately following its Committee meetings.

The Audit Committee consists of Mr Sinninghe Damsté as Chairman and Mr Angenent and, following her appointment to the Supervisory Board, Mrs Hodson as members.

In 2006, the Audit Committee held five meetings, one of which was held partly without any members of the Board of Management being present. To be fully informed about and prepared for all relevant issues, the Chairman of the Audit Committee always meets with the Chief Financial Officer as well as with the external auditor prior to the meetings of the Audit Committee. The external auditors attended all Audit Committee meetings.

The main topics discussed at the meetings that were held in 2006, were:

- Financial results and performance: the 2005 annual results, the financial statements as at 31 December 2005, the 2005 annual report and the quarterly 2006 results.

- The external auditor's report for 2005 and the follow up of the recommendations of the external auditor, included in the memorandum on accounting procedures and internal controls.
- The external auditor's client service plan relating to the audit approach, which had been extended to cover several additional countries, and audit planning for the 2006 financial year. In October 2006, the Audit Committee discussed the auditor's management recommendations letter.
- The external auditor's performance, fees (as included in the table below), independence (in line with the Auditor Independence Policy) and client service assessment. As part of their annual audit, Deloitte also gave a general presentation on management responsibilities in relation to fraud.
- Risk management, which was discussed in great detail and included a presentation by the Group's Corporate Risk Manager about the Group's internal control environment.
- The evaluation of the necessity of an internal audit function, taking into consideration the current risk management approach.
- The US debt private placement.
- Group tax management and treasury activities, as presented by the Group's Tax and Treasury Director.
- Group information technology management, as presented by the Group's e-Business & Corporate Affairs Director.
- The accounting policy for liabilities in relation to minority interests.
- Any material litigation.
- The reappointment of Deloitte Accountants as the Group external auditor. Taking Deloitte Accountants' performance into consideration, the Audit Committee advised the Supervisory Board to propose that the upcoming General Meeting of shareholders, to be held on 27 April 2007, charges Deloitte Accountants with the auditing of the accounts for a period of 3 years.

At a meeting held in the absence of members of the Board of Management, the Committee met with the external auditor to discuss the quality of financial reporting and cooperation with Vedior's financial departments.

Auditors' fees

in thousands of Euro	2006	2005
Audit services	1,874	1,740
Audit related services	81	35
Non audit services	289	66
Total	2,244	1,841

The audit related services in 2006 mainly relate to due diligence services. The non audit services in 2006 mainly relate to tax return and payroll tax services for Vedior North America. These non audit services were approved by the Audit Committee.

Report from the Remuneration and Appointment Committee

The Supervisory Board has established a Remuneration and Appointment Committee, which reports its conclusions and makes recommendations to the full Supervisory Board, usually immediately following its Committee meeting.

In 2006, the Committee comprised Mr Laan as Chairman and Ms Kaminsky and Mr Angenent as members. Following her resignation at the Annual General Meeting on 28 April 2006, Ms Kaminsky was replaced by Mr Giscard d'Estaing as a Committee member.

During the year under review, the Committee met three times in person and also had several meetings by telephone. At the beginning of the year under review, the Committee dedicated a great deal of time to the remuneration and employment conditions of the members of the Board of Management. Upon proposal of the Committee, the Supervisory Board approved the 2005 remuneration report in its meeting on 7 February 2006. The Committee assessed and prepared the nominations of Mr Giscard d'Estaing and Mrs Hodson as members of the Supervisory Board, as well as the reappointment of Mr Angenent. Later in the year, the Remuneration and Appointment Committee discussed the composition and performance of the Board of Management and its remuneration and employment conditions effective 1 January 2007.

The Committee extensively discussed the annual bonus arrangement for members of the Board of Management. Following these discussions, a proposal will be submitted to the Annual General Meeting on 27 April 2007 to amend the current annual bonus arrangement (further information can be found on page 48 of this annual report). The Committee also assessed and prepared the nomination of Mr Netland, Zone Manager of Vedior North America, as a member of the Board of Management and the proposal to reappoint Mr Miles, including the extension of his employment agreement until February 2009, and Mr Valks as members of the Board of Management. In January 2007, the Committee prepared the 2006 remuneration report, which can be found on pages 47-51 of this annual report. The report was approved by the Supervisory Board on 7 February 2007.

Annual General Meeting of shareholders

At the Annual General Meeting, held on 28 April 2006, the Chief Executive and Chairman of the Board of Management, Mr Miles, gave a presentation on the general state of affairs at Vedior and its financial performance in 2005. After shareholders had been given the opportunity to raise questions about the 2005 annual report, the meeting adopted the 2005 financial statements. The external auditor attended the meeting and their representatives were introduced at the start of the meeting. After discussing the dividend policy as a separate agenda item, the meeting approved the dividend payment. The members of the Board of Management were granted discharge for their management of Vedior and the members of the Supervisory Board were granted discharge for their supervision thereof. The meeting discussed extensively the Company's corporate governance.

The meeting gave the Board of Management the authorisation to issue shares and separately the authorisation to restrict or exclude the pre-

emptive rights. Both authorisations have been limited up to a maximum of 10% of the issued ordinary share capital on the day of the meeting plus a further 10% of the issued ordinary share capital in case an issue takes place in relation to a merger or acquisition. The authorisations were granted for a period of 18 months as from 28 April 2006. The meeting also authorised the Board of Management to acquire the Company's own (depository receipts of) shares through purchase on the stock market or otherwise for a period of 18 months from 28 April 2006. The maximum number of shares or depository receipts of shares to be acquired is equal to the statutory allowed maximum of one-tenth of the total issued capital. As stated above, Mr Giscard d'Estaing and Mrs Hodson were appointed as members of the Supervisory Board for a period of four years. Mr Salle was reappointed as a member of the Board of Management for a period of four years. Mr Preisig resigned as a member of the Board of Management. The Supervisory Board would like to thank Mr Preisig for his long-standing contribution to the Group.

The meeting was simultaneously transmitted by audio webcast via the corporate website. All documents for the meeting have been placed on the corporate website. Three months after the meeting, the draft minutes of the meeting were made available for comments for a following period of another three months and were subsequently adopted. No comments on the draft were received. The final minutes of the meeting are available at the Company's offices and via Vedior's corporate website at www.vedior.com

The Supervisory Board was pleased that the Annual General Meeting again included a very open and constructive discussion with shareholders. Every holder of depository receipts present at the Annual General Meeting automatically obtained a proxy to vote without having to file a specific request with the Foundation for ordinary Vedior shares. Holders of depository receipts had also been given the opportunity to issue a binding voting instruction to the Foundation for ordinary Vedior shares. The voting form was available from the Company Secretary and could also be downloaded from the corporate website.

During the months prior to the Annual General Meeting, Vedior had requested holders of depository receipts to attend or be represented at the meeting or to issue a voting instruction. A letter to encourage holders of depository receipts to do so had been signed by Mr Angenent on behalf of the Supervisory Board, Mr Miles on behalf of the Board of Management and Mr Van Duyne on behalf of the Foundation for ordinary Vedior shares. At the international investor road show following the publication of the 2005 annual results, Mr Miles and Mr Vervoort had encouraged shareholders to take part in the Annual General Meeting and presented the aforementioned letter. The letter was sent, along with the reference to the documents for the Annual General Meeting, to the investors whose contact details have been included in the Company's investor relations mailing list and had been posted on the Company's corporate website.

During the Annual General Meeting, the Chairman of the Supervisory Board indicated his disappointment that the turnout of holders of depository receipts of ordinary shares had only slightly increased compared to the prior year. As had been stated during the Annual General Meetings held in 2004 and 2005, once the turnout of holders of depository receipts of ordinary shares at meetings of shareholders rises substantially to more than 35% of total issued ordinary share capital over a number of years, or if proxy solicitation becomes more practicable in the Netherlands, it will be proposed to abolish the depository receipt

structure. Since the Annual General Meeting held on 29 April 2005 with a turnout of more than 32% was considered the first meeting where this minimum turnout has been achieved, the Chairman proposed that the meeting on 28 April 2006 with a turnout of 34.1% was considered the second one in which the minimum turnout had been achieved. He added that if this minimum turnout would again be achieved in 2007, a proposal will be submitted to shareholders to discontinue the depositary receipt structure. The proposal will be included as a conditional item on the agenda of the Annual General Meeting on 27 April 2007. The Company will again make a proactive effort to encourage holders of depositary receipts to attend or be represented at that meeting. In this respect the Supervisory Board would also like to refer to the report of the Board of the Foundation for ordinary Vedior shares (see page 90).

2006 financial statements

The 2006 financial statements, enclosed with this report, were prepared by the Board of Management and audited and provided with an unqualified opinion by Deloitte Accountants B.V. Their opinion can be found on page 88 of this report.

At its meeting on 7 February 2007, the Supervisory Board discussed the 2006 financial statements in detail and subsequently approved them. Each member of the Supervisory Board (together with the members of the Board of Management) has signed these documents. The Supervisory Board recommends that the 2006 financial statements be adopted by shareholders at the Annual General Meeting to be held on 27 April 2007.

The Supervisory Board endorses the decision taken by the Board of Management to propose to the Annual General Meeting of shareholders that, in addition to the statutory dividend of € 162 thousand to be paid to the holders of (depositary receipts of) preference B shares, a dividend of € 52 million will be paid to the holders of (depositary receipts of) ordinary shares. The payment per (depositary receipt of an) ordinary share is € 0.30. Vedior intends paying a slightly increased dividend each year. The pay-out ratio may vary between 25-50% of annual net distributable earnings per share. This year's proposed dividend payment equals 28% of earnings per share.

The Supervisory Board also proposes that, pursuant to article 30, paragraph 6 of the articles of association of the Company, the Annual General Meeting of shareholders grant discharge to the members of the Board of Management for their management and grant discharge to the members of the Supervisory Board for their supervision of the Company's affairs.

The Supervisory Board would like to thank the Board of Management and all employees of the Vedior Group for their contribution and dedication to the Company over this past year.

Amsterdam, 7 February 2007

The Supervisory Board

W.C.J. Angenent, Chairman
R.J. Laan, Vice-chairman
H.M.E.V. Giscard d'Estaing
B.C. Hodson OBE
D. Sinninghe Damsté

A NON-VIRTUAL REALITY

There are three key facts to bear in mind when considering the workforce of the future. Firstly, workers will be older, secondly a higher proportion will be female and thirdly, there will be less of them available.

Skills shortages are looming in most developed economies given profound population changes. By 2050, the number of people available to work in the Eurozone is expected to tumble from 203 million to 160 million. While demographic forecasts in the US are less severe, the American economy is faced with similar trends. Inevitably, the attraction and retention of skilled personnel will be THE big business challenge of the new millennium.

Those companies with the ability to source rare talent will have a competitive advantage every bit as valuable as a superior product.

Workforce diversity has increased considerably in recent years prompted by legislation in a number of markets and this trend will inevitably continue as employers shake off old habits and prejudices to proactively source personnel from minority groups and from among emerging economies.

[Corporate governance]

Introduction

The Supervisory Board and the Board of Management acknowledge their responsibility for Vedior's corporate governance and for compliance with the Dutch corporate governance code. Both Boards strongly believe that good corporate governance is essential to all those involved in Vedior. Good corporate governance and adequate supervision are important prerequisites for trust in Vedior and its management. Corporate transparency, integrity and clear and timely communication are indispensable, and decisions taken on corporate governance must be seen in the context of an ongoing process. National and international developments continue to be monitored both from social and political perspectives. The international dimension is of vital importance in this respect. By the end of 2006, Vedior was operating in 48 countries worldwide with 92% of turnover produced outside the Netherlands. Three of the five members of the Board of Management as well as two members of the Supervisory Board are non-Dutch nationals. It is estimated that more than 70% of the depositary receipts for ordinary shares are held by institutional investors from outside the Netherlands.

Vedior is in compliance with the Dutch corporate governance code ('the Code'), except as specifically stated in this report regarding the following provisions of the Code:

- Provision II.2.3 – Shares obtained without financial consideration by members of the Board of Management should be retained for at least five years. The Supervisory Board believes that share sales should be allowed earlier to the extent necessary to settle related tax liabilities.
- Principle III.5 – If the Supervisory Board comprises more than four members, the Supervisory Board should designate an audit committee, a remuneration committee and a selection and appointment committee from its midst. Because it was felt that the selection, appointment and remuneration issues are interlinked, the Supervisory Board decided to combine these activities in one Committee, called the Remuneration and Appointment Committee.

Each change to Vedior's corporate governance structure and each change in the compliance with the Code will be submitted to the Annual General Meeting of shareholders for discussion as a separate agenda item. In



FUTURE WORKFORCE

2006, Vedior's corporate governance was again extensively discussed with shareholders during the Annual General Meeting on 28 April 2006. At the upcoming Annual General Meeting of shareholders on 27 April 2007, it will be proposed that shareholders formally adopt Vedior's corporate governance. A proposal will also be submitted at the same meeting to include in the Company's articles of association the possibility that shareholders can join and vote at the Annual General Meeting through electronic means of communication.

Corporate governance structure

Vedior operates a two-tier board structure. The Supervisory Board comprises the non-executive directors, while the Board of Management comprises the executive directors of the Company.

The Board of Management is charged with the management of the Company's business and operations. Important responsibilities of the Board of Management include setting and achieving the Company's objectives, strategy and policies, as well as delivering results. The Board

of Management is also responsible for compliance with all relevant laws and regulations, the quality and completeness of publicly disclosed financial reports, risk management and arranging adequate financing.

The task of the Supervisory Board is to supervise and advise on the policies pursued by the Board of Management and the general state of affairs within the Company. The Supervisory Board reviews the strategy developed by the Board of Management on a regular basis. The Supervisory Board – and in some cases one of its Committees – reviews and advises on important issues such as the development of financial and operational results, the risks related to business activities, structure and operation of risk management and control systems, compliance with rules and regulations, business development, including acquisitions and divestments and the Company's financial position and capital structure. Decisions of the Board of Management which require the approval of the Supervisory Board are included in the Company's articles of association and annex A of the Supervisory Board regulations.

Both Boards have their own unique responsibilities, which focus on the Company's general interests and take into account the interests of all

stakeholders. Both Boards are accountable to the shareholders, who must also approve the proposed (re)appointment of members of both Boards. Shareholders should at all times be provided with a clear view on corporate decisions and the decision-making process.

Both Boards have their own regulations, which set rules with regard to the affairs of each Board and the relationship between them. These rules must be observed by both Boards and their members. The Supervisory Board is assisted by the Company Secretary.

Appointment and composition of the Board of Management

The responsibility for the management of Vedior is vested collectively in the Board of Management. The Board of Management currently consists of five members: the Chief Executive, the Chief Financial Officer and three other members, who are each responsible for the day-to-day management of the business, divided into geographic zones. The appointment of an additional member is proposed at the forthcoming Annual General Meeting.

As from 2004, members of the Board of Management are appointed for a maximum term of four years. Members of the Board of Management shall retire periodically in accordance with a schedule drawn up by the Supervisory Board, in order to avoid a situation where more than two members retire at the same time. The current resignation schedule can be found on page 47 of this annual report.

The Board of Management determines the division of its tasks subject to the approval of the Supervisory Board. The Supervisory Board determines the candidates for the position of Chief Executive and Chief Financial Officer. Individual members of the Board of Management may be charged with specific managerial tasks, although the Board of Management remains collectively responsible. An individual member of the Board of Management may only exercise such powers as are explicitly delegated to him.

Any conflict of interest between the Company and a member of its Board of Management should be avoided. A (potential) conflict of interest must immediately be reported to the other members of the Board of Management and to the Chairman of the Supervisory Board.

A member of the Board of Management may not accept any board position at another company without the prior approval of the Supervisory Board. In any event, a member of the Board of Management may not be a member of the supervisory board of more than two listed companies or serve as chairman of the supervisory board of another listed company.

Board of Management remuneration and shareholdings

Detailed information concerning the remuneration of the Board of Management has been included in the 2006 remuneration report, which can be found on pages 47-51 of this annual report. The remuneration report has also been published on the corporate website www.vedior.com. The Company's remuneration policy has already been adopted by the Annual General Meeting of shareholders held on 7 May 2004.

Any shareholdings in the Company held by members of the Board of Management must be for the purpose of long-term investment, excepting shares awarded pursuant to the Company's share plans which may be sold earlier to the extent necessary to settle related tax liabilities. Members of the Board of Management must at all times comply with the provisions contained in the 'Vedior insider dealing rules and regulations concerning the purchase and sale of Vedior securities and other dealings in shares or securities'. These regulations were adopted by the Board of Management on 1 February 2006 after approval by the Supervisory Board. The rules include amongst others the institution of a policy that Vedior share and option dealing by members of the Board of Management, zone managers and senior corporate staff should normally be restricted to the month following publication of (quarterly) financial results, provided the person involved has no inside information at that time. Members of the Board of Management, zone managers and senior corporate staff should also obtain the approval of the Chief Executive before proceeding with the purchase or sale of Vedior shares or exercise of options. The Chief Executive requires such approval in respect of his own share dealings or option exercises from the Chairman of the Supervisory Board.

Appointment and composition of the Supervisory Board

Members of the Supervisory Board are not employees of the Company. Except for their duties and obligations as Supervisory Directors, they are independent and have in principle no direct or indirect interest, whether financial or otherwise, in the activities of the Company, except as a holder of (depository receipts of) ordinary shares, which are held as a long term investment.

Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of the business and activities of Vedior as well as the desired background and expertise of the Supervisory Directors. Important criteria in this respect are international professional experience, knowledge of and affinity with services industries, experience in human resource management and general international financial-economic expertise.

A Supervisory Director should limit the number of supervisory directorships and other positions at listed and non-listed companies as well as other institutions in such a way as to guarantee the proper performance of their duties. A Supervisory Director may hold no more than five supervisory directorships in Dutch listed companies, with a chairmanship counted twice.

As a rule, all Supervisory Directors, with the exception of not more than one, should be independent within the meaning of the Code. Any conflict of interest between the Company and a Supervisory Director must be avoided. A (potential) conflict of interest must immediately be reported to the Chairman of the Supervisory Board.

The size and composition of the Supervisory Board should be such that it can operate efficiently and effectively and avail itself of the required knowledge and skills. The number of Supervisory Directors is determined by the Supervisory Board, with due observance of the minimum requirement of three members according to Vedior's articles of association. The Supervisory Board currently consists of five members.

In accordance with the Company's articles of association, a Supervisory Director may serve on the Supervisory Board for a maximum of twelve

years. In order to avoid that more than one Supervisory Director should be (re)appointed at the same time, a resignation schedule has already been determined.

Supervisory Board remuneration and shareholding

In accordance with the Company's articles of association, the Supervisory Board remuneration is determined by shareholders in General Meeting. The amount of remuneration is not dependent on the results of the Company. A member of the Supervisory Board will not be granted any Vedior shares or options by way of remuneration.

Any shareholding in the Company held by a Supervisory Director must be for the purpose of long-term investment. Members of the Supervisory Board must at all times comply with the provisions contained in the 'Vedior insider dealing rules and regulations concerning the purchase and sale of Vedior securities and other dealings in shares or securities' as mentioned above. Members of the Supervisory Board should obtain the approval of the Chairman of the Supervisory Board before proceeding with the purchase or sale of Vedior shares, while the Chairman himself requires such approval from the Vice-Chairman of the Supervisory Board.

Committees of the Supervisory Board

The Audit Committee of the Supervisory Board supervises the Board of Management with respect to the operation of internal risk management and control systems, the provision of financial information by the Company, follow-up of any recommendations and observations from the external auditor, the policy on tax planning, the relations with the external auditor, the financing of the Company and the application of information and communication technology. The Committee maintains direct contact with the members of the Board of Management as well as with the external auditor, who attend almost all the meetings of the Audit Committee. The Committee regularly invites senior corporate staff to make a presentation at its meetings.

The members of the Audit Committee must have sufficient financial and economic expertise and must be completely independent from the Company.

The Audit Committee has its own regulations contained in the Audit Committee Charter. This Charter specifies the objective, composition, duties, responsibilities and working methods of the Audit Committee.

The Remuneration and Appointment Committee makes proposals for the remuneration of members of the Board of Management and the Supervisory Board. The Committee also reviews the size and composition of the Supervisory Board as well as the size, composition and performance of the Board of Management and its members. The Committee prepares annually a remuneration report, which details how the remuneration policy has been put into practice in the past financial year, and provides an overview of the remuneration policy for future years.

The Remuneration and Appointment Committee has its own regulations incorporating provisions concerning its objectives, composition, duties, responsibilities and working methods.

External auditor

The Board of Management shall ensure that the external auditor can properly perform his audit work and it shall encourage both the external auditor and the Company to properly perform and pursue the role and the policy of the Company regarding the external auditor.

Vedior has a policy specifying the criteria for assessing the external auditor's independence. This policy was adopted by the Board of Management in October 2002 and has been approved by the Supervisory Board. The external auditor is appointed by shareholders for a maximum period of three years. The external auditor must inform the Audit Committee annually of any matters affecting their independence which must be confirmed in writing. Vedior may not hire any of the external auditor's partners who have been involved in auditing its financial statements in the preceding two years, nor shall the external auditor hire any Vedior employees and involve them in the auditing of Vedior's financial statements within two years following the termination of their employment. The policy provides a concise description of the services which may be provided by the external auditor. Fiscal and consulting services which do not form part of the audit are subject to a tender procedure if the fees concerned exceed € 125,000. The Audit Committee must specifically approve the involvement of the external auditor in advance if the fees for these services are likely to exceed € 250,000. The total fees for all services are reported to the Audit Committee periodically. The policy also stipulates that the partners involved in an audit must be rotated at least every seven years.

The Annual General Meeting of shareholders charges an external auditor with the task of auditing the Company's annual accounts. The Audit Committee thoroughly assesses the performance and independence of the auditor annually and reports its findings to the full Supervisory Board. Pursuant to the policy concerning the impartiality of the auditor, the Supervisory Board informs shareholders on its assessment of the auditor at the Annual General Meeting following the year in which the appointment of the auditor expires. Should the Supervisory Board advise against the reappointment of the external auditor, a tender procedure must be followed in order to propose to the Annual General Meeting of shareholders to appoint a replacement firm.

Whistleblower procedure

In all countries where this is legally permitted, the Board of Management ensures that Vedior employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the Company to the Chief Executive. Any alleged irregularities relating to a member of the Board of Management can be reported to the Chairman of the Supervisory Board.

Vedior encourages all employees to be good corporate citizens and to strive to become economic, intellectual and social assets to their local communities. Vedior employees are obliged to act according to the Vedior Code of Conduct that stresses the values and the ethics Vedior stands for. Companies within the Group are encouraged to adopt socially responsible business policies and practices that equally balance the interests of investors, customers, employees, suppliers, business partners and local communities. Vedior conducts business based on the principles of fairness, honesty, integrity and respect for individuals.

Where legally permitted, all Vedior employees are encouraged to report to their management promptly any breach or suspected breach of any law, regulation, the Code of Conduct or other Company policies and guidelines, and any concerns regarding irregularities of a general, operational or financial nature in the Company. This kind of reporting is commonly known as 'whistleblowing'. The Company wants to ensure that any employee who wishes to make such a report of any irregularity, which the employee believes to be true, can do so without the risk of retaliation and with the assurance that all reports can be made anonymously, will be treated strictly confidentially and promptly investigated.

Information on the European Takeover Directive

The following information is provided in accordance with article 10 of the European Takeover Directive.

- [a] An overview of the Company's capital structure is included on page 8 of this annual report.
- [b] Vedior's (depository receipts of) preference B shares can only be transferred with the approval of the Supervisory Board. The (depository receipts of) preference B shares will be redeemed effective 1 July 2007.
- [c] Substantial shareholdings are included on page 10 of this annual report.
- [d] There are no special control rights attached to the Company's shares.
- [e] Equity plans for Group employees have been submitted to shareholders for discussion and/or approval. Further information regarding the operation and management of the Company's restricted share plan and framework plan can be found on page 79 of this annual report.
- [f] There are no limitations to voting rights on the Company's shares. The voting right in regard to the depository receipts of ordinary shares is described on page 8 of this annual report. Please also refer to page 40 of this annual report with regard to the possible termination of the depository receipt structure.
- [g] The Company is unaware of any contracts which might result in a limitation of the possibility to transfer its (depository receipts of) Vedior shares.
- [h] The appointment and dismissal of members of the Supervisory Board and the Board of Management is described in the Company's articles of association, which can be found on the corporate website.
- [i] The Annual General Meeting of shareholders can approve a proposal to authorise the Board of Management to issue shares, restrict or include the pre-emptive rights and to purchase the Company's own shares. Such authorisations are sought from shareholders annually. Further information can be found in the Company's articles of association and the minutes of the Annual General Meetings of the Company, which are placed on the corporate website.
- [j] Change of control provisions are included in the Company's credit facility and contracts relating to the US Private Debt Placement. Further information relating to change of control provisions in stock option and restricted share contracts for members of the Board of Management can be found on pages 48 and 49 of this report.
- [k] Further information with regard to severance payments for members of the Board of Management can be found in the Remuneration report 2006 which is included in this annual report on page 47.

Corporate website

The full text of the above mentioned regulations, articles of association, schedules, profile, charter, policy and procedures are available at the Company's offices and are posted on the corporate website at www.vedior.com



[Remuneration report]

Introduction

This report sets out the Company's remuneration policy and how it has been applied for members of the Board of Management and the Supervisory Board for the financial year ended 31 December 2006.

In accordance with article 18 of the Company's articles of association, determining the remuneration of the Board of Management is the responsibility of the Supervisory Board. In line with the Company's internal regulations, the individual board remuneration and contractual terms of employment are in line with the Company's remuneration policy, as adopted by the Annual General Meeting of shareholders held on 7 May 2004. Any material change to the Company's remuneration policy will be submitted to the General Meeting of shareholders for adoption.

In accordance with article 26 of the Company's articles of association, the remuneration of the Supervisory Board is determined by the General Meeting of shareholders.

Remuneration Committee

As referred to on page 40, the Supervisory Board has appointed a Remuneration and Appointment Committee ('Committee'). The Committee has its own regulations which include provisions concerning the Committee's composition, duties, responsibilities and working methods.

Board of Management

Members of the Board of Management are appointed for a term of four years. They may be reappointed for successive terms of not more than four years.

To avoid a situation where more than two members of the Board of Management retire at the same time, the following resignation schedule has been drawn up by the Supervisory Board:

<i>Board member</i>	<i>Date of resignation</i>
Zach Miles	Annual General Meeting 2007
Peter Valks	Annual General Meeting 2007
Frits Vervoort	Annual General Meeting 2008
Brian Wilkinson	Annual General Meeting 2008
Philippe Salle	Annual General Meeting 2011

At the upcoming Annual General Meeting on 27 April 2007, the Supervisory Board proposes to reappoint Mr Miles for a period of two years, until February 2009, and to reappoint Mr Valks for a period of four years.

The present employment arrangements for the members of the Board of Management are as follows:

- Zach Miles has been employed by the Company since 4 November 1999. He was appointed to the Board of Management on 10 December 1999. He has served as Chairman of the Board of Management and Chief Executive since 25 February 2004. Mr Miles' initial appointment as Chairman of the Board of Management which expires on 28 February 2007, has been extended by two years until February 2009, subject to his reappointment as a member of the Board of Management at the upcoming Annual General Meeting. His employment agreement is in force until February 2009.
- Philippe Salle has been employed by the Company since 1 July 1999. He was appointed to the Board of Management on 2 May 2003. His employment agreement is in force for an indefinite period and can be terminated with three months' notice given by Mr Salle and six months' notice given by the Company.
- Peter Valks has been employed by the Company since 1 January 2000. He was appointed to the Board of Management on 2 May 2003. His employment agreement is in force for an indefinite period and can be terminated with three months' notice given by Mr Valks and six months' notice given by the Company.
- Frits Vervoort has been employed by the Company since 1 October 1997. He was appointed to the Board of Management as Chief Financial Officer on 2 October 2001. His employment agreement is in force for an indefinite period and can be terminated with three months' notice given by Mr Vervoort and six months' notice given by the Company.
- Brian Wilkinson has been employed by the Company since 4 November 1999. He was appointed to the Board of Management on 2 May 2003. His employment agreement is in force for an indefinite period and can be terminated with three months' notice given by Mr Wilkinson and six months' notice given by the Company.

Severance pay

The Company intends in all future contracts to set minimum notice periods for the members of the Board of Management of three months, and for the Company maximum notice periods of six months. Termination payments under employment contracts will be limited to a maximum of 100% of annual base salary. However, in exceptional circumstances, this payment may be increased to 200% of annual base salary during the first four-year term of appointment to the Board of Management.

Remuneration objectives

The current remuneration policy was prepared by the Committee and approved by the Supervisory Board effective 1 January 2002. Towers Perrin, an independent specialised international consultancy firm, advised the Committee in this process. When implementing the current remuneration policy for members of the Board of Management, the Committee took the following objectives into consideration:

- Attracting and motivating high level individuals.
- Ensuring that the remuneration package is competitive.
- Focusing on improving the performance and enhancing the value of the Company.

International aspects play an important role in this respect taking into account the international character of the Group and the number of non-Dutch members of the Board of Management.

In order to encourage continued improvement in the Company's performance, the remuneration of the members of the Board of Management includes a fixed base salary, annual variable cash bonus (up to a maximum of 100% of base salary) and long term stock incentives which are performance based (annual grant up to 100-110% of base salary).

To ensure a competitive remuneration package, compensation is set at median level for base pay and at upper quartile level for variable pay relative to a reference group consisting of primarily European companies, which are active in the business services sector, as recommended by an independent remuneration consultant.

In 2006, the Supervisory Board assessed whether the remuneration policy continues to be consistent with the Company's objectives. This assessment has resulted in the proposal to partly amend the current annual bonus arrangement as is explained below.

Base salary

Base salaries are reviewed annually and are set reflecting the level of experience and responsibility of each individual.

Annual cash bonus

Each year a cash bonus can be earned based on the achievement of targets which are set in advance by the Supervisory Board. Up to and including 2006, the targets for the Chief Executive and the Chief Financial Officer have been based on budgeted Group operating income, and the targets for the other members of the Board of Management on the budgeted operating income of the companies for which they are directly responsible. These targets had been chosen as being the most objective measure of performance taking into account business development and variations in market conditions. If less than 90% of the budget is achieved, no bonus is paid. If 110% or more of the budget is achieved, a bonus is paid equal to 100% of the annual base salary. Between 90% – 110%, a bonus is paid equal to part of the annual base salary extrapolated on a straight line basis. Consequently, a bonus equal to 50% of the annual base salary is paid at budget target performance. The Company does not disclose the budgeted amounts as these are considered commercially sensitive information. Bonus calculations are verified by the external auditors.

A proposal will be submitted to shareholders for approval at the Annual General Meeting on 27 April 2007 to amend the current arrangement and apply a new bonus policy for 2007 and subsequent years. Following external advice and after extensive discussion by the Remuneration and Appointment Committee, the Supervisory Board has decided to propose this amendment in order to introduce (1) additional performance targets, including non-financial criteria, (2) a discretionary bonus adjustment decided by the Supervisory Board and (3) the possibility to withhold payment of the bonus in exceptional circumstances. In order to align their remuneration with the Group's performance, it is also proposed that part of the bonus of each operational member of the Board of Management should be linked to the performance of the Group as a whole. The key elements of the proposed annual bonus system are:

- Maximum annual bonus of 100% of base salary.
- For operational members of the Board of Management: 60% of the annual bonus to be based on the operating income of their zone, 20% on the Group operating income and 20% on other performance targets including non-financial criteria.

- For Chief Executive and Chief Financial Officer: 80% of the annual bonus to be based on the Group performance and 20% on other performance targets including non-financial criteria.
- Zone and Group performance are determined on actual performance against budgeted operating income. The above mentioned range of 90% - 110% remains unchanged.
- The annual bonus may be increased or decreased by up to 10% of annual base salary at the discretion of the Supervisory Board, but may not exceed the maximum of 100% of base salary.
- The annual bonus may be withheld in exceptional circumstances, including dismissal for cause, suspension or in the event that the member of the Board of Management (1) is responsible for an act of omission which has a material detrimental impact on the profits, assets or liabilities of an operating unit in his zone or the Group, (2) is subject to or found guilty in a disciplinary, criminal or regulatory investigation or (3) is guilty of other serious misconduct which affects or is likely to affect in a substantially prejudicial manner the interests of an operating unit in his zone or the Group. Where an investigation will take some time to resolve, the bonus could be suspended and reinstated in the event that the Board member is exonerated.

Long term incentive plans

The value of stock options or restricted shares which are granted annually is equal to 100% of base salary for the members of the Board of Management and 110% of base salary for the Chairman of the Board of Management.

As from 2004, all of the awards that are made to the members of the Board of Management are subject to the achievement of predetermined performance targets, so that the awards will only vest if and to the extent that the targets are achieved ('vesting'). The large majority of awards made prior to 2004 are also subject to performance targets.

Stock options

Stock options may be granted to the members of the Board of Management under the Company's stock option plan. All grants of options are approved by the Supervisory Board. The most important terms and conditions are as follows:

- An option period of seven years.
- The exercise price equals the Euronext Amsterdam closing price of the Company's depositary receipt on the grant date.
- Options granted to members of the Board of Management from 2004 onwards only vest if and to the extent that the performance targets are achieved over a rolling three-year measurement period. Options granted to members of the Board of Management before 2004 vest three to six years following the grant date. Retesting is not permitted for options issued as from 2004.
- Shares earned from vested and exercised options should be retained by members of the Board of Management for at least five years after the grant date except for sales needed to meet tax liabilities arising from vesting.
- All vesting is subject to continuous employment by a Vedior Group company up to and including the vesting date.
- Neither the exercise price nor the other conditions attached to option grants can be modified during the option period, except to take account of a change in operational management responsibility as a result of which performance targets are no longer appropriate, material structural changes relating to the Vedior (depositary receipts

of ordinary) shares or a change of control of the Company (such as a takeover of the Company's shares) in accordance with established market practice.

Restricted shares

Restricted shares may also be granted to the members of the Board of Management under the Company's restricted share plan. Pursuant to this plan participants receive depositary receipts of ordinary shares subject to the achievement of performance targets. All grants of restricted shares are approved by the Supervisory Board. The most important terms and conditions are as follows:

- The restricted shares are conditional awards of free depositary receipts of ordinary shares of the Company.
- Awards from 2004 onwards vest three years following the grant date, but only if and to the extent performance targets are achieved over a three-year period. Awards before 2004 also vest three years following the grant date, if and to the extent that performance targets are achieved, but the participants may defer vesting by up to two years by rolling forward the three year measurement period.
- Shares earned from vested awards should be retained by members of the Board of Management for at least five years after the grant date except for sales needed to meet tax liabilities arising from vesting.
- All vesting is subject to continuous employment by a Vedior Group company up to and including the vesting date.
- The conditions attached to grants may not be modified after the grant date, except to take account of a change in operational management responsibility as a result of which performance targets are no longer appropriate, material structural changes relating to the Vedior (depositary receipts of ordinary) shares or a change of control of the Company (such as a takeover of the Company's shares) in accordance with established market practice.

As an alternative to stock options and restricted shares, the Company in previous years granted interest free loans to finance the purchase of shares at market value. These loans were partially or fully forgiven depending on the achievement of predetermined specific performance conditions. No loans have been granted since 2004 nor are any loans still outstanding as per 31 December 2006.

The Company issued shares in regard to the options and awards which vested in 2006.

Performance targets

For the vesting of stock options and restricted shares, the Company uses the following performance targets:

- 1 Real annual Earnings Per Share (EPS) growth
- 2 Sales growth (50%) and return on sales (50%) of a specific group of operating companies.

The Chief Executive and the Chief Financial Officer of the Group are awarded stock options or restricted shares with real annual EPS growth as the sole performance target.

Real annual EPS growth is defined as annual EPS growth of the Company corrected for the weighted average consumer inflation of the most important territories in which the Company operates. No awards vest if real EPS growth is less than or equal to 0%. The awards vest in full if real EPS growth is equal to or greater than 16.7% per annum over the vesting

period. Between 0% and 16.7% the awards vest pro-rata on a straight line basis. The Company believes that real annual EPS growth is the best criterion to measure the performance of the members of the Board of Management as they may directly influence this important growth figure. It also aligns the Board's interests with those of the Company's shareholders.

The members of the Board of Management who have operational responsibilities for a particular part of the Group are awarded stock options or restricted shares with performance targets, of which 50% are linked to real annual EPS growth and 50% are linked to sales growth and return on sales of the group of operating companies for which they are responsible. For the latter performance condition, the sales growth and return on sales each count for 50%. Low and high targets are set and achievement of the targets is measured annually. The actual vesting percentages are based on average annual performance over the vesting period.

Sales growth is defined as the annual sales growth percentage of the relevant group of operating companies, adjusted for acquisitions or disposals as well as currency/exchange rate movements. Return on sales is defined as earnings before interest, taxation, and goodwill amortisation as a percentage of the sales. The Company believes that these are sound criteria to measure the performance of those members of the Board of Management who hold operational responsibility for specific operating companies.

Pensions

Mr Valks and Mr Vervoort participate in the Group's pension scheme plan for Dutch employees. In 2007, this scheme will change from a final salary pension scheme to a defined contribution pension scheme. The other Board members have made their own private pension arrangements in line with the local practice in the country of residence of each Board member, to which the Company pays contributions.

2006 REMUNERATION

Supervisory Board

In accordance with article 26 of the Company's articles of association, the remuneration of the Supervisory Board is determined by the general meeting of shareholders. As from the Annual General Meeting held on 29 April 2005, the annual remuneration is set at the amounts included in the table below:

in Euro	Chairman	Member
Supervisory Board	50,000	35,000
Audit Committee	5,000	3,500
Remuneration and Appointment Committee	3,500	2,500
Payment for expenses	4,500	3,500

In 2006, the remuneration of the members of the Supervisory Board amounted to €215,000 compared to €167,000 in 2005. The remuneration of the individual members of the Supervisory Board is set out in the table below:

in Euro, unless otherwise stated	Base compensation	Committee compensation	Payment of expenses	Other payments
W.C.J. Angenent – Chairman	50,000	6,000	4,500	
R.J. Laan – Vice-Chairman	35,000	3,500	3,500	
H.M.E.V. Giscard d'Estaing ¹⁾	23,333	1,667	2,333	
B.C. Hodson ¹⁾	23,333	2,333	2,333	
P. Kaminsky ²⁾	11,667	833	1,167	USD 30,000
D. Sinninghe Damsté	35,000	5,000	3,500	
Total	178,333	19,333	17,333	

¹⁾ Effective 28 April 2006 following appointment to the Supervisory Board

²⁾ Until 28 April 2006 when resigned as a member of the Supervisory Board

In addition to her remuneration as a member of the Supervisory Board, Ms Kaminsky received a fixed annual remuneration of USD 30,000 relating to consulting activities undertaken for Vedior subsidiaries in the United States.

The members of the Supervisory Board do not receive any performance or equity related compensation and do not accrue pension rights with Vedior N.V.

Number of (depository receipts of) ordinary Vedior shares held by members of the Supervisory Board

Supervisory Board	Number of (depository receipts of) ordinary shares	
	2006	2005
W.C.J. Angenent	22,608	22,608
H.M.E.V. Giscard d'Estaing	500	
P. Kaminsky		1,018
Total	23,108	23,626

Board of Management

In 2006, the total remuneration (including pension and social security contributions) of the members of the Board of Management amounted to €5.2 million, including severance payment for Mr Preisig, compared to €4.8 million in 2005.

Effective 1 January 2006, base salaries of members of the Board of Management have been increased from between 7%-18% to set them at a median level relative to a reference group, based on a comparison with the December 2005 figures of a reference group.

Following Mr Preisig's resignation as a member of the Board of Management, his responsibilities have been reassigned to the other operational members of the Board of Management. Taking their new responsibilities into account, their base salaries have been increased by €25,000 for Mr Salle and Mr Valks and by €50,000 for Mr Wilkinson, effective 1 May 2006.

Effective 1 January 2007, base salaries of members of the Board of Management have been increased by 3.3%, which increase reflects the correction for inflation and economic trends at the time.

The base salaries of the members of the Board of Management are set out in the table below:

in thousands of Euro	2006	2005
C.K.Z. Miles	655	601
A.J. Preisig ¹⁾	115	357
P. Salle	482	425
P. Valks	402	325
F. Vervoort	385	330
B. Wilkinson	421	342
Total	2,460	2,380

¹⁾ Until resignation as a member of the Board of Management on 28 April 2006.

Annual cash bonus

Based on the level of achievement of the budgeted operating income of the Group or the budgeted operating income of the companies for which a member of the Board is responsible, the cash bonuses paid are set out in the table below:

in thousands of Euro	2006	2005	Bonus paid as % of base salary 2005
C.K.Z. Miles	373	571	62%
A.J. Preisig	81	352	24%
P. Salle	317	281	75%
P. Valks	325	285	100%
F. Vervoort	201	320	62%
B. Wilkinson		128	
Total	1,297	1,937	

Cash bonuses paid in any year relate to the performance in the previous year.

Stock options and restricted shares

In 2006, no options were allocated under the Company's stock option plan and a total of 332,766 (2005: 380,995) (depository receipts of) ordinary shares under the Company's restricted share plan were allocated to members of the Board of Management. Mr Salle received a final cash payment of € 151,598 (2005: € 148,693) relating to the performance share plan of a Group subsidiary, for which he was formerly directly responsible.

Pensions

The Company incurred the following charges for pension schemes of members of the Board of Management.

in thousands of Euro	2006	2005
C.K.Z. Miles	79	72
A.J. Preisig ¹⁾	17	26
P. Salle		
P. Valks	317	168
F. Vervoort	257	82
B. Wilkinson	44	34
Total	714	382

¹⁾ Until resignation as a member of the Board of Management on 28 April 2006.

Additional benefits

Members of the Board of Management receive additional benefits including medical and life insurance, accident insurance, a company car or a car allowance. All of these benefits are in line with local practice in the country of residence of each Board member. The Company also provides Directors and Officers liability insurance.

Severance pay

As of May 2006, Mr Preisig has left the Company. He is receiving severance payment amounting to € 563,000. Part of the restricted shares that we granted to Mr Preisig in 2005 vested based on the achievement of the performance targets measured over the relevant period.

Directors' interests in Vedior shares

The tables on pages 82 and 83 show the number of outstanding options and restricted shares granted to the Board of Management.

The table below shows the number of (depository receipts of) ordinary Vedior shares held by the members of the Board of Management at the end of the year, in addition to their interests in Vedior options and restricted shares.

Number of (depository receipts of) ordinary Vedior shares held by members of the Board of Management

Board of Management at year-end	Number of (depository receipts of) ordinary shares	
	2006	2005
C.K.Z. Miles	160,563	150,563
P. Valks	11,401	
F. Vervoort	25,346	214
B. Wilkinson	34,881	4,479
Total	232,191	155,256

FINANCIAL STATE

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

in millions of Euro

	2006	2005*
Sales	7,660	6,851
Cost of sales	-6,231	-5,624
Gross profit	1,429	1,227
8 Operating expenses	-1,140	-995
Operating income before special items	289	232
Gain on disposal of subsidiaries	5	-
Operating income	294	232
9 Finance costs	-32	-26
10 Share of profit of associates (after tax)	-1	16
Profit before tax	261	222
11 Income tax expense	-75	-64
Profit for the period	186	158
12 Earnings per share		
Basic earnings per share (Euro)	1.09	0.93
Diluted earnings per share (Euro)	1.08	0.92
12 Earnings per share		
<i>Excluding gain on disposal of subsidiaries and associates</i>		
Basic earnings per share (Euro)	1.06	0.84
Diluted earnings per share (Euro)	1.05	0.83

* Restated for comparison purposes.

MENTS 2006

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

in millions of Euro

	2006	2005*
Assets		
Non-current assets		
13 Property and equipment	82	70
14 Intangible assets	1,113	963
15 Investments in associates	2	8
17 Deferred tax assets	57	61
16 Loans and receivables	46	41
	1,300	1,143
Current assets		
18 Trade and other receivables	1,678	1,528
Current tax asset	40	24
Cash and cash equivalents	187	154
	1,905	1,706
Total assets	3,205	2,849
Equity and liabilities		
Capital and reserves		
19 Issued capital	11	11
Reserves	1,143	1,015
Equity attributable to equity holders of Vedior N.V.	1,154	1,026
Minority interest	5	4
Total equity	1,159	1,030
Non-current liabilities		
21 Interest-bearing loans and borrowings	565	603
4 Deferred consideration business combinations	81	45
29 Retirement benefit obligations	11	12
17 Deferred tax liabilities	22	13
22 Provisions	18	17
Other non-current liabilities	13	13
	710	703
Current liabilities		
23 Trade and other payables	1,111	987
21 Interest-bearing bank overdrafts and loans	180	87
Current tax liabilities	38	33
22 Provisions	7	9
	1,336	1,116
Total liabilities	2,046	1,819
Total equity and liabilities	3,205	2,849

* Restated for comparison purposes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Share capital	Share premium reserve	Share option reserve	Translation reserve	Retained earnings	Attributable to equity holders of Vedior N.V.	Minority interest	Total
Balance at 1 January 2005	11	1,127	4	-15	-277	850	23	873
Effect of changes in accounting policy					19	19	-19	
Balance at 1 January 2005	11	1,127	4	-15	-258	869	4	873
Exchange differences arising on translation of foreign operations				53		53		53
Profit for the year					158	158		158
Issue of share capital		7				7		7
Redemption preference shares A		-51				-51		-51
Recognition of share based payments			6			6		6
Payment from reserves		-16				-16		-16
Balance at 31 December 2005	11	1,067	10	38	-100	1,026	4	1,030
Exchange differences arising on translation of foreign operations				-34		-34		-34
Profit for the year					186	186		186
Issue of share capital		14				14		14
Recognition of share based payments			5			5		5
Contribution by minority shareholder							1	1
20 Dividend					-43	-43		-43
Balance at 31 December 2006	11	1,081	15	4	43	1,154	5	1,159

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

in millions of Euro

	2006	2005
Operating activities		
Profit for the year	186	158
Adjustments for:		
⑩ Share of profit of associates	1	-16
⑨ Finance costs	32	26
⑪ Income tax expense	75	64
Gain on disposal of subsidiary	-5	
⑧ Depreciation, amortisation and impairment	36	42
⑧ Share based payment expense	7	6
Other non-cash items	11	10
⑫ ⑭ Increase/(decrease) in provisions	5	-3
Operating cash flows before movements in working capital	348	287
Increase in trade and other receivables	-131	-133
Increase in trade and other payables	98	65
Cash generated from operations	315	219
Interest paid	-28	-26
Income taxes paid	-81	-80
Net cash from operating activities	206	113
Investing activities		
⑬ ⑭ Purchase of property, equipment and software	-53	-34
⑮ Acquisition of subsidiaries	-157	-49
Disposal of subsidiaries	6	
Acquisition of associates	-1	-2
Disposal of associates	1	32
Dividends from associates	1	
Originated loans	-6	-6
Net cash used in investing activities	-209	-59
Financing activities		
Payments to shareholders	-45	-18
Movement in long-term borrowings	58	84
Redemption preference shares A		-51
Proceeds on issue of shares	14	7
Increase/decrease in bank overdrafts	12	-48
Net cash from/used in financing activities	39	-26
Net increase in cash and cash equivalents	36	28
Cash and cash equivalents at 1 January	154	119
Effect of exchange rate changes	-3	7
Cash and cash equivalents at 31 December	187	154

1 GENERAL INFORMATION

Vedior N.V. (the 'Company' or the 'Group') is a company domiciled in the Netherlands and quoted on the stock exchange of Euronext Amsterdam and included in the AEX index. The consolidated financial statements of the Company for the year ended 31 December 2006 comprise the Company and its subsidiaries.

All information in these financial statements is in millions of Euro, unless stated otherwise.

2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ('IFRS') and the interpretations adopted by the International Accounting Standards Board ('IASB') as endorsed by the European Union.

3 ADOPTION OF NEW AND REVISED STANDARDS

Vedior adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006.

For 2006 no new or revised Standards were relevant for Vedior's operations and therefore there is no impact on this or the prior year's balance sheet or income statement. The Standards and Interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2006 were not adopted. Vedior anticipates that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Group in future periods.

4 CHANGE OF ACCOUNTING POLICY

As of 2006, Vedior has changed the accounting policy for put options of minority shareholders that have rights to sell their minority interest to Vedior. Under the new policy, pursuant to these put options granted to certain minority shareholders, Vedior recognises an obligation to buy the minority shares upon certain conditions instead of classifying them as a minority share in the balance sheet and to disclose the liability as an off balance sheet obligation. The effects of this change of accounting policy are set out below. For a description of the new accounting policy refer to the section on Business combinations below.

Effects on balance sheet	Minority interest	Deferred consideration business combinations	Retained earnings	Goodwill
Balance at 1 January 2005	-23		277	792
Restatement	19	-38	-19	38
Balance at 1 January 2005	-4	-38	258	830

The accounting policy change has no effect on the profit for the year, but the profit attributable to minority shareholders is reclassified to profit attributable to the equity holders of Vedior N.V. (2005: €4 million). This part of the profit will not be distributable to shareholders of Vedior N.V. until the options have been exercised. A legal reserve is accounted for in the Company's equity (please refer to page 87). The comparative information has been restated for comparison purposes.

The effects on the income statement and the earnings per share are summarised in the tables below.

Effects on Income statement	2006	2005
Profit attributable to equity holders Vedior N.V.	178	154
Effect of restatement	8	4
Profit attributable to equity holders Vedior N.V.	186	158

Effects on earnings per share	2006 after restatement	2006 before restatement	2005 after restatement	2005 before restatement
Earnings per share				
Basic earnings per share	1.09	1.04	0.93	0.91
Diluted earnings per share	1.08	1.03	0.92	0.90
Earnings per share <i>Excluding gain on disposal of subsidiaries and associates</i>				
Basic earnings per share	1.06	1.02	0.84	0.82
Diluted earnings per share	1.05	1.00	0.83	0.81

5 SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

The financial statements are presented in Euro. They are prepared on the historical cost basis, except for provisions and certain liabilities that are based on present value and certain financial instruments that are based on fair value.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Principles of consolidation

Vedior N.V. and its subsidiary companies are fully consolidated. Subsidiary companies are companies where Vedior N.V. directly or indirectly has the power to govern their financial and operating policies. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in companies in which Vedior N.V. has significant influence, but not control, over the financial and operating policies are accounted for by the equity method. Generally, significant influence is presumed to exist if at least 20% of the voting power is owned. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date the significant influence commences until the date the significant influence ceases. If Vedior's share in the losses of any of these companies exceeds the interest in the associate, the carrying amount of the investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the total recognised gains and losses of joint ventures on an equity accounting basis, from the date the joint control commences until the date that joint control ceases.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intangible assets in business combinations

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and the fair value can be measured reliably. If the fair value cannot be measured reliably, the asset is not recognised as a separate intangible asset but is included in goodwill. Each acquisition is considered separately to analyse if intangible assets can be identified and measured reliably. Industry specific intangibles are trademarks, customer relationships or candidate databases. For the acquisitions up until 2006, no intangibles were separately identified because of the interdependence between these intangibles. As a consequence these intangibles can not be measured reliably and are therefore not separated from goodwill.

Goodwill is considered to have an indefinite useful life and is stated at cost less any accumulated impairment losses. Other intangible assets acquired in a business combination have definite useful lives and are stated at cost less accumulated amortisation and impairment losses.

Minority shares in business combinations

In connection with various acquisitions, Vedior has encouraged management of acquired companies to retain a minority equity interest. Vedior has entered into put and call options with the holders of these minority interests. The put option gives the minority shareholder the right to sell its minority interest to Vedior. The option exercise price is determined by a contractually agreed formula that includes dependence on future results of the subsidiary as well as a multiple. The call option gives Vedior the right to purchase the minority interest and is valid in certain default events only. In the normal course of events, the timing of exercise of the put options is not predetermined but is generally precluded for a minimum of three to five years from the date of acquisition.

Minority interests in the net assets of consolidated subsidiaries where a put option has not been granted to the minority share holder are identified separately from equity as minority interests. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses are allocated to results attributable to minority interests until the minority interest is nil and for the remainder of the losses to results attributable to Vedior, except to the extent that the minority shareholder has a binding obligation and is able to make an additional investment to cover the losses.

Minority interests in the net assets of consolidated subsidiaries where a put option has been granted to the minority shareholder are identified separately from equity as a liability. The put option includes an obligation for Vedior to buy the shares held by the minority shareholder. The liability is recognised at fair value. The fair value is the expected cash outflow to settle the liability and is based on forecasted future earnings. The amount of the liability that is expected to settle within one year is classified in current liabilities. The amount that is expected to settle after one year is classified as non-current liability under 'deferred consideration business combinations'.

As of today, there remains uncertainty in IFRS regarding the treatment of the difference between the exercise price of the options and the carrying value of the minority interests that have to be reflected as financial liabilities. Until finalisation of phase two of the business combinations project of the IASB, Vedior has chosen to present such a difference as additional goodwill.

Impairment of goodwill

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period as this is not allowed under IFRS.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of assets excluding goodwill

At each balance sheet date, Vedior reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, Vedior estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Risk management

Vedior is exposed to capital, credit, interest and currency risks that arise in the normal course of the Group's business. The responsibility to assess exposure as well as to enter into and manage derivative instruments is centralised in the Company's treasury department. The activities of the Company's treasury department are covered by corporate policies and procedures approved by the Board of Management, which specifically prohibit the use of derivative instruments for trading and speculative purposes. The Board of Management approves the hedging strategy and monitors the underlying market risks periodically. For a detailed analysis of Vedior's risks, please refer to 'Risk management' on page 32.

Capital risk

Vedior's capital structure consists of debt, cash and cash equivalents and equity. This structure is managed and balanced through payment of dividends, as well as new share issues, share buy backs and the issue of new debt or the redemption of existing debt.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Credit risk

Credit controls are established throughout the Company to monitor credit limits on clients, assess the creditworthiness of new and current clients and promptly follow up overdue accounts. Due to the diversified client base of the Company, no major concentrations of credit risk exist.

Interest rate risk

The interest rates on the borrowings of the Company are a mixture of floating and fixed rates. Developments in interest rate markets are monitored and fixing or capping interest rates may be considered based on market developments.

Currency risk

Fluctuations in foreign currency exchange rates, particularly between the Euro and the USD and the Euro and the GBP, may have an impact on Vedior's operating results. As Vedior's businesses are operated and financed locally, Vedior does not hedge its revenues and cash flow in foreign currencies. The impact of foreign currency exchange rate fluctuations on Vedior's net income in Euro is, to some extent, limited as Vedior's external borrowings and interest expenses are nominated in various currencies in approximately the same proportion as its operating income in these currencies. Another element of the currency risk is the translation of monetary items and foreign investments.

Financial instruments

Vedior's financial instruments consist of loans and receivables, interest bearing loans and borrowings and derivative financial instruments.

Derivative financial instruments

Derivative financial instruments are shown at fair value when they are initially recognised. The fair value is the market price at the balance sheet date. The profit or loss arising on re-measurement at fair value is recognised directly to the income statement except when hedge accounting is applied.

Vedior uses derivative financial instruments to hedge currency and interest risks arising from operational and financing activities. In accordance with its treasury policy, Vedior does not hold derivatives for trading purposes.

Hedging

For instruments used to hedge underlying exposures to currency exchange and interest rate risks, hedge accounting is applied. Hedge accounting recognises the offsetting effects in changes of the fair values of the hedging instrument and the hedged item.

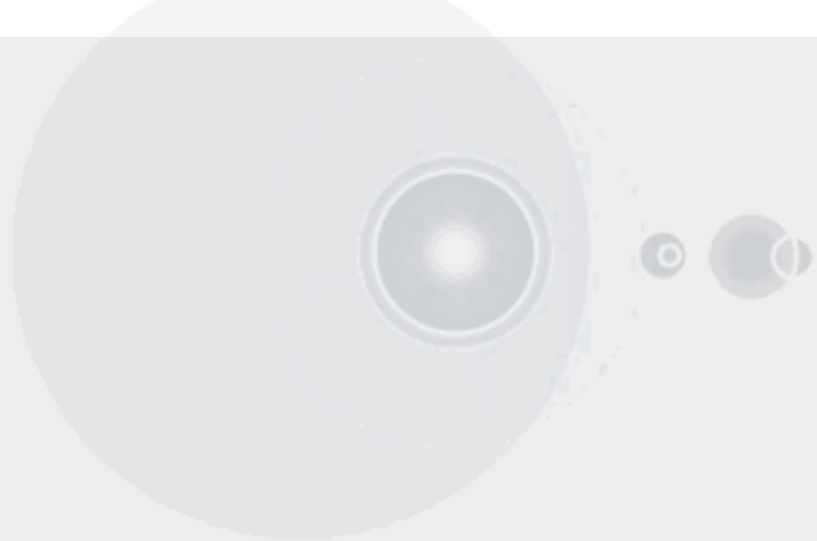
Fair value hedges

Vedior applies fair value hedge accounting for certain interest and currency risks arising from financing activities. In the income statement, the following will be recognised: the gain or loss from re-measuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk.

Fair value hedge accounting is discontinued when Vedior revokes the hedge relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the income statement from that date.

Cash flow hedge accounting/Net investment hedges

The cash flow hedge accounting method is applied for net investments in foreign operations that qualify for net investment hedges. The effective part of the gain or loss on these financial instruments is recognised in the translation reserve in equity. At the moment the foreign operation is disposed of, the related cumulative gain or loss on the financial instrument is transferred from the translation reserve to the income statement.



Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment which are subject to risks and returns that are different from those of segments operating in other economic environments. Vedior's risks and returns at this moment are affected predominantly by differences in the service sectors (traditional versus professional/executive recruitment) and by differences in geographical locations. The primary format for reporting segment information is geographically, whereas the secondary segment information is reported per business sector. Corporate expenses are not allocated to the various geographies.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in Euro, which is Vedior's functional and presentation currency.

In preparing the financial statements of individual entities, transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Foreign exchange differences arising on translation are recognised in the income statement except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see hedging). Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur are recognised in equity and recognised in profit and loss on disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Euro at rates approximating to the foreign exchange rates ruling at the dates of the transaction, being the monthly average exchange rate. The resulting translation adjustments are recorded as exchange differences within equity.

Property and equipment

Property and equipment is measured at cost, less accumulated depreciation and any impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Leases under the terms of which the Group assumed substantially all risks and rewards of ownership are classified as finance leases.

Depreciation is calculated by the straight-line method on the basis of the expected useful life, except for land which is not depreciated. The following annual depreciation rates are used:

Business buildings	3 -5%
Fixtures, fittings and furniture	10-33%
Computer hardware	20-33%
Other property and equipment	15-33%

Intangible assets

For intangible assets acquired in a business combination see 'Business combinations'. Self developed and acquired software, not being an integral part of the related computer hardware is classified as an intangible asset. Costs of development, including direct costs and directly attributable overhead costs incurred are capitalised. Provisions are made for impairment if the recoverable amount falls below the book value.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software which is 3-7 years.

Investments in associates

An associate is an entity that is not a subsidiary over which Vedior has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not (joint) control over those policies. Associates are accounted for using the equity method.

Goodwill also arises from the acquisition of associates and represents any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition. The goodwill arising on associates is included in the carrying amount and is assessed for impairment as part of the investment.



Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost. Non-interest bearing loans and receivables are carried at amortised cost, which represents the net present value determined using the effective interest method.

Deferred taxes

Deferred tax assets and liabilities arising from taxable or deductible temporary differences between the value of assets and liabilities for financial reporting purposes and for tax purposes are stated at nominal value and are calculated on the basis of corporate income tax rates ruling at the balance sheet date. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which these assets can be utilised. Deferred tax assets and liabilities with the same terms and relating to the same fiscal entities are set off against each other.

Trade and other receivables

Receivables are initially recognised at fair value, and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When Vedior purchases its own equity share capital, the consideration paid is deducted from equity. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the Company's equity holders.

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Dividends are recognised as a liability in the period in which they are approved by the Annual General Meeting of shareholders.

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the fair value and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Borrowings are classified as current liabilities unless Vedior has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee benefits

Defined contribution plans

Obligations for contributions to pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's obligation in respect of defined benefit plans is based on an estimate of the amount of future benefits that employees have earned through their services rendered in current and prior periods. The benefit is discounted to determine its present value. The fair value of plan assets is deducted to determine the net liability.

The discount rate used to determine the present value of future benefits is the iBoxx 10 year + AA Annual Yield All Stock Corporate Index.

The obligation is calculated by a qualified actuary using the projected unit credit method.

Actuarial gains and losses that arise in calculating the Group's obligation, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Vedior recognises these benefits in full once termination of the employment is irrevocably agreed.

Other long-term employee obligations

These employee benefits include long-service leave or other long service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation. Liabilities for other long-term employee benefits are recognised at present value using an accounting method similar to that for deferred pension plans less the fair value of any plan assets. Actuarial gains or losses are recognised in the income statement in the period they occur.

Share-based payment transactions

The share based payment plans of Vedior are Stock option plans, Restricted share plans and the Stock Purchase Plan allowing Group employees to acquire Bearer Depository Receipts ('BDR's') of the Company. The fair value of share based payment plans is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the benefit. The fair value of the options granted is measured using a Black and Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest except where forfeiture is only due to share prices being lower than the exercise price. In addition Vedior grants Share Appreciation Rights with similar characteristics as the stock option plan to certain employees.

Provisions

Vedior recognises provisions for legal or constructive obligations as of the balance sheet date based on a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of the provision is the best estimate of the consideration required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows and are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risk specific to the liability.

Provisions for restructuring cost are recognised when the Group has approved a formal restructuring plan and the restructuring has either commenced or has been announced publicly.

Sales

The term 'sales' signifies revenue from services rendered. Sales are recognised at the fair value of the consideration received or receivable, less discounts and value added tax.

Sales from temporary and contract assignments are recognised when services are performed based on hours worked by the temporary worker. Permanent placement fees are recognised at the time the candidate commences employment. If the individual fails to continue in employment for a period of time specified in the placement agreement, generally a 14 to 90 day period, the Company is not entitled to collect the entire placement fee. Sales from permanent placements are included in the income statement net of estimated refunds based on historic experience due to placed candidates not remaining in employment with clients for the period required to collect a full fee.

Sales from the provision of managed services, where Vedior acts as a master vendor and is not primarily responsible for providing services to clients or has no credit risk relating to sales generated through sub-vendors, have been reported using the 'net' accounting method which only recognises the fee received on sales generated through sub-vendors.

Expenses

Cost of sales

Cost of sales are the direct cost of services (temporary and contract personnel payroll, payroll taxes and related insurance) and are recognised in the same period as the related sales. Temporary and contract candidates are generally paid salary and benefits only for hours worked. A small proportion of contractors are also employed by the Company as permanent staff.

Operating expenses

The major components of operating expenses are payroll costs of managers, sales consultants and administrative staff, lease costs of offices, utility costs, advertising and promotion expenditures, telecommunication and other IT costs, depreciation and amortisation.

Employee payroll expenses are both fixed and variable. The variable element consists of incentive compensation linked to performance including sales commission, profit sharing and bonus. The magnitude of certain variable payroll, communications, advertising and promotional expenses varies depending on the level of business activity. Other expenses, such as fixed payroll costs, office leases, utility costs and depreciation of property and equipment, do not depend directly on the level of sales activity.

Operating lease payments

Payments made under operating lease are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance costs

Finance costs comprise interest payable on borrowings, including the amortisation of the difference between the initial fair value and the settlement or redemption of loans and borrowings.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Measurement of deferred tax assets and liabilities is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities and by applying the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Provision is made for non refundable withholding taxes applicable in the event of a distribution of retained profits by foreign investments, to the extent that such distributions are expected to occur.

6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimated and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

7 SEGMENT REPORTING

The segment reporting is based on geographical and business segments. An analysis by geography, which is Vedior's primary format, and by business segment is the best reflection of Vedior's management structure and reporting lines. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Vedior evaluates performance based on geographical and business segment contributions, which is defined as the amount of segment profit or loss before intercompany charges, finance costs and income tax expense. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash, interest-bearing loans and corporate expenses. Segment capital expenditure is the cost incurred by the segment during the period to acquire assets that are expected to be used for more than one year. All segments are continuing operations.

Geographical segments

Vedior's primary segment is determined by geography. The segments identified are France, United Kingdom, United States, Netherlands, Rest of Europe and Rest of World. The Rest of Europe segment consist of the European countries not reported separately, including Belgium, Spain, Italy, Portugal, Germany, Switzerland, Eastern Europe and Scandinavia. Rest of World includes non European countries and regions not reported separately including Australia, Asia, Canada and Latin America. Segment assets are based on the geographical location of the assets.

2006	Sales	Operating income	Capital expenditure/ acquisitions	Depreciation and amortisation	Average number of full time equivalents	Total assets	Total liabilities
France	3,137	110	20	-12	3,894	983	-708
UK	977	57	88	-7	2,007	689	-121
USA	686	44	6	-2	1,478	411	-72
Netherlands	588	20	17	-4	1,571	108	-147
Rest of Europe	1,536	51	18	-7	2,611	590	-233
Rest of World	736	36	73	-4	2,805	391	-99
		318					
Corporate expenses		-29					
Unallocated assets/liabilities						33	-666
Total	7,660	289	222	-36	14,366	3,205	-2,046
Reconciliation to profit for the period							
Gain on disposal subsidiary		5					
Finance cost		-32					
Share of profit of associates (after tax)		-1					
Income tax expense		-75					
Profit for the period		186					

			Capital	Depreciation, amortisation and impairment losses	Average number of full time equivalents	Total assets	Total liabilities
2005	Sales	Operating income	expenditure/ acquisitions				
France	2,991	96	12	-20	3,702	957	-661
UK	874	52	21	-7	1,752	549	-79
USA	579	35	36	-3	1,307	425	-51
Netherlands	518	14	4	-3	1,446	158	-117
Rest of Europe	1,368	37	12	-6	2,458	454	-236
Rest of World	521	24	9	-3	2,114	267	-69
		258					
Corporate expenses		-26					
Unallocated assets/liabilities						39	-606
Total	6,851	232	94	-42	12,779	2,849	-1,819
Reconciliation to profit for the period							
Finance cost		-26					
Share of profit of associates (after tax)		16					
Income tax expense		-64					
Profit for the period		158					

Business segments

Vedior provides both professional/executive as well as traditional recruitment services. Professional/executive recruitment services include the provision of personnel within the Information technology, Engineering/Technical, Healthcare, Accounting/Finance, Education and Other sectors.

	Sales		Segment assets		Capital expenditure/ Acquisitions	
	2006	2005	2006	2005	2006	2005
Information technology	768	621	190	154	5	4
Engineering/Technical	463	410	126	104	3	3
Healthcare	437	424	118	113	3	3
Accounting/Finance	376	287	95	75	2	1
Education	126	111	31	26	1	1
Other sectors	543	408	143	103	4	3
Professional/executive	2,713	2,261	703	575	18	15
Traditional	4,947	4,590	1,387	1,295	35	23
Goodwill			1,082	940	169	56
Other unallocated assets			33	39		
Total	7,660	6,851	3,205	2,849	222	94

8 OPERATING EXPENSES

	2006	2005
Employee benefit costs	749	637
Depreciation, amortisation and impairment (2005)	36	42
Other operating expenses	355	316
	1,140	995

Employee benefit costs

	2006	2005
Salaries and wages	598	502
Compulsory social security contributions	92	83
Contributions to defined contribution plans	7	5
Cost of defined benefit plans	3	3
Cost of share based payments plans	7	6
Other employee benefits	42	38
	749	637

Depreciation, amortisation and impairment

	2006	2005
Depreciation of property and equipment	27	27
Amortisation of software	9	10
Impairment loss software	-	5
	36	42

The impairment loss software in 2005 comprises the write down of a software system in France which was discontinued in that year.

9 FINANCE COSTS

	2006	2005
Interest income	2	2
Interest expense	-34	-28
	-32	-26

10 SHARE OF PROFIT OF ASSOCIATES (AFTER TAX)

	2006	2005
Share in associates' profit for the period	-1	1
Gain on disposal of TriNet	-	15
	-1	16

In June 2005 the investment in TriNet was disposed of realising a net profit of €15 million after tax.

11 INCOME TAX EXPENSE

Recognised in the income statement

	2006	2005
Current tax	72	67
Deferred tax (note 17)	3	-3
Income tax expense for the year	75	64

Vedior's operations are subject to income taxes in various foreign jurisdictions with a weighted average statutory income tax rate of 30.8% (2005: 30.0%).

Reconciliation of effective tax rate

The reconciliation between the effective tax rate and the weighted average statutory income tax rate is as follows:

	2006 €	2006 %	2005 €	2005 %
Profit before tax	261		222	
Share of profit of associates (after tax)	1		-16	
	262		206	
Weighted average income tax rate	81	30.8%	62	30.0%
Non-deductible expenses	4	1.6%	5	2.6%
Benefit from tax facilities	-5	-1.9%	-3	-1.7%
Loss carry forwards	-5	-1.9%		
Revaluation deferred tax	1	0.3%		
Over provided in previous years			-1	-0.5%
Other	-1	-0.2%	1	0.6%
Effective tax rate	75	28.7%	64	31.0%

Deferred tax recognised directly in equity

	2006	2005
Relating to share based payments	2	

12 EARNINGS PER SHARE

For the effects on earnings per share caused by the accounting policy change in 2006, please refer to the paragraph 'change of accounting policy'. The calculation of the basic and diluted earnings per share attributable to ordinary shares is based on the following data:

Earnings

Profit attributable to holders of ordinary shares

	2006	2005
Profit for the period	186	158
Dividend on preference shares		-2
Profit attributable to holders of ordinary shares	186	156
Special items (net of tax)	-5	-15
Profit excluding special items, attributable to holders of ordinary shares	181	141

Special items include the gains on the disposal of ISU in 2006 and in 2005 the disposal of TriNet.

Number of shares

Weighted average number of ordinary shares

in thousands

	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	170,694	167,893
Effect of dilutive potential ordinary shares from share based payment plans	2,283	2,380
Weighted average number of ordinary shares for the purposes of diluted earnings per share	172,977	170,273

13 PROPERTY AND EQUIPMENT

Cost	Total	Buildings and Land	Fixtures, fittings and furniture	Computer hardware	Other property and equipment
Balance at 1 January 2005	232	22	119	81	10
Additions	28	7	12	8	1
Disposals	-15		-9	-6	
Exchange differences	6		2	4	
Balance at 1 January 2006	251	29	124	87	11
Acquisitions of subsidiaries	3		2	1	
Additions	39	2	25	11	1
Disposals	-34	-2	-17	-14	-1
Exchange differences	-2		-1	-1	
Balance at 31 December 2006	257	29	133	84	11

Accumulated depreciation and impairment losses

Balance at 1 January 2005	-164	-13	-83	-65	-3
Depreciation for the year	-27	-2	-13	-10	-2
Disposals	12	-2	8	6	
Exchange differences	-2	-1	-1		
Balance at 1 January 2006	-181	-18	-89	-69	-5
Depreciation for the year	-27	-2	-13	-10	-2
Disposals	31	1	15	14	1
Exchange differences	2		1	1	
Balance at 31 December 2006	-175	-19	-86	-64	-6

Carrying amounts

At 1 January 2005	68	9	36	16	7
At 31 December 2005	70	11	35	18	6
At 31 December 2006	82	10	47	20	5

14 INTANGIBLE ASSETS

Cost	Total	Goodwill	Software
Balance at 1 January 2005	873	792	81
Effect of change in accounting principle	38	38	
Acquisition of subsidiaries	57	56	1
Fair value change deferred consideration business combinations	4	4	
Additions	9		9
Exchange differences	53	50	3
Balance at 1 January 2006	1,034	940	94
Acquisition of subsidiaries	172	169	3
Fair value change deferred consideration business combinations	4	4	
Additions	14		14
Disposals	-21		-21
Exchange differences	-32	-31	-1
Balance at 31 December 2006	1,171	1,082	89

Accumulated amortisation and impairment losses

Balance at 1 January 2005	-51	-51
Amortisation for the year	-10	-10
Impairment loss	-5	-5
Exchange differences	-5	-5
Balance at 1 January 2006	-71	-71
Amortisation for the year	-9	-9
Disposals	21	21
Exchange differences	1	1
Balance at 31 December 2006	-58	-58

Carrying amounts

At 1 January 2005	822	792	30
At 31 December 2005	963	940	23
At 31 December 2006	1,113	1,082	31

Intangible assets consist of goodwill and software. The software included under intangible assets is computer software which is not an integral part of the related hardware. Computer software which is an integral part of the hardware is classified as Computer hardware under Property and equipment. Amortisation of intangible assets, other than goodwill, and any impairment losses are recognised as operating expenses in the Income Statement.

Impairment tests

The carrying amount of goodwill is allocated to reporting segments as follows:

	2006	2005
France	47	47
UK	438	344
USA	253	279
Netherlands	68	59
Rest of Europe	73	63
Rest of World	203	148
Total	1,082	940

Vedior tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired, using the discounted cash flow method. Impairment is tested based on the cash flow projections for the specific cash generating units using the budget for the year 2007 and forecasts for the following 4 years. Key assumptions are those regarding the discount rates, growth rates and expected changes to sales, gross margin and expenses during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit. The growth rates are based on industry growth forecasts and after five years a percentage rate of 2 is used. Changes in sales and direct costs are based on past practices and expectations of future changes in the market.

The rate used to discount the forecasted cash flows varies by geography from 8.5% to 16.0%.

15 INVESTMENTS IN ASSOCIATES

The Group's investments in associates consist of investments in the following companies:

Company name	Country	2006 Ownership	2005 Ownership
Routes Healthcare	UK	33%	
The Blomfield Group	UK		18%
Fairplace Consulting Plc	UK	25%	25%
Pixid	France	33%	33%

In April 2006, Vedior acquired a majority interest in The Blomfield Group.

Summarised financial information in respect of the Group's associates is set out below:

	2006	2005
Total assets	9	28
Total liabilities	-5	-10
Net assets	4	18
Group's share of associates' net assets	2	8

	2006	2005
Total sales associates	13	69
Total result associates for the period	-4	-1
Group's share of associates' result for the period	-1	1
Result on disposal of Trinet		15
Share of profit of associates (after tax)	-1	16

16 LOANS AND RECEIVABLES

Loans and receivables consist almost entirely of compulsory interest-free loans to French government departments (with a maturity of 15-20 years) to finance social housing projects. The amounts of the loans granted each year are dependent on the wage levels of the previous year.

17 DEFERRED TAX ASSETS AND LIABILITIES

The following deferred tax assets and liabilities are recognised by Vedior, and the movements thereon, during the current and prior reporting periods.

	Deferred tax on accruals and provisions	Retirement benefit obligations	Share based payments	Tax losses	Intangible assets	Other	Total
At 1 January 2005	30	4	2	28	-10	4	58
Credit (charge) to profit or loss for the year	5	-1	1		-2		3
Exchange differences	-1			1			
Disposal of associate				-13			-13
At 1 January 2006	34	3	3	16	-12	4	48
Credit (charge) to profit or loss for the year	-6			5	-2		-3
Recognised in equity			-2				-2
Exchange differences	-2				1		-1
Transfer to current	-7						-7
At 31 December 2006	19	3	1	21	-13	4	35

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2006	2005
Deferred tax assets	57	61
Deferred tax liabilities	-22	-13
	35	48

At 31 December 2006, the Company had unrecognised operating loss carry forwards of €139 million (2005: €126 million) which are available to offset future tax liabilities. The majority of these losses will expire between 2011 and 2015. Taking into consideration the uncertainty of the timing and the amount of future profits, no deferred tax assets have been taken into account related to these operating losses.

18 TRADE AND OTHER RECEIVABLES

	2006	2005
Trade receivables	1,578	1,444
Prepayments and accrued income	39	41
Other receivables	61	43
	1,678	1,528

Trade receivables are net of impairment losses for doubtful accounts amounting to €32 million (2005: €30 million).

19 ISSUED CAPITAL

	Ordinary shares at €0.05		Preference shares B at €100	
in thousands	2006	2005	2006	2005
Authorised at 31 December	320,000	320,000	36	36
Issued and fully paid				
At 1 January	168,893	166,116	27	27
Payment in stock to shareholders		1,995		
Exercise of share options	2,307	719		
Issued under US stock purchase plan	83	63		
At 31 December	171,283	168,893	27	27

The ordinary shares for which depositary receipts have been issued are held by the Foundation for ordinary Vedior shares, based in Amsterdam, the Netherlands. For further explanation see page 90.

The Annual General Meeting held on 29 April 2005 approved the redemption of the preference B shares effective 1 July 2007. The redemption price will be €100 per share.

The preference B shares for which depositary receipts have been issued are held by a separate foundation.

20 DIVIDENDS

After the balance sheet date the following dividends relating to the financial year were proposed by the Board of Management. The dividends have not been provided for in the balance sheet and there are no income tax consequences.

	2006	2005
€0.30 per ordinary share (2005: €0.25)	52	42
€6.00 per preference B share (2005: €6.00)	52	42

21 INTEREST-BEARING LOANS AND BORROWINGS

	2006	2005
Syndicated credit facility	416	568
Senior Notes	165	
Medium term loans	44	43
Commitment from profit sharing in France	14	13
Other loans	64	35
Overdrafts	42	31
	745	690

	2006	2005
The borrowings are repayable as follows:		
On demand or within one year	180	87
In the second year	16	168
In the third year	15	13
In the fourth year	1	1
In the fifth year	367	418
After five years	166	3
	745	690
Less: Amounts due for settlement within 12 months	-180	-87
Amounts due for settlement after 12 months	565	603

The carrying amounts of Vedior's borrowings are denominated in the following currencies:

	Euro	GBP	USD	AUD	CAD	Other	Total
31 December 2006							
Syndicated credit facility	144	147	33	54	30	7	415
Senior Notes			165				165
Other loans and overdrafts	158					7	165
	302	147	198	54	30	14	745
31 December 2005							
Syndicated credit facility	285	155	121	4		3	568
Other loans and overdrafts	118					4	122
	403	155	121	4		7	690

Syndicated credit facility

On 22 November 2004, the Company agreed an €800 million multi-currency revolving credit facility ('the Facility') with a syndicate of banks.

The Facility is split into two tranches:

- Tranche A, for €650 million, had an initial term of five years. This term could be extended twice (in 2005 and 2006) for a further one year each, with a final maturity no later than 2011. Both extensions have taken place.
- Tranche B, for €150 million, has an initial term of three years. This term can be extended twice (in 2007 and 2008) for a further one year, with a final maturity no later than 2009.

The Company's Facility contains a number of affirmative and negative covenants as well as two financial covenants. These financial covenants are measured quarterly, on a rolling aggregate basis for the immediately preceding four quarters and are:

- Interest cover: the ratio of EBITDA to net interest may not be less than 4 to 1;
- Leverage ratio: the ratio of average net debt to EBITDA may not be greater than 3.5 to 1 in respect of any measurement period ending on or prior to 22 November 2006 and 3.25 to 1 at any time thereafter.

The definitions of net debt and EBITDA (earnings before interest, taxes, depreciation and amortisation) in the Facility Agreement include certain adjustments, principally relating to acquisitions and disposals. At 31 December 2006, the relevant ratios were Interest cover 10.4 and Leverage 1.7 (2005: 11.2 and 1.9).

The Company's failure to maintain these covenants would constitute an event of default under the Facility, entitling the lenders to accelerate the repayment obligations. The Company was in compliance with the covenants of the Facility throughout the year and as at 31 December 2006.

The interest margin for Tranche A is between 30 bps and 65 bps, linked to a leverage grid. For Tranche B the initial interest margin is between 27.5 and 62.5 bps, linked to a leverage grid. At 31 December 2006, the interest margin was 37.5 bps for Tranche A and 35 bps for Tranche B.

Senior Notes

In July 2006 the Company completed a Senior Note debt placement of USD 215 million with US institutional investors. The debt is comprised of Senior Notes split into equal amounts with 7 and 10 year maturity dates with fixed interest rates averaging 6.7%. Part of the debt has been swapped in other currencies and floating interest rates, see 'Hedging' below.

The senior note agreement contains a number of affirmative and negative covenants which are similar to the covenants in the syndicated facility, including the two financial covenants, and further covenants which are common for a US private placement.

The Company's failure to maintain these covenants would constitute an event of default under the senior note agreement, entitling the lenders to accelerate the repayment obligations. The Company was in compliance with the covenants of the senior note agreement from July 2006 until and including 31 December 2006.

Other debt

In 2006, the Company re-entered into several medium term loans and committed medium term facilities with a number of banks for an amount of €89 million, of which €44 million (2005: €43 million) was outstanding as at 31 December 2006. These medium term loans and facilities are repayable over a three year period.

In addition to the facilities described above, the Company has a number of uncommitted short-term credit facilities amounting to some €293 million (2005: €274 million). These are primarily used to meet short-term liquidity requirements. At 31 December 2006, approximately €99 million (2005: €61 million) was drawn down under these facilities.

Hedging

Of the proceeds of the Senior Notes, the Company has swapped USD 65 million into Euro, bearing floating interest rates, and USD 75 million into pounds sterling, bearing a fixed interest rate. The swap to Euro is accounted for as a fair value hedge. The combination of the Senior Notes and the swap to pounds sterling is accounted for as a Net Investment Hedge. Loans in foreign currency are accounted for as a Net Investment Hedge.

22 PROVISIONS

	Total	Restructuring	Other
Position as at 1 January 2005	41	6	35
Provisions made during the year	7	2	5
Provisions used during the year	-9	-2	-7
Provisions released during the year	-13	-1	-12
Position as at 1 January 2006	26	5	21
Provisions made during the year	7	1	6
Provisions used during the year	-5	-2	-3
Provisions released during the year	-3	-1	-2
Position as at 31 December 2006	25	3	22
Non-current	18	1	17
Current	7	2	5
	25	3	22

Provision for restructuring

The provision for restructuring comprises accruals for costs which are directly associated with plans to exit specific activities. The restructuring activities relate to smaller restructurings within the Group and are expected to be completed within two years.

Other provisions

The other provisions relate to risks of various kinds throughout the Company, including provisions for claims from governmental authorities for social security and various taxes, as well as for other legal liabilities. The timing and amount for the settlement of these provisions is uncertain but is expected within two to four years.

23 TRADE AND OTHER PAYABLES

	2006	2005
Trade payables	81	68
Other taxes and social contributions	553	517
Other payables and accruals	417	398
Interest payable	6	4
	1,111	987

24 FINANCIAL INSTRUMENTS

Fair values

The fair values of assets and liabilities which are defined as financial instruments, together with their carrying amounts shown in the balance sheet are as follows.

	31 December 2006		31 December 2005	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial Assets				
Loans and receivables	49	46	47	41
Trade and other receivables	1,678	1,678	1,528	1,528
Cash and cash equivalents	187	187	154	154
	1,914	1,911	1,729	1,723
Financial liabilities				
Deferred consideration business combinations	-81	-81	-45	-45
Interest bearing loans receivables	-576	-565	-603	-603
Trade and other payables	-1,111	-1,111	-987	-987
Interest bearing bank overdrafts and loans	-180	-180	-87	-87
	-1,948	-1,937	-1,722	-1,722

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Interest bearing loans and receivables

Fair value is calculated based on discounted expected future principal and interest cash flows using market prices.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the monetary amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine their fair value.

Deferred consideration business combinations

The fair value of the exercise price of the put options relating to minority interests is dependent on the timing of the exercise of the put option and on future results. As the put option has an indefinite lifetime, when determining the fair value, the moment of exercise is based on a consistent estimate which lies between 3-8 years. When the timing of the exercise of the put option is known, this moment is used for calculating the fair value. The future results are based on the budget for the year 2007 and management forecasts for the following 4 years. For the period thereafter a growth rate of 2% is used. As the exercise price and the timing are not preset, the actual settlement price may deviate from the fair value. The liability is contractually capped at a maximum of €351 million (2005: €258 million)

25 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2006	2005
Less than one year	89	81
Between one and five years	172	166
More than five years	43	37
	304	284

The Group leases a number of offices and operating equipment under operating leases. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date.

26 CONTINGENCIES AND GUARANTEES

In November 2004, the French competition authorities started investigations relating to alleged infringements of European and French competition law by Groupe Vedior France and certain competitors. The investigations are still ongoing and to date, no conclusions have been reached by the competition authorities on the outcome of their review. The Company has not recorded a provision.

The Group is involved in a number of legal proceedings relating to normal business activities. The Company believes that sufficient provisions have been made for their outcome.

The Group has given indemnifications, representations and warranties with respect to companies disposed of in recent years.

With respect to obligations of group companies, Vedior N.V. is committed to some banks as main co-debtor and has extended guarantees in addition to consolidated liabilities of subsidiaries for an amount of €378 million (2005: €386 million). Vedior N.V. issued statements for joint and several liability for Dutch subsidiaries in which it holds a majority interest. These companies are included in the consolidated accounts. At 31 December 2006, the total debt of these companies amounted to €286 million (2005: €190 million).

The borrower of the Syndicated credit facility and the Senior Notes described in note 21 is one of the Group companies and Vedior N.V. has extended a guarantee for all obligations under these agreements.

27 SUBSEQUENT EVENTS

In December 2006, it was announced that Vedior had agreed to acquire a majority interest in Corridor AS. Corridor is a Norwegian recruitment specialist with annual sales of €6.8 million in 2006. The transaction was completed in January 2007.

28 ACQUISITION OF SUBSIDIARIES

During the financial year 2006 the Group has acquired several subsidiary undertakings as specified below:

Name of company	Country	Date of acquisition	Percentage of ownership
Mailprofs Employment	Netherlands	January	100%
Talisman Software	Switzerland	February	68%
Special Agent	UK	February	85%
The Blomfield Group	UK	April	70%
CNC	Canada	May	93%
MOT Models	UK	May	75%
Rest Personal Eventual	Argentina	May	75%
Walker-Cox	UK	May	97%
Coopers Recruitment	Australia	July	75%
Armadillo	UK	October	70%
Digby Morgan Consulting	UK	December	80%
Voxius	Netherlands	December	66%

In addition to these acquisitions, Vedior also made a number of other investments during the course of the year. The consideration paid for the acquisitions and investments amounts to €157 million, which has been paid in cash. All acquisitions have been accounted for by the purchase method of accounting. Vedior grants put options to certain minority shareholders; as a consequence these acquisitions are accounted for as 100% acquisitions and the fair value of the liability to the minority shareholder is presented as deferred consideration (please refer to the section 'Business combinations' for a further explanation).

The acquisitions had the following effect on the Group's assets and liabilities:

Acquirees' assets and liabilities at the acquisition date	Carrying amounts
Property, equipment and software	6
Current assets	54
Current liabilities	-38
Cash and cash equivalents	10
Non current liabilities	-1
Net identifiable assets and liabilities	31
Goodwill on acquisition	169
Total purchase consideration	200
Less: cash and cash equivalents acquired	-10
Less: deferred consideration business combinations	-33
Net cash outflow	157

Goodwill on the acquisitions has arisen due to acquired companies' management experience and knowledge of the local business, which does not meet the recognition criteria of intangible assets. See also the note on significant accounting principles.

The acquired companies have contributed €9 million since the acquisition to the Group's net profit for the year 2006.

29 RETIREMENT BENEFIT OBLIGATIONS

Liability for defined benefit obligations

	2006	2005
Present value of obligations	90	87
Fair value of plan assets	-79	-74
Present value of net obligations	11	13
Unrecognised actuarial gains and losses		-1
Recognised liability for defined benefit obligations	11	12

The Group makes contributions to one defined benefit plan that provides pension benefits for employees upon retirement.

The plan assets are investments held by an external insurance company. These assets are not available to the company and consist mainly of investments in government bonds.

The participants in the defined benefit plan will join a new defined contribution plan as of 1 January 2007. The curtailment effect has been included in the income statement and no future salary increases have been taken into account.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	2006	2005
Net liability for defined benefit obligations at 1 January	12	15
Contributions received	-2	-6
Expense recognised in the income statement	1	3
Net liability for defined benefit obligations at 31 December	11	12

Expenses recognised in the income statement

	2006	2005
Current service cost	3	3
Interest cost	4	3
Curtailment effect	-6	
Net actuarial loss	3	
Expected return on plan assets	-3	-3
	1	3

	2006	2005
Actual return on plan assets	3	6

Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date, expressed as weighted annual averages:

	2006	2005
Discount rate at 31 December	4.5%	4.0%
Expected return on plan assets at 31 December	5.0%	4.5%
Future salary increase		2.3%
Pension increases	1.7%	1.0%
Inflation	2.0%	2.0%

Equity plans

Pursuant to a stock option scheme, option rights have been granted to employees. The Company currently has two fixed stock option plans both included in the Framework plan, of which one, established in 2001, qualifies as a Time Accelerated Restricted Stock Award Plan ('TARSAP'). In addition, the Company has a performance-based stock award plan ('Restricted Share Plan' or 'RSP') and a stock purchase plan.

In general, all options may only be exercised after a lock-up period of at least three years. If this lock-up period for legal or tax reasons is not possible, exercising of option rights during this three-year period is discouraged.

During the year all shares earned from vested and exercised options as well as vested awards under the restricted share plan have been satisfied by issuing new shares.

Since 2005, employees at Group companies have participated in local cash based profit sharing plans which have largely replaced the equity plans.

Framework Plan

The Company established a stock option plan, the Framework Scheme Regarding the Grant of Options to Senior Management (the 'Framework Plan') in 1997, which enables the Company to issue options to purchase Bearer Depository Receipts (BDR's) to eligible recipients. The purpose of the plan is to provide long-term incentives to our senior management. Over 300 senior management members qualify to receive options under the plan. Members of the Supervisory Board are not eligible to receive options.

The Board of Management annually determines grants of options under the plan. All such grants are subject to the terms and conditions of the plan, and must be approved by the Supervisory Board. The number of options permitted to be granted under the plan normally may not exceed 2% of the outstanding ordinary shares of the Company on the first day of the year in which the options are granted. The exercise price of an option granted under the plan must be at least equal to the market price of the BDRs at the time the option is granted. The option period is in the range of 5-10 years.

For grants made from 2001 up to and including 2003 under the TARSAP, the only variable is when the options will vest. Ultimately, all options granted will vest six years after the grant date. However, through achievement of certain predetermined performance criteria, an employee has the ability to accelerate the vesting date. Vesting is in principle subject to continued employment with the Group at the vesting date at all times. The performance criteria affect the timing of the vesting date, but do not affect the total award. The measurement date for accounting purposes is the grant date.

Awards of options with performance criteria granted as of 2004 will vest only if and insofar as the relevant predetermined performance criteria have been met. The remainder will lapse.

Restricted Share Plan

In February 2001, the Board of Management, with the approval of the Supervisory Board, introduced an equity-based restricted share plan, pursuant to which a limited number of senior staff members and the members of the Board of Management may be granted newly issued or existing BDRs. All grants under this plan are free of charge for the participants, but subject to the achievement of specific pre-determined performance targets in order to be earned. The vesting period is in the range of 3-5 years.

The maximum number of BDRs which may be granted under this plan in any one year normally may not exceed 1% of the outstanding ordinary shares of the Company on the first day of that year.

Share Appreciation Rights

Vedior also grants Share Appreciation Rights (SARs) to certain employees in the United States. Regarding these Share Appreciation Rights the fair value of the amount payable to the employees is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the Share Appreciation Rights is measured based on a Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The liability is re-measured at each balance sheet date and at settlement date.

Vedior Equity Plans Services B.V.

The operation and management of the Restricted Share Plan and the Framework Plan is performed by an independent company named Vedior Equity Plans Services B.V. This company also acts as the grantor to all participants, with the exception of participants in the United States of America and France, where Vedior N.V. acts as grantor for legal reasons.

The number and weighted average exercise prices of share options is as follows.

Framework Plan	2006		2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	5,892,688	10.60	7,070,961	10.61
Forfeited during the period	-332,179	12.51	-558,293	12.24
Exercised during the period	-1,599,495	8.90	-619,980	9.52
Outstanding at the end of the period	3,961,014	10.40	5,892,688	10.60
Exercisable at the end of the period	1,789,676		1,726,462	

The options under the Framework Plan outstanding at 31 December 2006 have an exercise price in the range of €4 to €16 and a weighted average remaining contractual life of 5.0 years (2005: 5.8 years). The options exercised in 2006 had a weighted average share price of €16.10 (2005: €14.01).

Restricted Share Plan	2006	2005
	Number of shares	Number of shares
Outstanding at the beginning of the period	2,027,907	1,742,919
Forfeited during the period	-154,595	-56,321
Vested during the period	-707,536	-77,317
Granted during the period	372,220	418,626
Outstanding at the end of the period	1,537,996	2,027,907

The restricted shares which vested in 2006 under the Restricted Share Plan had an average value of €14.68 (2005: €10.81).

Share Appreciation Rights	2006		2005	
	Number of SARs	Weighted average exercise price	Number of SARs	Weighted average exercise price
Outstanding at the beginning of the period	166,035	13.63	108,730	13.45
Granted during the period	58,915	15.34	57,305	13.96
Outstanding at the end of the period	224,950	14.07	166,035	13.63
Exercisable at the end of the period	0		0	

The fair value of services received in return for stock options granted are measured by reference to the fair value of stock options granted. The estimate of the fair value of the services received is measured based on a Black and Scholes model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the model for the Framework Plan and SARs. For the Restricted Share Plan, the expected life is assumed the same as the remaining time until vesting.

The inputs into the Black-Scholes option pricing model were:

Share Appreciation Rights	2006	2005
Share price at 31 December	15.71	12.52
Weighted average exercise price	15.34	13.96
Expected volatility	49.5%	52.2%
Expected life	3.5 years	3.5 years
Risk free interest rate	3.7%	2.9%
Expected dividend yield	2.1%	2.2%

Restricted shares	2006	2005
Weighted average share price	15.34	13.96
Weighted average exercise price	0	0
Expected volatility	49.6%	52.2%
Expected life	3 years	3 years
Risk free interest rate	3.3%	2.8%
Expected dividend yield	2.1%	2.2%

The expected dividend yield is based on the average of projections for the coming three years made by external financial analysts, and projected at a constant level thereafter.

The risk free interest rate is based on the interest rate swap curve at the date of grant. For each option the risk free rate is equal to the zero-coupon yield with corresponding maturity.

The expected volatility is based on historic volatility, which is calculated based on the weighted average remaining life of the stock options.

Stock options are granted under performance conditions and the condition of continued employment with the Company at the moment of vesting. The level of expected forfeiture is taken into account based on historical practice and managements expectations of future employment and the realisation of performance targets within the Group.

Additionally, several share option grants before 7 November 2002 are still outstanding. The recognition and measurement principles in IFRS 2 have not been applied to these grants in accordance with the transitional provisions in IFRS 1 and IFRS 2.

Employee stock purchase plan

In March 2001, the Board of Management, with the approval of the Supervisory Board, introduced an employee stock purchase plan for United States employees only. The enactment of this plan for a period of three years was approved at the Annual General Meeting of shareholders held on 4 May 2001. The extension for another three year period was approved at the Annual General Meeting of shareholders held on 7 May 2004. During the three year period, a maximum of 1,050,000 new or existing depository receipts can be purchased by eligible employees for a consideration equal to 85% of the market price of the depository receipts at either the date of purchase or the date of the beginning of the relevant six months purchase period, whichever is lower. In 2006, a total number of 83,561 (2005: 63,182) depository receipts were purchased under this plan for which new shares were issued.

31 REMUNERATION BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Remuneration of the Board of Management

The Remuneration and Appointment Committee of the Supervisory Board ('the Committee') makes proposals for the remuneration of the members of the Board of Management of the Company and evaluates the full remuneration structure periodically. The Committee is mandated by, and reports its conclusions and recommendations to the full Supervisory Board. The remuneration report is included on page 47 of this annual report.

	Base salary		Pension		Bonus		Total	
in thousands of Euro	2006	2005	2006	2005	2006	2005	2006	2005
C.K.Z. Miles	655	601	79	72	373	571	1,107	1,244
A.J. Preisig*	115	357	17	26	81	352	213	735
P. Salle	482	425			317	281	799	706
P. Valks	402	325	317	168	325	285	1,044	778
F. Vervoort	385	330	257	82	201	320	843	732
B. Wilkinson	421	342	44	34		128	465	504
Total	2,460	2,380	714	382	1,297	1,937	4,471	4,699

* Until resignation as a member of the Board of Management on 28 April 2006.

The cash bonuses are based on the achievement of the budgeted operating income of the Group or the companies for which the relevant member of the Board is responsible. Cash bonuses paid in any year relate to performance in the previous year. Mr Salle also received a final cash payment of €151,598 (2005: €148,639) relating to the performance share plan of a Group subsidiary for which he was formerly responsible.

Mr Preisig left the Company in May 2006. He is receiving severance payment amounting to €563,000. Part of the restricted shares that we granted to Mr Preisig in 2005 vested based on the achievement of the performance targets measured over the relevant period.

Options granted to members of the Board of Management

	Vested as of 01-01-2006	Unvested as of 01-01-2006	Vested during 2006	Exercised during 2006	Vested as of 31-12-2006	Unvested as of 31-12-2006	Exercise price in €	Expiry date
C.K.Z. Miles	22,897				22,897		9.10	31-01-2010
		40,000	40,000		40,000		14.30	01-03-2011
		3,298				3,298	13.45	12-02-2011
	22,897	43,298	40,000		62,897	3,298		
F. Vervoort		10,500	10,500		10,500		14.30	01-03-2011
	12,627	15,373	15,373		28,000		13.54	07-02-2012
	12,627	25,873	25,873		38,500			
A.J. Preisig	38,799			-38,799			9.10	
	1,153	11,347	3,237		4,390	8,110	14.30	01-03-2011
	14,414	19,586	14,715		29,129	4,871	13.54	07-02-2012
	54,366	30,933	17,952	-38,799	33,519	12,981		
P. Valks	4,182	5,818	3,253		7,435	2,565	14.30	01-03-2011
	5,532	4,468	2,499		8,031	1,969	13.54	07-02-2012
	9,714	10,286	5,752		15,466	4,534		
P. Salle	6,912			-6,912			10.75	
		116,870				116,870	4.79	13-02-2013
		123,331				123,331	13.45	12-02-2011
	6,912	240,201		-6,912		240,201		
B. Wilkinson	75,000				75,000		9.10	31-01-2010
	14,406	594	587		14,993	7	13.54	07-02-2012
		3,298				3,298	13.45	12-02-2011
	89,406	3,892	587		89,993	3,305		
Total	195,922	354,483	90,164	-45,711	240,375	264,319		

Rights to receive BDRs granted to members of the Board of Management

	As of 01-01-2006	Granted during 2006	Vested during 2006	Forfeited during 2006	As of 31-12-2006	Expiry date
C.K.Z. Miles	10,000		-10,000			
	102,467				102,467	Early 2007
	102,731				102,731	Early 2008
		101,642			101,642	Early 2009
	215,198	101,642	-10,000		306,840	
F. Vervoort	3,500		-3,500			
	4,000		-4,000			
	45,000		-45,000			
	52,331				52,331	Early 2007
	51,802				51,802	Early 2008
		54,998			54,998	Early 2009
	156,633	54,998	-52,500		159,131	
A.J. Preisig	4,000		-1,141	-2,859		
	15,000		-11,437	-3,563		
	54,000		-43,624	-10,376		
	56,805				56,805	Early 2007
	55,575				55,575	Early 2007
	185,380		-56,202	-16,798	112,380	
P. Valks	3,500		-2,060	-1,440		
	3,500				3,500	Early 2007
	43,500		-21,750		21,750	Early 2008
	46,607				46,607	Early 2007
	51,017				51,017	Early 2008
		54,998			54,998	Early 2009
	148,124	54,998	-23,810	-1,440	177,872	
P. Salle	66,714				66,714	Early 2008
		66,427			66,427	Early 2009
	66,714	66,427			133,141	
B. Wilkinson	51,500		-51,181	-319		
	49,029				49,029	Early 2007
	53,156				53,156	Early 2008
		54,701			54,701	Early 2009
	153,685	54,701	-51,181	-319	156,886	
Total	925,734	332,766	-193,693	-18,557	1,046,250	

Share issuance agreements

In 2006 the loan relating to share issuance agreements from 2002 and 2003 for Mr. Miles was retired upon full achievement of the related performance targets for a net amount of €1,118,292; the corresponding tax and social security expenses were €789,397.

Number of (depository receipts of) ordinary Vedior shares held by members of the Board of Management

Board of Management	Number of (depository receipts of) ordinary shares	
	2006	2005
C.K.Z. Miles	160,563	150,563
P. Valks	11,401	
F. Vervoort	25,346	214
B. Wilkinson	34,881	4,479
Total	232,191	155,256

Remuneration of the Supervisory Board

in Euro, unless otherwise stated	Base compensation	Committee compensation	Payment of expenses	Other payments
W.C.J. Angenent – Chairman	50,000	6,000	4,500	
R.J. Laan – Vice Chairman	35,000	3,500	3,500	
P. Kaminsky (until 28 April 2006)	11,667	833	1,167	USD 30,000
D. Sinninghe Damsté	35,000	5,000	3,500	
B.C. Hodson (as of 28 April 2006)	23,333	2,333	2,333	
H.M.E.V. Giscard d'Estaing (as of 28 April 2006)	23,333	1,667	2,333	
Total	178,333	19,333	17,333	

In addition to her remuneration as a member of the Supervisory Board, Ms Kaminsky received a fixed annual remuneration of USD 30,000 relating to consulting activities undertaken for Vedior subsidiaries in the United States.

The members of the Supervisory Board do not receive any performance or equity related compensation and do not accrue pension rights with Vedior N.V.

Number of (depository receipts of) ordinary Vedior shares held by members of the Supervisory Board

Supervisory Board	Number of (depository receipts of) ordinary shares	
	2006	2005
W.C.J. Angenent	22,608	22,608
P. Kaminsky		1,018
H.M.E.V. Giscard d'Estaing	500	
Total	23,108	23,626

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

in millions of Euro	2006	2005*
Income from investments in subsidiaries	170	150
Other income and expenses, after taxes	16	8
Profit for the period	186	158

* Restated for comparison purposes.

COMPANY BALANCE SHEET AND NOTES AS AT 31 DECEMBER 2006 (before appropriation of net profit)

in millions of Euro	2006	2005*
Non-current assets		
4 Investments in subsidiaries	988	849
Loans and receivables		1
Deferred tax assets	1	7
	989	857
5 Receivables	373	755
Current liabilities	-208	-586
	1,154	1,026
Financed by:		
6 Shareholders equity	1,154	1,026

* Restated for comparison purposes.

1 GENERAL INFORMATION

Vedior N.V. is a company domiciled in the Netherlands and is quoted on the stock exchange of Euronext Amsterdam and included in the AEX index. The Company financial statements for the year ended 31 December 2006 comprise the Company only. All information in these financial statements is in millions of Euro, unless stated otherwise.

2 CHANGE OF ACCOUNTING POLICY

As of 2006 Vedior has changed the accounting policy for put options of minority shareholders that have rights to sell their minority interest to Vedior. For an explanation for this change of accounting policy please refer to page 56. The accounting policy change effects the Company's profit for the year and the Company's equity as set out below. For the part of the profit and equity that will not be distributable to shareholders of Vedior N.V. a legal reserve is accounted for in the Company's equity. The comparative information has been restated for comparison purposes.

	2006	2005
Effect on income statement		
Profit for the period	178	154
Effect change of accounting policy	8	4
Profit for the period	186	158

	2005
Effect on equity	
Balance equity as at 1 January	850
Effect change of accounting policy	19
Balance equity as at 1 January	869

3 COMPANY ACCOUNTING PRINCIPLES

With reference to Article 362 paragraph 8 Volume 2 of the Dutch Civil Code, the Company financial statements have been prepared using the same accounting principles as for the consolidated financial statements. These accounting principles are included from pages 56 to 64. Subsidiaries are accounted for at net asset value. In accordance with Article 402, Volume 2 of the Dutch Civil Code, the information in the Company financial statements and accompanying notes are condensed. With reference to Article 379, paragraph 5 Volume 2 of the Dutch Civil Code, the Company has deposited a list of its capital interests at the office of the Commercial Register in Amsterdam, the Netherlands.

See note 26 on page 76 for the contingencies and guarantees of Vedior N.V.

4 INVESTMENTS IN SUBSIDIARIES

	2006	2005
Position as at 1 January	849	597
Effect of accounting policy change		19
Share in result of subsidiaries	170	150
Acquisition of subsidiary		30
Exchange differences	-31	53
Position as at 31 December	988	849

The 100% participating interests in Vedior Holding B.V. and Tiberia B.V. are reported under Investments in subsidiaries.

5 RECEIVABLES

	2006	2005
Receivables due from subsidiaries	371	752
Taxes	1	2
Other receivables	1	1
	373	755

6 COMPANY STATEMENT OF CHANGES IN EQUITY

in millions of Euro

	Share capital	Share premium reserve	Share option reserve	Legal translation reserve	Other legal reserve	Retained earnings	Total
Balance at 1 January 2005	11	1,127	4	-15	11	-288	850
Effect change of accounting policy					19		19
Balance at 1 January 2005	11	1,127	4	-15	30	-288	869
Exchange differences arising on translation of foreign operations				53			53
Profit for the year					4	154	158
Transfer to retained earnings due to exercised put options minority shareholders					-2	2	
Issue of share capital		7					7
Redemption preference shares A		-51					-51
Recognition of share based payments			6				6
Payment from reserves		-16					-16
Balance at 1 January 2006	11	1,067	10	38	32	-132	1,026
Exchange differences arising on translation of foreign operations				-34			-34
Profit for the year					8	178	186
Transfer to retained earnings due to exercised put options minority shareholders					-2	2	
Issue of share capital		14					14
Recognition of share based payments			5				5
Dividend						-43	-43
Balance at 31 December 2006	11	1,081	15	4	38	5	1,154

Legal reserves

€27 million of the other legal reserve as at 31 December 2006 relates to the equity share that is not available for distribution to the shareholders of Vedior N.V. until Vedior actually acquires the minority share from the minority shareholders. An amount of €11 million of the other legal reserve represents the amount of the translation differences under Dutch GAAP that have arisen before 1 January 2004, the date of transitions to IFRS.


Amsterdam, 7 February 2007

Board of Management

 C.K.Z. Miles

 P. Salle

 P. Valks

 F. Vervoort


 B. Wilkinson

Supervisory Board

 W.C.J. Angenent

 H.M.E.V. Giscard d'Estaing

 B.C. Hodson OBE

 R.J. Laan

 D. Sinninghe Damsté

To the general meeting of shareholders of Vedior N.V.

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2006 of Vedior N.V., Amsterdam as set out on pages 52 to 87. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management 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 management board report 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Vedior N.V. as at 31 December 2006, and of its result and its cash flow for the year then ended 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 Vedior N.V. as at 31 December 2006, and of its result for the year then ended 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 management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 7 February 2007

Deloitte Accountants B.V.



H.H.H. Wieleman

Provisions of the Articles of Association concerning appropriation of net profit

Article 31 of the Articles of Association as currently worded, states the following with regard to the most important provisions applying to the appropriation of net profit.

Each year the Board of Management shall determine, with the approval of the Supervisory Board, what portion of the net profit is to be reserved. After allocation to reserves, €6.00 shall be paid on each of the issued preference B shares.

If the net profit available for payment is not sufficient for these dividend payments, payments on the preference B shares shall be made in proportion to the said amounts. The part of the net profit remaining after allocation to reserves and after dividend payment on the preference shares shall be paid as dividend on ordinary shares. The General Meeting of Shareholders may resolve on motion of the Board of Management which has been approved by the Supervisory Board to make payments to the shareholders out of the distributable part of the shareholders' equity. The Board of Management may decide that a payment on ordinary shares is not paid wholly or partly in cash but in shares of the Company or certificates thereof, or in shares or certificates thereof in a subsidiary of the Company.

Appropriation of net profit

The net profit of €186 million attributable to equity holders of Vedior N.V. (2005: €158 million) will be added to the legal reserves for €8 million (2005: €4 million) and €178 million (2005: €154 million) will be added to retained earnings.

Dividends

For 2005, a payment of €0.25 was made on each ordinary share. In October 2006, an interim dividend of €2.40 was paid on each preference B share, which was fully paid in cash.

It will be proposed to the General Meeting of shareholders to resolve a dividend up to the following amounts:

	2006	2005
€0.30 per ordinary share (2005: €0.25)	52	42
€6.00 per preference B share (2005: €6.00)	52	42

The proposed dividend per (depository receipt of an) ordinary share amounts to €0.30. The proposed dividend per (depository receipt of a) preference B share amounts to €6.00 (including interim dividend).

To the holders of depositary receipts of ordinary Vedior shares

Introduction

The Board of the Foundation hereby reports on its activities in 2006. This report has also been published on Vedior's corporate website. Copies of the Foundation's articles of association and trust conditions as well as all other publicly available information relating to the Foundation are available free of charge and have also been published on Vedior's corporate website, www.vedior.com/investor-relations/foundation-for-ordinary-vedior-shares.asp. The Board of the Foundation is made up of individuals who are independent and have no financial interest in the Company's affairs

Objective

The Foundation issues depositary receipts in exchange for ordinary Vedior shares which it then holds in its own name to facilitate administration and to allow the Foundation to exercise the rights attached to them.

Vedior depositary receipts are securities under Dutch law and are traded on Euronext Amsterdam, with each depositary receipt representing one ordinary share. All ordinary shares of Vedior N.V. are registered and not listed on any securities exchange, and there is currently no trading market for them. Depositary receipts may be freely converted into ordinary shares at any time by submitting a written request to the Foundation.

Exercise of voting rights

Each holder of depositary receipts who is present at a General Meeting of shareholders in person automatically obtains the right to vote the underlying ordinary shares without having to file a specific request with the Foundation. Holders of depositary receipts who do not attend the General Meeting of shareholders also have the opportunity to issue a binding voting instruction to the Foundation. The Board of the Foundation will exercise the voting rights on any shares which are not represented by depositary receipt holders at the meeting including those for which it has not received a binding voting instruction. In exercising voting rights, the Board of the Foundation shall be guided primarily by the interests of the holders of depositary receipts, but will also take into account the interests of Vedior N.V., the enterprise associated with it and all other parties involved.

Additional information on how holders of depositary receipts can vote at a General Meeting of shareholders, in person or by proxy, can be found in the 'Information for Shareholders' section on page 8 of Vedior's 2006 annual report.

Activities in 2006

In the year under review, the Foundation held the ordinary shares for which depositary receipts had been issued. As at 31 December 2006, the Foundation held a nominal amount of €8,425,923.05 in ordinary shares with a nominal value of €0.05 each, for which 168,518,461 bearer depositary receipts with a nominal value of €0.05 each were issued. As compared to 31 December 2005, this amounts to an increase of 2,759,136. The increase consists of:

- 2,310,511 from exercised option rights;
- 83,561 for the benefit of the Employee Stock Purchase Plan for employees in the USA;
- 365,064 from certifying existing shares.

The Board of the Foundation held two meetings in the year under review. In the first meeting, held on 26 April 2006, the Board discussed the annual report and the operational and financial performance of Vedior in 2005 in detail. The Foundation's financial statements for 2005 were adopted. The Board discussed the agenda for the Annual General Meeting of shareholders to be held on 28 April 2006, and took preliminary decisions on how to exercise the voting rights attached to the ordinary shares held by the Foundation. The Board also discussed the agenda for the meeting of holders of depositary receipts which was held immediately following the Annual General Meeting of shareholders. In a separate meeting held on 26 April 2006 and immediately following the Board's meeting, the Chairman of the Board of Management and Chief Financial Officer of Vedior discussed the financial performance of Vedior and operational issues in 2005 with the members of the Board of the Foundation. Members of the Board of the Foundation had been given the opportunity to raise questions in regard to the balance sheet and margin development as well as the Company strategy and the availability of sufficient financial resources for growth. The Board had also extensively discussed the Company's remuneration policy.

The second meeting of the Board of the Foundation was held on 5 October 2006. At this meeting the Board discussed the Annual General Meeting of shareholders and the meeting of holders of depositary receipts, both held on 28 April 2006, and several opinions expressed by the holders of depositary receipts at these meetings. A separate meeting was held that same day, immediately following the Board's meeting, to discuss the operational developments in the first six months of 2006 with the Chief Financial Officer of Vedior. These results had already been published on 27 July 2006. Members of the Board of the Foundation had raised questions in regard to the development of costs, expansion of the office network, margin development, growth trends in the staffing sector both by geography as well as by sector, acquisitions, the development of the conversion ratio and hedging. Special attention had also been given to the Company's US private debt placement and the outlook for the 2006 financial year. Taking the various social and legal developments into account, the Board had suggested to the Company to have a discussion on whether or not Vedior should reintroduce protection measures.

Annual General Meeting of shareholders of Vedior

All members of the Board of the Foundation attended and represented the Board of the Foundation at the Annual General Meeting of shareholders of Vedior, held on 28 April 2006. Each ordinary share entitles the holder thereof to cast 5 votes. That day, the Foundation held 167,969,061 of the total of ordinary shares with a nominal value of €0.05 each and therefore could, in principle, cast 839,845,305 votes (75.1% of the total number of votes to be cast at the meeting, which total number includes the votes on

the preference B shares). 135 holders of depositary receipts of ordinary shares were automatically granted a proxy to vote on the ordinary shares underlying their depositary receipts. Together they held 57,927,864 depositary receipts, for which they could cast 289,639,320 votes (34.1% of the total issued ordinary share capital and 25.9% of the total number of votes to be cast at the meeting). Consequently, the Board of the Foundation could cast 550,208,985 votes (49.2% of the total number of votes to be cast at the meeting).

As in prior years, the Board of the Foundation offered holders of depositary receipts of ordinary Vedior shares the opportunity to raise questions concerning the Board's 2005 report and corporate governance related issues affecting the Foundation at the Annual General Meeting of shareholders. During the discussion, the Chairman of the Supervisory Board of Vedior repeated the Company's position that, once the turnout of holders of depositary receipts of ordinary shares at meetings of shareholders rises substantially to more than 35% of total issued ordinary share capital over a number of years, or if proxy solicitation becomes more practicable in the Netherlands, it will be proposed to abolish the depositary receipt structure. Since the Annual General Meeting held on 29 April 2005 with a turnout of more than 32% was considered the first meeting where this minimum turnout has been achieved, the Chairman proposed that the meeting on 28 April 2006 with a turnout of 34.1% was considered the second one in which the minimum turnout had been achieved. He added that if this minimum turnout would again be achieved in 2007, a proposal will be submitted to shareholders to discontinue the depositary receipt structure. The proposal will be included as a conditional item on the agenda of the Annual General Meeting on 27 April 2007. During the meeting, the Chairman of the Board, Mr Van Duyne, also repeated the Foundation's position sharing the view of the Supervisory Board and Board of Management of Vedior in this respect and encouraged Vedior to do the utmost to boost representation at the next Annual General Meeting of shareholders. All resolutions were approved during the meeting.

Meeting of holders of depositary receipts of ordinary Vedior shares

The Board convened a meeting of holders of depositary receipts on 28 April 2006, immediately following the Annual General Meeting of shareholders of Vedior in order to enable holders of depositary receipts to discuss issues which they consider relevant for the meeting. The Chairman repeated the Foundation's view on the requirements for supporting a proposal to cancel the depositary receipt structure, as had already been discussed during the Annual General Meeting of shareholders of Vedior held the same day. The Chairman expressed his view that if this percentage is achieved at the Annual General Meeting of shareholders in 2007, the Foundation would support a proposal to cancel the depositary receipt structure and to dissolve the Foundation. Such a proposal should in principle and if legally possible be placed on the agenda for that meeting as a conditional item.

Corporate governance

The Foundation fully complies with the Dutch corporate governance code ('the Code'). In this respect, the Board of the Foundation would like to make the following remarks:

- The Board has discussed the confidence of the holders of depositary receipts in the Board of the Foundation and its impartiality during the meeting of holders of depositary receipts held on 7 September 2004. Based on the views expressed during this meeting and the discussions between the Board of Management of Vedior and several large holders of depositary receipts, it was concluded that the Board of the Foundation has the confidence of the holders of depositary receipts. The minutes of the meeting can be obtained from the Foundation free of charge and have also been published on Vedior's corporate website.
- The Foundation issues proxies to holders of depositary receipts who attend the meeting in person, allowing them to exercise the voting rights attached to the ordinary shares underlying their depositary receipts without any limitations. A procedure has been set up to enable holders of depositary receipts, who are unable to attend the meeting in person, to give a binding voting instruction to the Foundation.
- In exercising its voting rights, the Board of the Foundation shall be guided primarily by the interests of the holders of depositary receipts, taking the interests of Vedior, the enterprise associated with it and all parties involved into account. The Board of the Foundation believes it should primarily represent the holders of depositary receipts who are unable to attend or be represented at a General Meeting of shareholders of Vedior.
- The Board complies with the requirements relating to the composition of the Board and the profile of its members. A provision has been added to the articles of association of the Foundation that the meeting of holders of depositary receipts may make recommendations for the appointment to the Board of the Foundation.

Provisions have been included in the trust conditions of the Foundation to specify in what cases and subject to what conditions holders of depositary receipts may request the Foundation to call a meeting of holders of depositary receipts. These meetings of holders of depositary receipts will be held (i) if according to the articles of association or the trust conditions of the Foundation a resolution has to be adopted by the meeting of holders of depositary receipts, (ii) at the written and motivated request of a number of holders of depositary receipts representing 10% of the nominal amount of the issued depositary receipts (if such a request is not complied with within six weeks, these holders of depositary receipts are entitled to call such a meeting themselves) and (iii) as often as the Board of the Foundation considers desirable. Resolutions which are to be adopted upon a proposal by the Board of the Foundation can be adopted in a meeting of holders of depositary receipts with a simple majority of votes cast regardless of the number of depositary receipts present or represented at the meeting. Resolutions which are to be adopted other

than upon a proposal by the Board of the Foundation can only be adopted with a simple majority of votes cast, representing at least 25% of the issued depositary receipts. If at a meeting of holders of depositary receipts the resolution is adopted with a simple majority, but this majority does not represent at least 25% of the issued depositary receipts, a second meeting will be held in which resolutions can be adopted with simple majority regardless of the percentage of issued depositary receipts represented by such majority.

Composition and remuneration of the Board

The composition of the Board of the Foundation is specified in its articles of association. The Board of the Foundation consists of three members. The Board, which should consist of at least three and at most five members, itself appoints its members. Members may not be (former) members of the Supervisory Board or Board of Management of Vedior or one of its subsidiaries, nor spouses of or relatives up to the fourth degree of members of the Supervisory Board or the Board of Management of Vedior or one of its subsidiaries, nor (former) employees of Vedior or one of its subsidiaries nor (for the previous three years) permanent advisors to Vedior, nor managers and employees of any banking institution with which Vedior maintains a permanent and substantial relationship. The Board also appoints a Chairman and a Vice-Chairman from its midst. A person may be appointed to the Board for a maximum of three four-year terms. All decisions of the Board are taken by an absolute majority of votes. Should there be a tie, the Chairman's vote shall be decisive.

The members of the Board are:

Mr J.F. van Duyne (65, Dutch)

Mr Van Duyne has been a member of the Board and its Chairman since 2001, and holds his current appointment until 2008. Until 2000, Mr Van Duyne was Chairman of the Board of Management and Chief Executive Officer of Hoogovens N.V. and Corus PLC. He is Chairman of the Supervisory Board of De Nederlandsche Bank, OPG Groep N.V. and Gamma Holding N.V., a member of the Supervisory Board of Samas Groep N.V. and a Crown Representative of the SER (Dutch social and economic council).

Mr W.F.Th. Corpeleijn (58, Dutch)

Mr Corpeleijn has been a member of the Board since 2003, and holds his current appointment until 2007. From 1991 until 2000, Mr Corpeleijn was managing partner of Stibbe. Since 2003, he holds an advisory position as Of-Counsel at Stibbe. He is a Chairman of the Supervisory Board of Vesteda N.V., Theodoor Gilissen Bankiers N.V., Stiho Groep B.V. and 3W Vastgoed B.V., a member of the Supervisory Board of Vesteda B.V. and Chairman of the Board of Sibelco N.V. (Belgium).

Mr F.H. Schreve (65, Dutch)

Mr Schreve has been a member of the Board since 2005, and holds his current appointment until 2009. He was Chief Executive Officer of Heidemij/Arcadis NV, Rabobank International and Koninklijke Ten Cate NV. Mr Schreve is currently Chairman of the Supervisory Board of Fugro N.V., Chairman of Stichting Preferente Aandelen H.E.S. Beheer N.V. and member of Stichting Administratiekantoor van Aandelen N.V. Twentsche Kabel Holding, Stichting Continuïteit Fugro and Stichting Preferente Aandelen Fugro.

The Chairman and the other Board members receive an annual remuneration for their activities for the Foundation of respectively € 10,000 and € 7,000.

Financing of the Foundation and external advice

The issuance of depositary receipts of Vedior's ordinary shares by the Foundation is carried out in co-operation with Vedior. All costs relating to the administration are borne by Vedior, except for charges, taxes and costs mentioned in article 9 of the trust conditions and the exchange costs mentioned in article 13 of the trust conditions. The Foundation's administrator, which is N.V. Algemeen Nederlands Trustkantoor (ANT), Herengracht 420 in Amsterdam, is in charge of the administration of shares. In 2006, the expenses related to the Foundation's activities amounted to €79,279.

Meetings with holders of depositary receipts in 2006

The Board of the Foundation is pleased to offer holders of depositary receipts the opportunity to raise questions concerning this report at the next Annual General Meeting of shareholders of Vedior to be held on 27 April 2007 at 10.00am at the Hilton Hotel in Amsterdam. The Board of the Foundation hereby announces that it intends to convene a meeting of holders of depositary receipts that same day immediately following the Annual General Meeting of shareholders.

Amsterdam, 7 February 2007

The Board of 'Stichting Administratiekantoor van gewone aandelen Vedior'

J.F. van Duyne

W.F.Th. Corpeleijn

F.H. Schreve

Contact information:

Jachthavenweg 109-H, 1081 KM Amsterdam, the Netherlands.

Independence and impartiality

The Board of Management of Vedior N.V. and the Board of the Foundation for ordinary Vedior shares, hereby certify that in their joint opinion, they have complied with the requirements of impartiality and independence for members of the Board of the Foundation for ordinary Vedior shares, as referred to in annex X of the Euronext Rulebook, Book II, Algemeen Reglement Euronext Amsterdam Stock Market.

Amsterdam, 7 February 2007

The Board of Management of Vedior N.V.

The Board of 'Foundation for ordinary Vedior shares'



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HISTORICAL OVERVIEW

		IFRS		Dutch GAAP	
in millions of Euro unless stated otherwise	2006	2005	2004	2003	2002
Sales					
France	3,137	2,991	2,867	2,782	2,730
UK	977	874	840	679	721
USA	686	579	513	447	574
Netherlands	588	518	478	486	595
Rest of Europe	1,536	1,368	1,273	1,111	1,078
Rest of World	736	521	504	465	456
	7,660	6,851	6,475	5,970	6,154
Operating income ¹⁾					
France	110	96	88	78	71
UK	57	52	53	47	48
USA	44	35	21	14	12
Netherlands	20	14	9	11	29
Rest of Europe	51	37	33	15	8
Rest of World	36	24	23	20	17
	318	258	227	185	185
Special items	5		18		4
Corporate expenses	-29	-26	-14	-11	-11
	294	232	231	174	178
Operating margin	3.8% ³⁾	3.4%	3.3% ³⁾	2.9%	2.9%
Finance costs	-32	-26	-41	-45	-55
Net income ^{1) 4)}	186	158	116	81	78
Key figures per ordinary share ^{1) 4)}					
Net earnings after deduction of preference payments	1.06 ³⁾	0.84 ³⁾	0.63 ³⁾	0.47	0.46
(Proposed) dividend/payment from reserves	0.30	0.25	0.20	0.16	0.16
Average number of outstanding ordinary shares of €0.05 (x 1,000)	170,694	167,893	165,506	163,545	161,324
Balance sheet					
Intangible assets	1,113	963	822	819	1,082
Property and equipment	82	70	68	116	134
Operating working capital ²⁾	562	523	458	478	492
Total equity	1,159	1,030	905	826	1,003
Net interest-bearing assets and liabilities	-558	-536	-488	-587	-698
Cash flow					
Cash flow from operating activities	206	113	114	134	132
Purchase of property and equipment	53	34	29	30	38
Acquisition of subsidiaries	-157	-49	-25	-13	-52
Other information					
Average number of full-time equivalents	14,366	12,779	11,905	11,424	12,051
Number of staffing branches	2,433	2,276	2,245	2,225	2,228

¹⁾ Amounts under Dutch GAAP exclude goodwill amortisation and extraordinary items.

²⁾ Operating working capital excludes short-term interest bearing assets and liabilities.

³⁾ Excluding special items.

⁴⁾ 2005 and 2006 after change of accounting policy for minority interests.

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[Colophon]

Design and lay-out

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Photo Board of Management

Jack Tillmanns | Foto Focus

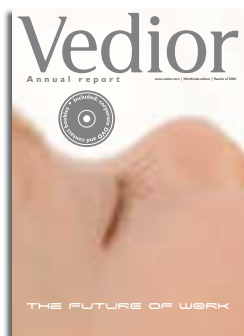
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