

united services group



ANNUAL
REPORT

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**‘We streamline the
employment market’**

united services group



FINANCIAL ANNUAL REPORT UNITED SERVICES GROUP N.V.

**‘We streamline the
employment market’**



The Group Executive Committee of United Services Group.
Left to right: Erwin van Iersel, Yvan Dierckxsens, Ron Icke,
Leo Houwen, Alex Mulder and Hans Coffeng

A different annual report

The traditional annual report largely presents the year in figures. All results considered relevant are set out in a row, and the Executive and Supervisory Boards give their visions on events in the past financial year. All this is designed to meet legal reporting obligations to known stakeholders.

Indeed, we have also done it like this for many years. But when I took another look at the outcome I always had the feeling that the rows of figures, opinions and justifications might come over as somewhat too abstract. Certainly, they provided insights into the actual strength of the company, but to describe the growing power of a business one needs more than results from the recent past.

An equally significant strength of a company lies in the way people work together. Mutual respect and inspiration – how they inspire each other to innovation and to an entrepreneurial approach. The way they think to tackle the market of tomorrow. How loyal they are to the company. And it is precisely these “soft values” in the organisation, which the traditional annual report almost or virtually passes by.

For this reason I am very proud to present a quite different annual report this year. Obviously the rows of figures are there – you need to check on how our strategic assumptions and choices translate into concrete results, and in how far our returns and efficiency ratios stand out favourably compared to our peers.

But this time we also take a look at the usually unseen driving force of this purely people-business. How does it feel for an experienced staffer to be part of the USG-organisation? What does a newly appointed Supervisory Director think about the integration of Start and USG? How do clients feel about our service offering? And, last but not least, how does a shareholder see the prospects of this up-scaled company?

These and many other issues will be dealt with this year. The underlying thinking is simple. More than merely a means of rendering account the annual report is a one-off opportunity to get to know each other better, or to freshen up the existing acquaintance. To that end we take this opportunity to introduce USG to you, across its full length and breadth. Promising you a “good read”.



Alex Mulder, Chief Executive Officer,
United Services Group N.V.

5	Foreword: A different annual report	15	The hidden power of USG
8	Profile of United Services Group	16	Start employee Miranda Wallenburg: 'Start is marked by a healthy competitive spirit'
9	Mission, strategy & financial objectives	17	Unique employee Angelique Rustemeijer: 'We're proud of the Unique brand name'
10	Key figures	18	Executive Board Chairman Alex Mulder: 'We streamline the dynamics of the employment market'
13	Information on the share & key dates	24	CFO Ron Icke: Focus on cost controls and cash flow
		28	Executive Vice President Group Executive Committee Leo Houwen: 'The Midcap listing levers publicity'
		32	Round-table discussion at the Group Executive Committee: 'Everyone here knows and accepts his or her own responsibility'
		35	Hans de Boer (MKB Nederland, branch organisation small to medium enterprises): The temping business of tomorrow
		36	Virgili Sáez, director Unique Spain: 'We're growing against the flow. It makes you feel like a winner'
		40	New Supervisory Board Director Bert de Vries: 'The USG & Start combination is a logical calculation'
		44	Facility Manager Ron Zadelaar on the master class 2002: 'We should listen better'
		49	Cor Molenaar: Life-long relationships are history
		50	Rob van Baarsen: 'We must share our expertise with operating companies in other countries'
		52	Report on collaboration between Efteling theme park & Start: Seasonal work all year round
		56	Report on the Start Kans reintegration company: A rarity in the reintegration scene
		60	Report on hiring flight attendants for Transavia: 'Unique empathises with our culture'
		63	Shareholder Jaap Bras: 'A hungry company is a profitable company.'

67	Report of the Supervisory Board	89	Annual accounts
70	Important developments	90	Principles for balance sheet valuation, calculation of results and consolidation
70	<i>Acquisition of Start Holding</i>	92	Consolidated balance sheet at 31 December 2002 before profit allocation
70	<i>Realisation of synergetic benefits</i>	94	Consolidated profit and loss account for 2002
71	<i>Divestments</i>	95	Consolidated statement of cash flow
71	<i>Acquisition</i>	96	Notes to the consolidated balance sheet
72	<i>New corporate governance structure</i>	102	Notes to the consolidated profit and loss account
72	Financial policy	106	Corporate balance sheet at 31 December 2002 before profit allocation
74	Activities in the Netherlands and other USG countries	108	Corporate profit and loss account for 2002
78	Risk paragraph	109	Notes to the corporate balance sheet
78	Internal organisation	112	Supplementary information
84	Financial developments	112	Events after balance sheet date
88	Prospects	112	Auditor's report
		113	Statutory provisions concerning profit allocation
		113	Profit allocation
		114	Nine-year review
		116	Supervisory Board & Executive Board
		116	Profiles Supervisory Board
		117	Profiles Executive Board and Group Executive Committee
		118	Management
		120	Group company activities
		122	Group company head offices

PROFILE OF UNITED SERVICES GROUP

United Services Group N.V. is a European service provider focusing on flexible employment, training and customer care services. United Services Group is listed on the Euronext N.V. Amsterdam stock exchange.

Entrepreneurship is deliberately kept with the management and staff of the subsidiary companies, while servicing and market approach are segmented per professional discipline and training level.

United Services Group comprises the following segments:

- Temporary staffing and secondment in markets including government, education, hotel and catering, call centers, graphic, construction, care, technical, industry, transport and logistics, as well as reintegration, training and career intervention.
- Project-type activities, temporary staffing and secondment, payrolling and recruitment & selection in the office segment (specialities include medical, marketing & sales, secretarial, human resources management (HRM), finance and communications).
- Project-type activities, temporary staffing, secondment and recruitment & selection of specialists in the technical segment (professional areas include ICT, electro-technology, mechanical engineering, petro/ chemical and civil engineering).
- Courses in secondary education and college equivalent training in management, marketing and communications.
- High quality customer contact centers, focusing on knowledge intensive customer-care services around sales, recruitment, information provision, complaints and e-mail response processing, etc.
- Support and facilitating for, among others, medical specialists, dentists and independent operators.

The operating companies of United Services Group based in the Netherlands, Belgium, Germany, Italy, Portugal and Spain develop independent marketing and sales initiatives, while assuming their own specific positions.

The internal organisation uses uniform methods and powerful shared back-offices in each country. These back-offices cover finance, ICT, management information and legal and general and technical services. This enables ongoing improvement of cost, efficiency and control factors. The primary tasks of national and international HQs are as initiators and providers of general and technical services.

MISSION, STRATEGY & FINANCIAL OBJECTIVES

Mission

As a supplier of knowledge and capacity United Services Group seeks to excel in quality, growth and profitability. The group offers all forms of flexible labour and a wide range of services in the area of human resources, training and customer care. A focus on the small to medium enterprise segment runs parallel with expansion of services to major clients. The wide range offering evidences our one-stop shopping strategy. The group carefully selects niche markets on the basis of commercial attractiveness and an acceptable level of economic swings, and seeks to acquire dominant positions here.

United Services Group is an attractive business partner for both clients and employees, treating personal aspirations and competencies as the starting points for successful service offering and innovation.

Shareholder value is created by a combination of corporate culture, entrepreneurship and a clear corporate strategy leading to attractive financial results.

Strategy

United Services Group's key points of strategy are:

- Autonomous growth particularly in the small to medium enterprise segment and by providing a broad service offering to larger clients.
- Increasing market share, on one hand autonomously (partly via cross-selling), and on the other by acquisitions.
- The further exploitation of the potential of new technology, primarily to enhance internal efficiency and matching-power, as well as boosting service.
- Expanding training/educational facilities for (flexi-) personnel and clients.
- Further internationalisation within Europe, whereby the new businesses will optimally exploit tested formulas, working methods and front office systems.

Financial objectives

The objective over the next several years will be to increase turnover with an acceptable level of return. On one hand this growth must be realised autonomously and on the other by acquisitions with a further increase in the European spread. The aim is for an annual growth in earnings per share for a number of years.

KEY FIGURES

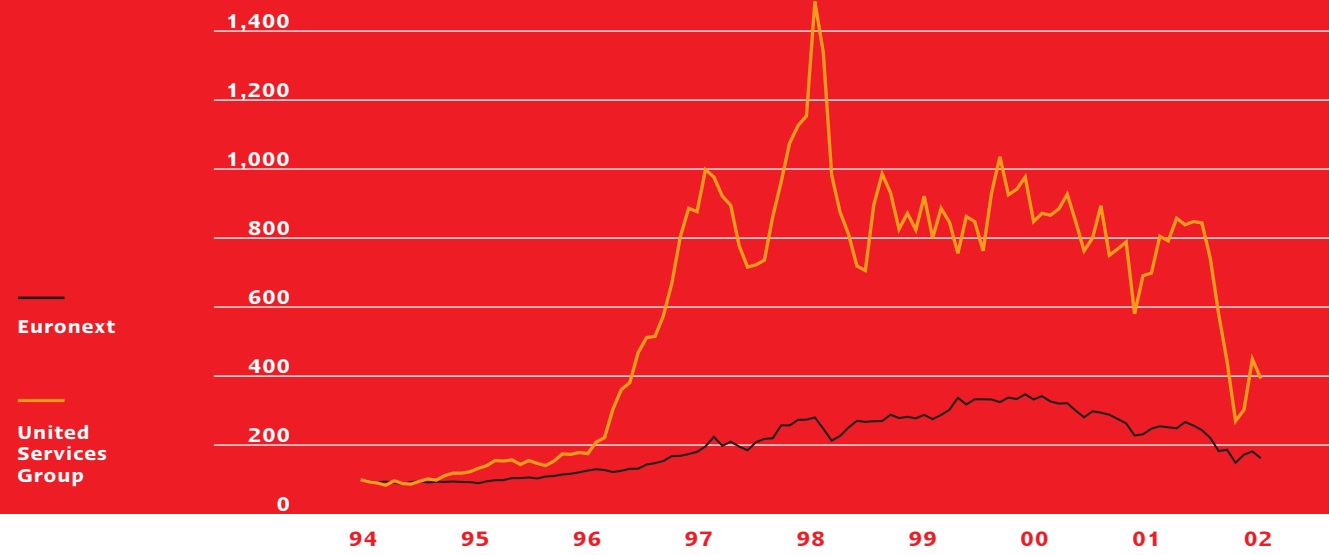
All amounts in thousands of euros unless stated otherwise

	2002	2001
Net turnover	1,104,527	600,402
Operating result	68,605	73,558
Depreciation charges on intangible fixed assets	9,170	7,016
Depreciation charges on tangible fixed assets	21,111	7,497
Cash flow	55,109	53,593
Net profit before amortisation of goodwill	33,998	46,096
Net profit	24,828	39,080
Dividend	11,342	13,124
Shareholders' equity	191,563	122,953
Investments in tangible fixed assets	22,082	52,506
Stock exchange value	241,815	441,172
Number of issued shares	22,684,302	20,190,918
Average numbers employed		
- on permanent contracts	4,247	1,784
- temporary and project staff	29,722	13,964
Number of branches	816	335

	2002	2001
Ratios as a percentage		
Operating result/net turnover	6.21%	12.25%
Net profit before amortisation of goodwill/net turnover	3.08%	7.68%
Net profit/net turnover	2.25%	6.51%
Profit distributed/net profit	45.68%	33.58%
Shareholders' equity/total equity	30.46%	33.46%
Per share in euros		
Net profit before amortisation of goodwill *	1.56	2.28
Net profit *	1.14	1.94
Cash flow *	2.52	2.65
Dividend	0.50	0.65
Shareholders' equity	8.77	6.09
Price at year end	10.66	21.85
Highest price	25.10	25.15
Lowest price	6.90	14.50

* 2002 based on the average number of issued shares, 2001 based on the total at year-end.

Development stock exchange index United Services Group N.V. versus index Euronext (1994=100)



INFORMATION ON THE SHARE & KEY DATES

From the Articles of Association:

1. United Services Group N.V. is a statutory two-tier company under Dutch law.
2. Any decision to amend the Articles of Association of the company requires a proposal by the Executive Board, which has been duly approved by the Supervisory Board.
3. Any proposal to amend the Articles of Association to be made to the General Meeting of Shareholders must be preceded by notification at the time the General Meeting of Shareholders is called, and at the same time a verbatim copy of the proposal containing the wording of the said amendment must be deposited at the office of the company and in Amsterdam at the offices of an institution associated with Euronext N.V., to be designated at the time the meeting is called, or be made available for consultation by shareholders and usufructuaries with voting rights, at no charge, at another payment office as per the Listing and Issuing Rules, until the end of the meeting.

Shares

Ordinary shares of € 1 par value

Listing:

Euronext N.V.

Number of shares issued as

per 31 December 2002:

22,684,302

(2001: 20,190,918)

Disclosure of major holdings

The following notifications have been received pursuant to the Disclosure of Major Holdings in

Listed Companies Act: Hovu Beheer N.V. **34.2%**

Shareholdings of members of the Executive Board

Ordinary shares **7,775,717**

Options **130,500**

- A.D. Mulder **37,334**
- Y.L.M.E. Dierckxsens **18,500**
- L.W. Houwen **37,333**
- R. Icke **37,333**

Shareholdings of members of the

Supervisory Board **none**

Dividend policy

The objectives of dividend policy are a dividend payout of approximately 1/3 of net profit. Shareholders may elect to take the dividend in cash or wholly in ordinary shares to be charged to the share premium or to other reserves.

Key dates

7 May 2003	Annual General Meeting of Shareholders and publication of first quarter figures
8 May 2003	Announcement of exchange ratio stock dividend
9 May 2003	Ex-dividend quotation
28 May 2003	Dividend payable
5 September 2003	Publication of half-year figures
21 November 2003	Publication third quarter figures
19 March 2004	Publication annual figures 2003
6 May 2004	Annual General Meeting of Shareholders

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 **united services
netherlands**

 **united services
belgium**

 **united services
germany**

 **united services
italy**

 **united services
spain**

 **united services
portugal**

 **united temping
services**

Proflex
Start
Start Kans
Start Opleidingen
TopStart
NL
NL, ES, IT, PT
NL
NL
NL

 **united office
services**

Ad Rem
Avenue Louise Interim
Secretary Plus
Short Track
Unique
United Capacity
NL
BE
NL, BE, DE
NL
NL, BE, DE, ES
NL, BE

 **united technical
services**

Technicum
United ICT Solutions
United Technical Solutions
United Technical Solutions Energy
NL
NL, BE
NL, BE
NL, DE, UK

 **united college**

Abel Tasman College
InterCollege
Luzac College
NA
NL
NL, BE

 **united
communications**

Call-IT
Telecom Direct
NL, BE
NL

 **united independent
services**

Fa-med
United Independent Solutions
NL
NL

Our brand strategy is largely determined by the scope of the specific markets where United Service Group is active. Consequently we serve the extensive temporary employment market with international brands including Start, Unique and Secretary Plus, and via many regional temporary employment businesses. The specialist activities such as project support, executive search, secondment and consultancy are carried out by three operating companies that focus on higher trained personnel. These companies include United Technical Solutions for technical specialists, United ICT Solutions for ICT-specialists and United Capacity for non-technical specialists.

In turn, each operating company has its own specialist area. The training and call center activities are operated by United College and United Communications respectively. Enabling for medical specialists and independent operators is provided by United Independent Services.

The hidden power of USG

‘The power of a business lies in the way people work together. The way they respect and inspire each other. How they encourage one another to innovation and enterprise. Their thinking around the market of tomorrow. Their sense of loyalty to the company.’



‘Start is marked by a healthy competitive spirit’

Name: Miranda Wallenburg-Kruit Age: 33 Position: unit manager business services and care Branch office: Start Almere

‘To be honest we were a bit dubious when we heard that Start had been taken over by the parent company of Unique. Most of all, we knew that Unique was a tightly organised company – and we wondered if we could keep our very special personality. After all, the way we worked was based on social commitment more than competition.

‘Now, nearly a year later, I see the positive way it’s all worked out. The deliberate choice to go forward with the Start brand leaves us free to take our specific approach. As a Start-person, that feels good. At the same time, in the workplace you see – increasingly clearly – the benefits of collaboration.

‘The first step was to introduce USG’s well-known Activity Planning. Obviously, here at Start we already had time planning per activity, but the big difference is that the USG approach is the same for all operating companies – and that makes it mutually interchangeable. The benefits are clear. In the past it was almost impossible for us to get a true comparison between branches and regions. Now it is. In just a while, at 4 o’clock, my service center manager will call and we’ll go through all the results together.

‘This branch office also acts as a pilot for implementation of the management information system (MIS) at all Start branches. This way you can get all your turnover data in real time – per employee if you like. And – very important – the system

gives you an overview of developments per client. As a supervisor this gives you the tools to steer the result more closely.

‘My colleagues also take a positive view of the new situation. They know precisely what they’re up against – what’s expected of them. They have to get “X” enrolments per week, “Y” placements and “Z” vacancies. If we all hit the quota, then you can work out in advance the turnover growth our branch will realise in the current financial year. The fact that it’s all so clear creates a healthy competitive spirit here. We’re all keen to make the grade, together.

‘Right now we’re in the final stages of rebuilding. The Start branch office in Almere will be moving in quite soon – and we’ll be opening the doors of our Almere Service Center. This will boost our readiness and optimise capacity – one more step to enhance competitiveness. Can you see it already happening? Absolutely. Take one example: together with our colleagues at Unique we were recently accepted as shadow supplier for a large potential client in the area. Working as a combination we can provide an even broader service offering. So, now we have a foot in the door!

‘Fortunately the market looks good in Almere. It’s a growing area with more and more companies settling here. That means between two and three thousand new jobs a year. Plenty of growth potential for suppliers of flexible labour.’

START & USG

'Obviously, someone like me who grew up in the Unique family, was going to be a bit sceptical about the acquisition of Start. We were always told that we had a special way of marketeering, a special approach. And, we were told that this marked us out from the rest. Then, suddenly you hear that you're going to work with a bigger competitor, under the same holding company.

'Sure, we had some critical questions. Like, how are we going to cover the market? Who is taking over who? And, most of all, how do we explain that these two separate brand names are going to provide the same service?

'In practice, so far, it's been hassle-free. In this area of Amsterdam, Start and Unique do meet up occasionally. And, we have found out that we're highly complementary! The mutual contact has already been very valuable with a number of clients who need a relatively large number of temps. But, all the same, what's most important is that we continue to operate, side-by-side, as independent brand names. From that angle we at Unique still consider ourselves as the "moral owners" of USG. Maybe this sounds a bit arrogant, but that's the way we feel. We've always been proud of being Unique – of everything we've achieved together.

'Even though 2002 wasn't an easy year, our branch office still posted the aimed-for turnover. You can see that there's a turn-

around in the employment market. Vacancies in Holland are dropping so we have to do far more to book the same results. Meanwhile, corporates and institutions are still looking for people with specific knowledge and skills. That goes especially for the Amsterdam South East area where a large number of international companies are located.

'It's our task to marry supply and demand. Is there a visible increase in job seekers? Well, enough candidates are coming in, in fact more than in the same period last year. But the level of education or experience still doesn't always mesh. So, we have to search just as hard for the right people as one or two years back. 'Looking at my personal challenges – I'm at a crossroads. As a project intermediary you often visit clients and I've found that relation management suits me just fine. I'd like to develop more in this area. That's my future in this business – as a service provider proactively thinking about the internal markets of our client organisations – and presenting solutions. Right now I'm talking with my manager about the next career step. But I'm not in a hurry. I'm in a good place here and my present position has plenty of potential for upward growth.'

Name: Angelique Rustemeijer Age: 26 Position: project-intermediary Branch office: Unique Amsterdam South East



**'We're proud of the
Unique brand name'**



Executive Board Chairman Alex Mulder:

‘We streamline the dynamics of the employment market’



2002 was a hectic and historic financial year. The acquisition of Start, the first ever profit warning, the possible inclusion in the Midcap (as per 4 March 2003 - now a fact) and the new dimension of international expansion. Executive Board Chairman Alex Mulder sets out the future lessons here for USG.

In the just over 30 years that Alex Mulder has headed United Services Group and its direct predecessor, Unique, he has never experienced the sort of developments seen in the past financial year. The secondment market for specialists, always notable for its stability, encountered an unparalleled drop in demand in every sector. Not only did this convincingly evidence that market developments have outdated the exclusive focus on a multi-niche strategy, but it also prompted a profit warning. For the first time ever at USG. 'We had expected a heavy shower of rain but it was a tropical storm,' said the Executive Board Chairman and major shareholder, on the seventh floor of the headquarters in Almere. 'We thought that we knew all the possible weather conditions, but for us this combination, in terms of its fierceness, was something new. Indeed, the same applied to our competitors. Certainly looking at sections of an always-tight labour market we had expected a more gradual transition in the higher segment of seconded knowledge-personnel. But the drop in demand was of such a volume that we were forced to take a critical look at how we cover that section of the market and how we steer our organisations.

'The good news is that everyone had to face reality again. We have to stay alert. And for proof that we are still keen you only have to look at our performance over the past several months. We successfully mobilised all available person- and brainpower to move several hundred people in the specialist segment, from the waiting room, into work. The second half-year also delivered solid proof of the importance of the Start acquisition for the stability of our results. They have only been included for just over six months, but it has already been demonstrated that the early-cycle nature of Start and USG's late cycle-nature - pre-acquisition - complement each other.

Helped by the positive impulse we have booked relatively good results. An operating result - ebit - of 7%, and this in a shrinking market is a result one can be pleased with. Put another way - a result one must surely be pleased with. The profit warning is still a thorn in our side.'

Midcap fund

There are a number of reasons why the financial year 2002 deserves a special mention in the annals of United Services Group. The acquisition of Start increased turnover by just over two-thirds and actually doubled the number of personnel. Moreover, USG was successfully proposed for a listing in the Midcap fund. This will increase name awareness among analysts and boost inclusion in the "shopping baskets" of index investors. At least that is the expectation.

Added to the poor-weather scenario, Alex Mulder can certainly look back on an unusually hectic year in the chair, particularly in the last two weeks of 2002. 'People often ask if we could have reacted faster to the changing market if we hadn't had the integration of Start on our plate at the same time. I don't think so. Sure, some details may not have been processed the way we are accustomed here. But that's all incidental, and it's academic anyway, because without Start we would have been much more vulnerable. The setbacks have shown the benefits of the acquisition faster than we expected -and that's good, for a whole lot of reasons. At the time of the acquisition many analysts took a wait-and-see stance. They thought we were wrong to shift from a multi-niche strategy, and that we were buying to grow at any price. Now, we're not totally negative on that, but it is a fact that as early as 2000 we said that our multi-niche strategy, although successful so far, required broader substance. Our report entitled "Success also demands change"

explained why, namely that our competitors have also discovered the specialist market, and to go on delivering added value in that force field you need greater scale. After all you want to go on investing in the best people and products. On top of that many clients want one-stop-shopping for all capacity problems.'

Ambition

So, the acquisition of Start was anything but a prestige matter, stresses Mulder. On the contrary, it slots neatly into USG's ambition to scale-up the temping, secondment and training operations needed to stay a successful player. 'Our people are our biggest asset and it is essential that they feel at home with us. To that end, linking up with another major player was mandatory. Start was exactly what we needed. A complementary business with a culture that matches better with us than we realised beforehand. This image of a civil service operation is all wrong. We have been very pleased by the attitude of the people at Start – that goes for their commercial stance and their keenness to collaborate. They like being part of USG. They were very aware of the need to link up with a market party with a much longer record of standing on its own two feet. That is a great foundation to go on building together.'

The need for European expansion was a second consideration for getting together with Start. Like USG, Start had amassed a considerable portfolio outside Holland – although there was some overlapping. Economic decline in the European Union and the upcoming expansion with new member states demanded rapid reorientation. The loss-making Start Germany was dismantled, branch offices in Poland and Russia were closed and activities in the Czech Republic and Slovakia were sold to local management.

'We decided to shift the focus onto our expansion abroad. We have developed a second home-market in Spain, we made rapid growth in Italy and we still have a presence in Germany with the branch offices of Unique and Secretary Plus. That means we already have national networks in three of the EU's largest economies. Now we need to look at expansion into France and the UK – where there is more promising growth potential.'

Encyclopaedias

Withdrawal from Central and Eastern Europe does not mean that USG is abandoning the potential of these relatively untapped markets. 'We're going for a different approach. We have bridgeheads that we can activate at any time. For instance, with the Czech Republic and Slovakia the companies we sold to management there is a buy-back clause at a pre-arranged price.'

For activities abroad USG applies differentiated marketeering. In potential growth markets the preference is for medium sized players with strong management. Combining back-offices will usually realise sufficient benefits of scale for these companies to earn back their purchase sum. Meanwhile, working on the basis of available infrastructure, the parent company has the chance to roll out its own success formulas. 'This has to be the optimal way for us to exploit the expertise we've built up in the very mature Dutch market. Local management plays a chief role here. They have to cover their own market with the tools we provide. And we have to ensure that a Spanish Secretary Plus operation has the same look and personality as the German variant. I tell my people that in the beginning it's like selling encyclopaedias. But, if you do it well, they'll buy the whole set!'

Succession

The fierce ongoing market dynamics, the benefits of scale achieved, plus ambitions in Europe, also impose heavier demands on the way the company is run. With this in mind the Executive Board has initiated a new model for corporate governance. This became operationally effective 1 January 2003 and comprises an Executive Board with a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO), supported by a Group Executive Committee. Alongside the CEO and CFO the committee has four more members with direct operational responsibilities. This will enhance transparency as well as our energy. We also underwrite contemporary views on good corporate governance.'

- **Does this change in corporate governance impact on your own functioning and position?**

'In fact, not very much really changes as far as I am concerned. The expectation is that we now have a better spread of operational responsibilities. As far as my position is concerned, as long as the staff, shareholders and Supervisory Board are happy with me, and my health permits, and I still get a kick out of working for the company, I'll stay on. After all, I'm only 'just' 56.'

Two words - and it clicks



Je hebt niet meer dan twee woorden nodig.

Het Direct Team

Als lid van het Direct Team geef je, in vaste dienst van Secretary Plus, assistentie aan het management van bedrijven in wisselende branches. Daardoor doe je meer werkervaring op, ben je constant bezig met je loopbaanontwikkeling en ontmoet je veel verschillende mensen. Direct Team leden beschikken daardoor over een breed netwerk, waarmee ze elkaar en Secretary Plus op de hoogte houden van de laatste ontwikkelingen op hun vakgebied. Lid worden van het Direct Team is een investering in jouw eigen toekomst. Met een goed salaris, een pensioen- en spaarregeling en een auto van de zaak. Meer weten over het werken in het Direct Team? Bel de dichtstbijzijnde vestiging of meld je aan via www.secretary-plus.nl.

MANAGEMENT SUPPORT
SECRETARY
Plus

ALMERE - AMSTERDAM - APeldoorn - ARNHEM - BREDA - EINDHOVEN - ENSCHEDE - GOUDA - 'S-GRAVENHAGE - GRONINGEN
HAARLEM - 'S-HERTOGENBOSCH - HOOGEVEEN - LEEUWARDEN - MAASTRICHT - ROTTERDAM - TILBURG - UTRECHT - ZWOLLE.

• **Are you already thinking about your succession?**

'This may sound weird, but you have to look at this all the time. An organisation must never be dependent on a single individual. And you have to ensure – from every possible angle – that there's no threat to continuity when a person in charge drops out. But, don't worry – there are safeguards around manageability and transparency. This is thanks to the way the Group Executive Committee operates as a team. So, that also applies at a given moment or when circumstances dictate that we are ready for a new person in the chair. Would I find it difficult to leave the company I've personally helped to build up? No, saying goodbye is not a problem. In any case, mostly I feel like I'm an observer. Watching and drawing his conclusions. I didn't even have any problems when Unique merged into USG – even though it's a bit like my first love.'

• **You are one of the last temp-pioneers who is active in the boardroom on a daily basis.**

'That's right. But I was one of the last to start in 1972. All the same, USG is one of the very few companies where all the people at the top have spent most of their careers in this business. I think that's a big advantage. In the past a lot of people in senior positions at our competitors had matured in other industries. I'm not saying that's bad by definition, but I do stress that this is above all a people business. And you need a special feeling to do it well – even now that the industry has grown up.'

• **Talking of maturity, 4% of the working population use a temp-employment or secondment agency to find a job. Is that really the ceiling?**

'As far as traditional temp work is concerned, yes – for the time being. But over the years our work has shifted to a broader platform. We streamline the dynamics of the employment market. So, our market is as broad as we care to define it. Given the trend towards individualisation I see no halt in growth of potential – for the meantime. We help individuals in the way they detail their own work environments. They could be independent operators without personnel or specialists who prefer to work on a project basis. We train them for the new challenges. We provide the facilities to out-source non-core activities. For example, our call centers take over their customer care. We have already made a massive change in our "work scene". And I can see even greater acceleration here. For instance, why not a major contribution to familiarisation of immigrants? After all, we have all the skills in-house.'

• **Five years from now, what will be USG's most striking core-competency?**

'As service providers we must foresee the needs of employment markets, better than other people. And we must translate these needs into customised products and services. And as an organisation we must have the quality and infrastructure for a rapid launch of newly developed formulas on the market. I reckon that we're already half way down that road.'



'The good news is that everyone had to face reality again.'

A man in a red jacket is shown in profile, looking upwards and to the right, pointing his right hand towards a large blue sail. The background is a bright blue sky with the rigging of a sailboat visible. The overall scene is outdoors and appears to be on a boat.

Focus on cost controls and

The financial choices of CFO Ron Icke

cash flow

All in all Chief Financial Officer Ron Icke is not unhappy with the past financial year. A good result was booked, despite a troublesome market climate. In 2003 the particular financial focus will be on cost controls and cash flow.

Two events struck Ron Icke during the financial year. First was the successful refinancing of loans totalling around € 100 million. 'Back in 2001 we made six acquisitions and part of the prices were financed with short-term loans,' explains USG's Chief Financial Officer. 'Looking at the balance sheet ratios it is desirable that fixed assets are also long-funded. Together with the fact that interest was relatively low, this was reason enough to talk with the banks and seek agreements on longer term financing. That worked out just fine.' Icke's second crowning achievement was the three-times over-subscribed issue to finance the Start acquisition. 'We brought in the € 43 million we needed - for which we issued a total of 2 million new shares. Dilution? Not really. In exchange, Start brought us a very considerable profit capacity. That has been evidenced very clearly since the consolidation of results as from June. In a stable market we could certainly have shown the same earnings per share (EPS) as in previous years. Now our EPS comes to € 1.56. So, that's in line with the downward adjustment in the profit warning we had to issue.

Ron Icke prefers transparency and simplicity when it comes to presenting USG's financial challenges. He believes that three foundations underpin meaningful financial management: limiting costs of borrowed capital as far as possible, optimal and

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'Alongside the expected cost reduction and the lower fiscal burden, over the next twelve months our level of investment will also be lower than in previous years.'

creative exploitation of the fiscal position, and – something that is vital in a company with a broad service package like USG – optimal streamlining of cash flow.

'The refinancing in 2002 reduced our financing charges to a very acceptable level. So, in the shorter term we don't need to change much around our balance sheet ratio. Another point in our favour is that after closing the unprofitable Start branch offices in Germany we have a generous, additional loss-compensation of € 17 million at our disposal. This means Start will only have a very light tax burden in the next financial year – maybe even zero. On top of that we have direct cost savings of € 10 million due to factors including merging Start's back-offices with the rest of USG. This will largely be completed during the year ahead. The integration proceeds more smoothly than we had expected.'

Watch point

The most crucial watch point, according to Ron Icke, is the expected positive development in cash flow. Temping and secondment are already strong, net cash yielding businesses and measures for the coming year will lever this positively. 'Alongside the expected cost reduction and the lower fiscal burden, over the next twelve months our level of investment will also be lower than in previous years. We have made the important acquisitions required by our up-scaling strategy. The priority in the coming year will be to realise synergetic benefits. Meanwhile, we have a high level of depreciation charges. To take an example, over the past several years we

have devoted massive capital expenditure to central ICT-systems.

'Cancelling one thing out against the other, one can reasonably assume very favourable cash flow in 2003 – so that there will be further improvement in the balance sheet position.'

Just under a million

Icke also sees another way to help expand cash flow. Very substantial benefits can be realised by further reducing DSOs. These "Days Sales Outstanding" are the average number of days it takes for invoices to be settled.

'In Spain, it takes 110 days for invoices to be settled. We reckon that in due course this can be reduced to around 80 days. We are also working hard to boost receivables management – among other things – within our back-office activities. There's a very interesting stake here. If you can reduce the DSO by 30% this soon yields € 15 million extra cash at the average Spanish branch office and just under a million less in interest charges. That's no chicken feed!'

'I expect the initial results in the first half of this year. The Spanish USG-organisation will centralise invoicing and collection using a standardised procedure. Streamlining receivables management is also largely a cultural thing. Your staff have to realise that an invoice can only be booked as turnover when the income goes in the bank.'



Leo Houwen, Executive Vice President, Group Executive Committee:

‘The Midcap listing levers publicity’



USG is growing in Holland and the rest of Europe. Upping the contribution to the industry as a whole is only appropriate. Executive Vice President Leo Houwen is a strong proponent of this – and more. Investor relations – getting close to actual and prospective investors – steadily takes up more space in his diary. ‘In a publicly listed company this has to be cherished as a core competency.’

As Holland's top-but-one service provider in temping and secondment you have a certain responsibility. That goes for your own organisation and for the industry as a whole. In his broadly defined position as the man with prime responsibility for Investor & Public Relations, Marketing and Product Development, Executive Vice President Leo Houwen prioritises the challenge of representing and defending the interest of the industry and of USG.

This is evidenced by his vice-chairmanship of the Dutch industry-wide body ABU. Leo Houwen also ensures USG's interests within the European context of CIETT (Confédération Internationale des Entreprises de Travail Temporaire). In both capacities he is intensively involved in several issues with a potential major impact on the future of the temping industry, within the next several years.

'In Holland right now, within the ABU, we are looking at recommendations to parliament, to reassess the Flexibility and Security Act. This important legislation for our industry will be evaluated in operational terms and for effectiveness in 2003. Self evidently, as the industry body it is up to us to make our voice heard,' says Leo Houwen.

Concessions

According to Houwen, there is a broad consensus within the industrial association that the law ensures a degree of self-regulation. However, this is counter-productive. 'The fact that flexible work contracts have been placed in a legal framework has boosted social acceptance of flexible employment. Another plus point of the new law is the increase of the temp-period to twelve months – in principle.

'But, at the same time, it has to be said that too many con-

cessions have been made around providing security. It's now clear that a number of – in principle – large groupings – are not keen on the standard contract the act requires us to offer. There is a threat here that, on the rebound, temp and secondment agencies are going to be more cautious with intakes. We have to bear in mind that every new intake could turn into a long-term working relationship. In practice this often means unnecessarily tough selection criteria.

'The burden of administrative costs is already high and this pushes it higher. It also impacts negatively on the deployment of those people who are at a greater distance from the jobs market. This means the long-term unemployed, the disabled and people without much work experience. Let's not forget here that the temporary employment industry helps around 170,000 in this category to get jobs every year. So, in that sense the Act is counter-productive. It should be possible to differentiate between the various groups of flexi-workers.'

Apart from this flaw, Houwen and the ABU are also critical of detailed aspects. Under the present Act flexi-workers are entitled to training after six months. In practice, only a few of them exercise this right. 'But, in the meantime, the temping business has to form reserves for this. The same goes for accrual of pension rights. And, here again, far from all flexi-workers require this. In Houwen's considered opinion these are two more points where the Act and the related covenant need fine-tuning.

Another thorn in the side of the Dutch temping industry is that employers have to go on paying sick personnel for up to two years – even if the individual works just one day as a temp! 'The industry thinks this is unfair. As a rule, flexi-work-

‘We need to create the potential for a dedicated approach in terms of various groups of flexi-workers.’

ers are sick more often than people in permanent employment. That's logical. There's not such a strong link with the employer and, to a degree, temping acts as a safety net for the jobs market. But we still have to meet the same standards as the average employer in a "normal" working relationship. Talking as the ABU, and looking at a possible revision of the Act, we propose so-called "reference requirement". In future the obligation for employers in the temping and secondment sector would only come into force if the person had been employed for at least six months. In view of our special position in the employment market we believe that we are entitled to be treated as an exception.'

Proactive lobby

Meanwhile, another development is underway on the EU front. The European parliament will soon be considering a proposal to pay temp employers in member states on a level comparative with people in the same position, in full time employment. This is the so-called "equal pay principle". 'If rigidly applied it will mean that you isolate the hard-to-place group even further. And this goes even more if you also include fringe benefits and tertiary terms of employment as a matter of principle.'

'Under these conditions, people who are less easy to place anyway, get priced further out of the market. In practice that means some sort of unemployment benefit. And, at the end of the day, the temp agencies, as professional intermediaries, will have to turn them away. That's what I'm frightened of. The five-nation CIETT, which includes national industrial associations and market players, is actively lobbying Euro parliamentarians about the potential socio-economic dangers here.'

Roadshows

Alongside ancillary activities around lobbying and protection of interests, investor relations – generating and maintaining contacts with actual and potential investors – also take up more space in Leo Houwen's diary. 'As a publicly listed company you have to cherish this as a core competency. This is something we have learned. Together with our CFO, Ron Icke, we hold regular roadshows. And we try to meet our major shareholders and the key market parties at least twice a year – personally.'

Again and again Houwen finds that most investors are surprised at the relative under valuation of USG's share. 'The good news is that they see it as a very promising share. And, sure enough, we can show a great track record. Since 1997 we have always outperformed predicted profit growth by on average 15% per share. The only exception was last financial year, when the economic downturn obliged us to issue a profit warning. But, don't forget we are still showing a very solid profit.'

'The USA and UK received the acquisition of Start particularly well. In fact, we had more problems convincing Dutch market parties. But with Start positively contributing to our result since the third quarter of 2002, the wind seems to have changed. That's good news. Now, we have to wait for a visible economic shift. We know from experience that with GNP growth of between 1.5 and 2% the temp market starts to show clear growth again. Thanks to the fact that with Start we are also benefiting from the early cyclical effect, you find that most investors are ready to buy more – substantially – at the first positive signal.'

Another positive point is that USG has been listed in the Midcap index (AMX) since March 2003. Midcap is part of the Amsterdam stock exchange Euronext. 'This promotion to Midcap levers publicity. More analysts will be following USG and we will be more interesting for international institutional investors who prefer to have AEX and Midcap stocks in their shopping baskets. All in all you can look for increased trading in the USG share, and that is bound to have a positive impact on price formation.'





The need for strategic reconnaissance

Hans Coffeng

‘Everyone here knows and accepts his or her own responsibility’

Yvan Dierckxsens

Erwin van Iersel

What exactly is the driving force underlying USG? What's the significance of the Start acquisition? And what is the role of the small and medium enterprise sector in a changing economy? Erwin van Iersel, Hans Coffeng and Yvan Dierckxsens (Executive Vice-Presidents on the Group Executive Committee) look at the longer-term outlooks for these and other questions

Managers often fail to take the time to consider strategic topics, like the differential character of their own organisation and the development of key competencies.

Erwin van Iersel, Hans Coffeng and Yvan Dierckxsens are respectively responsible for Start in the Netherlands and Italy, for United Technical Services and United Office Services in the Netherlands and Germany, and for all USG activities in Spain, Belgium and Portugal. All three recognise the pitfalls. To this end they – with their other three colleagues on the Group Executive Committee – have a regular agreement to get away from the day-to-day reality and spend quality time studying the horizon.

All agreed that this annual report was a good place to start. They philosophised about the real power underlying USG. What sets 50 to 55,000 temps and seconded staff to work with hundreds of clients, every day. It's an achievement that never fails to make them proud.

Hans Coffeng: 'The real power that makes us different is in our people. Their motivation, professionalism and pragmatism. Sure, I know that our competitors will say the same thing. But for them it's not combined with the power of a large number of different market formulas. Each of these formulas capitalises on developments in segments of the employment market. This combination explains the power of USG.'

Erwin van Iersel: 'The arrival of Start has made the social involvement more visible. Before that USG's image was commercially oriented. Now we have the socially committed feeling as well. That's good.'

Yvan Dierckxsens: 'We have a broad client base. And in every case we are increasingly in position to supply a customised product. That adds up to a change-oriented, flexible and market-focused organisation. Obviously, there are bits where we can improve. But, on balance, this is what makes us special.'

Newcomer

Coffeng: 'With us every market formula has its own infrastructure. People who work there with pride. A dedicated counter for clients, and our back-office. A lot of competitors have a single, dominating brand. What happens is that a whole lot of ancillary activities are cannibalised – as it were pulled into that one brand. This makes a standard grey mush.

And at the end of the day this is a disadvantage in a strongly segmented marketplace.'

Dierckxsens: 'Our separation of front and back-office activities is also much more cost efficient. With us, the "enabling" operation also has to keep the internal clients happy. And that indirectly benefits our clients because of the improved service and greater cost efficiency.'

Van Iersel: 'At USG you see how well the support is organised. Training for individual staff is a major priority. And we have a whole cupboard full of well-tested tools for more effective and successful marketeering in their cultural setting. As a relative newcomer in the company what struck me is the way everyone here accepts his or her own responsibility. Nobody gives strict written instructions. You have a lot of independence – as long as you meet your targets.'

Dierckxsens: 'Another point you mustn't forget is how we focus on the small to medium enterprise segment. With the economic turnaround you suddenly see the competition has rediscovered this segment. But the real volume players have trouble in shifting their sights. If you've always been used to clients with three or four hundred-plus vacancies at a time, you can't make the transition just like that. Vice-versa we now have the benefit of Start's experience and network of relations when it comes to bigger companies. On top of that we are less dependent on the economic ups and downs – with early cycle Start in combination with the "old" late-cycle USG. In fact, the first sign of economic recovery is in the provision of lower-qualified staff. And, soon, that's where we will be scoring with Start.'

Van Iersel: 'Obviously, the volume segment isn't Start's only target. The small to medium enterprise segment is also a regular customer. We carried out a successful diversification programme some time back. It's paying off now and that also helps explain why the integration has been running so smoothly.'

Mutual learning

Coffeng: 'More and more the marketplace calls for customised work. Clients are more demanding – temping is not a commodity.'

Dierckxsens: 'Upscaling and internationalisation are increasingly urgent issues. You can already see the benefits of the



cross-fertilisation between the five countries where we operate. What strikes me is that it's not a one-way traffic from the mature Dutch market to the "little guys". For instance, our people in Belgium can close a contract with around four visits – that's less than in Holland. What's the lesson here? Is the Dutch market so different? This is all very inspiring and challenging for the parent company.'

Temping pioneer

Van Iersel: 'Another positive differential is the wide experience in temping and secondment at the top of the company. Naturally, Alex (Mulder), the only temping pioneer, is still active on a daily basis, but everyone on the Group Executive Committee has at least ten years experience in the business.'

Coffeng: 'If you look at the industry – at many of our competitors – you'll see that a new generation has come to the top. The way they act, the way they think, is strictly rational. Almost detached at times. Sure, we're also a new generation, but we can also rely on that good-old gut feeling. Back in the early 1990s we experienced a situation like we're going through today. That experience is worth its weight in gold.'

Van Iersel: 'But our role is changing. Ten years back USG was a market-follower, now we are a trendsetter. We are a pioneering player in many areas. And, increasingly, our voice is heard when it comes to issues that impact the industry as a whole. It can take some getting used to. All the same it's a fact and it goes with our market position today.'

Dierckxsens: 'Resting on your laurels, thinking, "we're so great", can be very dangerous. Look around, there are plenty of victims of this mindset.'

Coffeng: 'It's good to be aware of that pitfall. But in our case I don't believe it really applies to that degree. At USG there's still a feeling that we are the small guys and we have to go on proving ourselves. That gives us an edge. From the management angle it will be a challenge to keep that feeling fresh and even make it stronger.'

Dierckxsens: 'At the same time we have to learn better how to make the wider public aware of our plus points. USG seems too much of a modest champion. You see that from the relative undervaluing of our share.'

Van Iersel: 'Agreed, we have to learn to communicate better with the outside world. The approach in this annual report is an important example. But it can't just stop here.'

Coffeng: 'Our key competency in – say – five years from now? We have to keep that decisiveness and at the same time fine-tune our formulas to increasingly smaller and faster moving target groups. We have to adjust to ongoing change, much more than we do now. We must combine that flexibility with an even higher level of cost efficiency.'

Dierckxsens: 'The thing we have to cherish most is the willingness to go on being successful. You can only inspire other people to do better if you yourself radiate enthusiasm and commitment.'

The temping business of tomorrow

Just like big business, the small to medium enterprise sector is increasingly dependent on the input of flexible labour. For companies with less than 100 personnel, hiring specialists on a project basis, or temps, to streamline peak pressure is as popular as with mega corporations.

As well as looking after the interests of the Dutch small and medium enterprise association (MKB-Nederland), I am also a businessman and a member of the supervisory boards of several companies. So, I believe I can claim a position at the heart of business on a daily basis. And, based on experience I can safely state that the greatest priority for small to medium enterprises is boosting internal flexibility. One option is to hire people almost off the street, without knowing if they will fit in with the team. But it makes better sense to craft your own organisation and network to enable sustainable adjustment to moving demand in the marketplace, or to ongoing developments.

At MKB-Nederland we also seek to anticipate. To that end we have developed a proposal to get away from the set 40-hour working week enshrined in Holland's industry-wide labour agreements (CAOs). Instead, the employee and employer would undertake to supply and deliver a minimum of 500 working hours per quarter. It would be up to the parties on the work floor to arrange details of the hours worked. At the same time, the present rules around termination of employment

would be simplified and a system of short-term leave would be introduced.

For suppliers of flexible labour there is also an interesting challenge here and they will have to reconfigure their service offering. Pools of specialised personnel and broadly oriented professionals are the future. They will be on call for client companies. The temp supply businesses and the industrial association will organise training and updating of knowledge and expertise. In turn, the client companies will have to ensure a fair spread of quality and capacity and watch out for cannibalisation of the talent-pool when the brightest people and handiest craftsmen are picked out and offered a permanent job.

Obviously, I realise that this is hardly an earth shattering idea. I also know that

cannibalisation in particular has spoiled previous initiatives. All the same this is no reason to give up. However, a prerequisite would be for temp businesses to alter their proposition. Much more than they have done so far, they must develop into fully-fledged partners in all possible ways and means of increasing flexibility for every personnel type and capacity.

In some cases that may require a culture-change. Many temp-businesses still take a passive stance and only go into action when I have a question. The day of the classic suppliers has passed – of that I am certain.

The future belongs to players who can tell business people in a given sector, the type of people they will need in the next several years – and what skills they will need.

Next, they will ensure a detailed training path for the candidates who are selected.

The temping business of tomorrow will also need to alter its stance vis-à-vis the talent they supply. To make it attractive to be in a pool there must be intensive career coaching plus project planning tailored to the individual. That will be mandatory to bring the people in.

Is this star gazing? I think not, and here and there I already see progressive suppliers of flexible labour making an interesting start. And, yes, I reckon that United Services Group is one of them.



Hans de Boer,
Chairman
MKB-Nederland

Madrid and Barcelona together under the Unique roof

‘We’re growing against the flow. It makes you feel like a winner’

In Spain the flexible employment market is still young and still growing. In 1994 a change in the law to enable the large-scale deployment of temps signalled a steep rise in demand for both temps and seconded specialist personnel. Up to two years back growth was at 35% and more. And in 2000 there was still a very respectable 12%. Then came a turn-around, partly due to the economic headwind and partly due to government measures whereby temps would be paid the same as regular employees in similar positions. The fact that flexible employment in Spain also carries relatively higher social security charges than for regular employees, also makes Spain's temps relatively more expensive than “regulars”, and this impacts negatively on the trend.

However, this is only temporary, stresses Virgili Sáez, managing director of Unique España. ‘Last year we saw the sector shrink by 1.5% and this financial year we expect negative growth of 5%. All the same, we expect positive growth again in 2003. Spanish managers and directors are now familiar with flexible employment, and if the economy shortly starts a cautious recovery, the initial capacity problems will be solved by deploying flexible personnel. Moreover, the same salary levels have boosted the image significantly. We now have access to a broader group of higher-trained flexi-workers, which means higher income per contract.’

Against the background of these developments Unique in Spain has performed relatively well this year, according to Virgili Sáez. ‘Our 2002 turnover was up 4.7% at € 38.1 million, giving us a market share of around 2.5%. That means we rank number 10 among Spanish temping companies. If you add on the results of our sister company People we actually rank in

After several acquisitions Spain is now United Services Group’s second home market. Virgili Sáez, General Manager of Unique in Spain, is optimistic about future chances. ‘We predict turnover up at least 10%, against moderate economic growth.’



'We're on the right road'

From several angles, 2002 was also not the easiest year in Belgium, Germany and Italy, the other countries where USG is active. 'To be honest, we had a difficult year,' says François Sepulchre, commercial director at Unique Interim in Belgium. We were able to stabilise turnover, temp-hours dropped by 5%. Fortunately, unlike some competitors we didn't have to get into discounting.'

'Ways to improve in 2003 include better training for our consultants to improve deployability of our temps - whose availability is being boosted by unemployment - but also for the professional support of our clients. So, for example, we have time management courses for our clients' personnel. Because the small to medium enterprise sector is very short on ways and means in this area, we are adding value.'

There is also some potential in cost reductions. 'Sometimes just small things. We let the opening of the four new offices go ahead in 2002, because this is investing in future growth. Indeed, there certainly is growth potential. Certain economic sectors, like construction, look hopeful. It was only opened up for flexi-work in 2003. This sort of development is good news. McKinsey, the management consultancy firm, predicts an average 10% annual growth in the temp industry. We should be able to benefit from that.'

Logo

Germany also had a difficult market climate. 'We made a loss last year,' says Joachim Harder, operations manager of Secretary Plus in Germany. The company has four relatively new branch offices - in Essen, Cologne, Dusseldorf and Frankfurt. Harder aims for break-even this year. To this end, in view of the economic situation he will also be making cost reductions. One of his first decisions on joining the company in August 2002 was to stop newspaper subscriptions at the various branch offices. 'You

can read the newspaper at home! It's not just the amount, but you have to give a signal.'

Even more important is making contact with potential clients. Obviously, they invest a lot of energy in this. And Harder makes personal visits to companies that were clients in the past. 'I check them out. Mailings, a phone call, then a visit - if that's OK with them. I want to win them back.'

2002 was also a difficult year for Italy, admits Maurizio Gamberini, managing director of Start Italy. To realise the objective of break-even in the second half of 2003 firm action must be taken on both costs and efficiency. With this in mind Gamberini has closed six less profitable offices.

Even so, the managing director is still optimistic: 'Our aim for 2003 is to double the level of turnover in 2002. That may look difficult but I reckon it can be done. In fact all we have to do is repeat our performances in 2002. Last year we added around one thousand new clients to the three hundred already on the books. If we acquire the same amount again, say nine hundred, we'll be there.'

'The Italian market climate differs from most other European countries. Here we have just under four million businesses, and only 25,000 of them use temps. That's an opening. And we are also in an interesting part of the market. Our competitors mainly look after large companies. Now, those companies are having a tough time and they are economising in a big way on labour. We are in the smaller and medium enterprise sector which is performing relatively better.'

'Keep going, we're on the right road. Repeat last year's performance.' That was also the message in Gamberini's New Year address to his staff. 'It will be a tough haul' he sums up, 'but I reckon we'll succeed.'



the top five. And we are sure to move up a few places in the next several years. The strategic focus on the small and medium enterprise market gives us a clear competitive edge where this category accounts for 90% of the GNP. Moreover, the synergetic benefits are starting to impact on our cost efficiency and marketeering.'

Rivalry

Last financial year moves to make Spain a second home market accelerated with the acquisition of Start. Among other operations, Start brought in its Spanish subsidiary People. People is a medium sized player with 117 branches in Spain and Portugal. This acquisition reinforced USG's presence in the Spanish growth market. A strong bridgehead had already been established here with the acquisition of the mainly regional temp businesses, Tempíber and Ecatemp, with a total of 29 branch offices.

The strategic thinking behind this latest acquisition was clear – to create bases from which to penetrate the most important economic growth markets of Barcelona (Ecatemp) and Madrid (Tempíber) enabling effective coverage of the Spanish market. This ambition was supported by the acquisition of People. Together People and Unique (the new brand names of Tempíber/Ecatemp) have a more than adequate scale to cost-effectively build up a national network. Combining the back-office activities of Unique and People in the new United Services Spain can enable significant cost and efficiency benefits. The two parties will also benefit from the parent company's knowledge and experience in penetrating a relatively new market.

In the meantime a large part of the promised synergetic benefits has been secured. Sáez, the founder of Ecatemp: 'Our support services – the back-office activities – and the head offices of the various operating companies are now all based in a single, central HQ in Madrid. After the usual start-up problems, this means substantial cost reductions for all parties.

'In the meantime we have implemented essential training programmes and followed these up with field-training and coaching in the local branch office network. The staff have learned skills like making visits to clients more result-focused – in the sense of closing contracts. This has significantly improved our marketing and sales efforts. Last year it took 19 visits to secure a new client – in the last three quarters the average was around 10. Time management has also improved enormously in cooperation with USG. That's partly thanks to implementation of USG's commercial management information system.'

But does the traditional rivalry between Madrid and Barcelona hamper the amalgamation? Virgili Sáez shakes his head. 'The Spanish temping industry has a dominating pioneer culture.

Sáez, founder of Ecatemp: 'Our support services – the back-office activities – and the HQs of the various operating companies are already based at a central head office in Madrid.'

This enables us to get around petty rivalry. Quite soon you get a team feeling. And, we're growing against the flow. It makes you feel like a winner.'

Knowledge edge

Precisely because of the pioneer nature of the Spanish flexi-market Unique and People benefit extra from membership of one the largest companies in the industry. 'Thinking around flexible employment is much further developed in Western Europe, and notably in Holland, than in Spain. We benefit from the professional experience and knowledge that USG has amassed over the years. And this gives us an edge in our marketplace.'

Given the knowledge edge Sáez is certain that all the Spanish subsidiaries will increase market share again in 2003. He also sees a rise in profitability. Looking at his own Unique he promises: 'We will focus more on the placing of higher trained specialists, particularly in the administrative sector. Not only is there growing demand here in the small to medium enterprise sector, but there's a higher gross margin on these contracts. We predict upward turnover by at least 10% against moderate economic growth. And partly thanks to the upcoming synergetic benefits, there will also be a positive trend in our net return.'



New Supervisory Board Director
Bert de Vries:

‘USG & Start combination is a logical calculation’

As chairman of Stichting Start former Dutch minister Bert de Vries carried some of the responsibility for the acquisition by USG. As a Supervisory Director of the collaborative model his tasks include overseeing an optimal integration. ‘The contrasts are much less than the world outside expected.’

‘Start already had a major cultural change behind it. Over the past several years the company has become unmistakably more profit-oriented and more efficient. But this period also increasingly exposed the weaknesses of the independent model.’

As the former chairman of Stichting Start, previously the 100% shareholder of Start, Bert de Vries is uniquely aware of the considerations at the time of the acquisition by United Services Group. ‘There was too little focus on building up the financial resistance needed by a healthy company,’ recalls the former minister of social affairs and employment and prominent CDA politician. ‘And people had been too optimistic with some foreign adventures, particularly in Germany. And when the temp-market went into stagnation, it was very clear that Start on its own could not establish order in its own house and realise the foreign ambitions. As the sole shareholder we had repeatedly stressed that something must be done in good time. But now we had a situation where we saw the need to find a suitable partner and so realise an adequate scale.’

‘For me, Start’s decision to choose USG as a partner was a logical calculation. One rational motive was that Start and USG’s activities combined seamlessly. USG is strong in placing specialists at various levels. And with Start there is clearly a higher volume of people with less schooling as temps for industry. In principle the specialist segment comes later in the

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economic cycle. That means companies hold on for a relatively longer time after an economic turnaround before they let go or re-hire temporary knowledge personnel and people with specific skills. In the bulk segment it works vice-versa. Our conclusion was that as a combination both companies would be less vulnerable to economic swings.

'We also reckoned that the cultural differences were much less than the outside world tended to think. Certainly, Start's culture background has a strong social tint. A culture aimed at getting the long-term unemployed back to work had been at the core for a long time. In those days our symbol was the wheelbarrow – very appropriate at the time. But – I stress

In his new role as USG Supervisory Director Bert de Vries will closely monitor the progress of integration. For some while he had been worried about the dangers of a reversed takeover. 'In terms of the workforce, Start was twice as big as United Services Group. In the meantime I've got to know USG as a very tightly run, dynamic and creative business. But, at the same time, I have wondered if integrating such a large partner would not over-burden existing management in terms of time and creativity. Could they manage it? And might day to day supervision of the operation suffer?'

Although De Vries sees no pointers in that direction, it was one reason why he warmly welcomed the proposal of the

'MEANWHILE REORGANISATION ABROAD PROCEEDS APACE, WITH A STRONG FOCUS ON COMPLEMENTARITY IN THE NETWORK'

again – that has changed, although we believed that potential partners should also empathise with this mission and make room for it. We discussed this very frankly with USG and soon found common ground'. 'Don't get me wrong, they aim to maximise earnings per share, but they believe that the way to do this is to build up sustainable relationships with clients. This is an area where Start can offer added value. In turn, USG can implement its tried and trusted business model and formula for marketeering. Not counting the cost benefits of combining the back-offices, these were the key synergetic effects we had in our sights.'

Less vulnerable

In the meantime, Start is now part of the United Services Group, and Bert de Vries and his colleague Marike van Lier Lels have joined USG's main Supervisory Board. De Vries's special area is 'social issues'. It has also become clear that some of the past assumptions are actually working out in practice. Bert de Vries, in his temporary offices in the CDA party HQ in The Hague puts it this way: 'The results of the last two quarters of 2002 (the results of Start have been consolidated since 1 June 2002, ed.) have shown that USG with Start is less vulnerable to economic swings. The fact that the positive effect is already visible is good for the integration.

'Meanwhile, reorganisation abroad proceeds apace, with a strong focus on complementarity in the network. And where activities overlap or there is insufficient growth potential – a line is drawn. For example, that has happened in Germany. I'm behind this policy. Then there are savings in the short term. Start was going to move into a new head office in Gouda. We calculated that out of the 15,000 square metres, we didn't actually need more than one third.'

Executive Board to amend the existing formula for corporate governance. 'We have decided on a model with a Group Executive Committee, steered by an Executive Board with members including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). They form part of the Group Executive Committee, with four more members. These people have operational leadership of the various parts of the business. This gives you more transparent governance than with the current, four-person formula. It's also clearer for the outside world exactly who is responsible for what. This way you also combine more knowledge and expertise – and it shows. You also enhance the capacity of the Executive Board – and hence your governance potential.'

More commercial

So far, according to De Vries, the intertwining of the two cultures is also exemplary. 'Sure enough, the perceived differences were less than imagined, certainly from the outside. Right from the start USG's approach was primarily to look for common ground and not for differences. That works. The average person at USG is a bit more commercial than at Start. Vice-versa, the Start people have a very caring and individual approach. They also have windows into companies and institutions where it used to be difficult for USG to penetrate.'

Looking at his own functioning as a Supervisory Director Bert de Vries can be brief. 'As a former politician and minister I know the socio-political playing field pretty well. I also know something about the employment market. I'm at home with figures, and being an economist and a member of other supervisory boards, I have a good overview – from that angle I can also look after the interests of the company. I reckon that it will work out.'



'We should

listen better'

THE MASTER CLASS OF 2002 WAS VERY SPECIAL.

FACILITY MANAGER RON ZADELAAR
WAS A HAPPY PARTICIPANT,
WITH ENHANCED INSIGHTS INTO
THE BUSINESS CULTURE OF USG.
'YOU LEARN TO SEE YOUR OWN
ORGANISATION AND YOUR
FUNCTIONING THROUGH A NEW
SET OF GLASSES.'

Looking back, the task of the master class may have been rather ambitious. But now, a few months after submitting the final report, Zadelaar counts it as a success. The excursion as a cultural researcher had a real influence on his insights and approach as the leader of a team of around 50 personnel. 'You look at your own organisation and functioning through a new set of glasses,' says Zadelaar. 'So, you have a better idea of what makes your colleagues act the way they do. I notice that I empathise more easily and that I'm more aware of the need to be clear about what is expected of us. This project has made me consider things that I was never or hardly aware of in the past.'

Ron Zadelaar was among the fourteen participants in USG's annual management development programme. As Facility

atre the force fields comprise service-orientation and competitive power.

Profit

All respondents agreed that there was still plenty of scope for a number of operations to score better around external service. 'Obviously, it differs per operating company, but most of the respondents said that too much energy and attention was focused on internal processes and internal competition. Certainly that fulfils a goal by keeping our working methods efficient and cost-conscious. But very clearly it can also erode our client-orientation and our picture of the balance in the marketplace. We should involve clients more in developing processes and working methods. We should listen better to

'CLIENTS SHOULD BE MORE INVOLVED IN DEVELOPING PROCESSES AND WORKING METHODS'

Manager with United Services Netherlands he was selected for the master class. This is a special programme designed for so-called high potentials. The master class focuses on development of knowledge and expertise across a range of areas, including financial management, leadership style, marketing, communication and translating strategic principles into day-to-day policy.

Special assignment

The clincher every year is a special assignment set by the Group Executive Committee. The "Class of 2002" faced a daunting question: portray USG's desired corporate culture and the way several operating companies relate to this. Ron Zadelaar: 'This was tricky. How to map-out an existing corporate culture, what exactly is expected from the culture and what changes are desirable?'

However, the master class members soon reached a consensus on their approach. The first step was a series of qualitative interviews with members of the Group Executive Committee and directors of operating companies. The results were then combined with those of the representative polls of management and personnel at the various operating companies and the back-office.

Literature searches showed that the thinking model used by the participants to classify data was commonly used around processes of cultural change. In broad lines an organisation's culture is described via in- and external orientation. In the internal field behaviour is largely influenced by process- or welfare oriented thinking and actions. In the external the-

precisely what clients expect from our service offering. So, one suggestion has been to organise more client familiarisation days and to give the client-satisfaction polls a more structural character.

Ron Zadelaar: 'We found out that the desired cultural change can only be set going if everyone in the organisation is aware of the mission and the strategy to be followed. The fact that there are still misunderstandings here and there shows that this is an area where we have to communicate better or more often.'

Work floor

Looking at his own operating company Zadelaar came to yet another conclusion. 'I work for the enabling operation within our organisation. So, the other operating companies and the holding company are our customers. Not everyone sees this so literally. Obviously, I've also experienced this in my daily work. But by distancing yourself this way you start to see your task more clearly, all of a sudden. We must further boost our client-mindedness and we have to encourage this feeling among the personnel.'

In the meantime a far-reaching culture-study is underway at the back-office of United Services Netherlands. This very neatly utilises the study-model from the master class. 'The most important benefit of being involved in a project like this is that you can look at your own organisation at an abstract-strategic level. It was also very useful to achieve something as a team - that was outside your normal scope. All this made it a very special experience for me.'

Jack Plooi, gepassioneerd implantoloog:

“Meer vrije tijd dankzij Fa-med!”



Foto: Juan Pablo Montoya & Jack Plooi door Frits van Eldik



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Lifelong relationships are history

The average Dutch person is becoming more individualistic. In fact, the me-culture has only just started. The time when Hollanders tailored their behaviour to the preferences of their neighbours, family or village, is past. A life-long relationship with an employer or partner is becoming more rare. More often people now choose on the basis of personal preferences and wishes.

Obviously, this impacts on society. Holland now has some 2-million single-person households. 17% of the population are singles, or 40% to 60% in the big cities like Amsterdam, Rotterdam or Arnhem. In the next several years those figures are set to rise some more. In this sense Holland is not so different from other European countries and the USA. We too are individualising apace.

Corporates and institutions will not be immune – certainly not on the employment front. The average period with an employer is shrinking. Expectations are that in ten years or so the average time spent with one employer will be just four years. This will strongly increase the number of jobs per person per career. Corporates and institutions must pro-actively respond to the higher

turnover of employees by safeguarding knowledge and simplifying familiarisation procedures. It will also be more common for people to take on other positions – voluntarily or not – that require re-training or updating. The labour factor will be more flexible and hence contribute to the flexibility of the organisations.

This flexibility is necessary to respond to market developments. Competitive clout can only be maintained with rapid, alert responses to new market situations. Hence, more strongly than in the past the business community will focus on their added value. This means only carrying out those activities that contribute to this value creation and hence to competitive muscle. The results are flexible structures, outsourcing and a strong focus on core

activities. Hence, the labour factor can be more flexible, while one can also position more of the right people in the right place for an agreed period.

The logic of a permanent contract of employment for a long period will disappear under the pressure of individualisation. Employees will increasingly seek change and be required to deliver added value. Temporary employment agencies in particular will be increasingly important in taking care of the flexibility, with temp staff, with interim-management, with outsourcing, but also via selection and training of personnel.

Increasingly the individual will be able to make an own choice on the way his or her life is put together. People will have more relationships both in private and working

life. This will lever a greater social and economic dynamism. The challenge for organisations will be in the way they respond to this dynamism, with flexibility in the organisation and decision-making.

Businesses like United Services Group are an essential partner in maintaining a competitive level of costs, to improve organisational flexibility and to boost competitive muscle. And, last but not least, this will contribute to the welfare of the personnel.

Cor Molenaar, Supervisory Board Director USG and specialist in e-marketing



'We must share our expertise with operating companies in other countries'

Exporting the USG-culture

Deep in his heart **Rob van Baarsen** feels like a missionary. As USG's Corporate Manager Learning & Education Development he is constantly on the move within the fast-expanding European network of operating companies to 'help release the expected synergetic benefits'.

'Our task is to actively maintain the specific culture and hence the related approach and modus operandi of the parent company, and to share this with new personnel.' This is Rob van Baarsen describing his role. 'With the rapid internationalisation of USG it's become a cross-border task. We have to take knowledge and expertise grown in the mature Dutch market and transfer this to operating companies in other cultures, in their own market environments. And we have to do it in a way that matches with the customs and practices in the given employment market. We can only successfully export the formulas developed here if we can "get under the skin" of the particular culture.' United Services Group also regards the training of new and existing personnel as a core quality. Every year Van Baarsen and his colleagues at the internal Learning &

Education Development unit, organise some 700 training days. An estimated 3500 personnel are up-dated, motivated or coached for the next career step. The training menu covers basic courses, general information on recent developments around the labour market, legislation and regulation, use of management information systems - to customised programmes focusing on and honing an individual's leadership potential. There is also a newly developed 3-year management development programme and a master class for 'high potentials'.

Head start

As already mentioned, training and coaching colleagues from abroad takes up an increasing amount of time. 'The Dutch temp and secondment agencies have a head start in development terms. And

Holland has the deepest level of penetration for flexi-workers in Europe. You can honestly call our industry mature. So, to survive here a professional organisation is mandatory, and you have to cover the market as logically as possible. Our activity planning and our management information systems are good examples of this. 'At USG we reckon we have a lead here. It's that lead in approach and professionalism that also enables success in other countries where we have branches. Obviously, a precondition here is that USG can transfer the specific cultural characteristics that have made us big in Holland - plus that we can implement the vision and approach behind our success formulas.' Van Baarsen lists these cultural characteristics as client-orientation, mutual respect for people and opinions, commitment, a sense of entrepreneurship and real willing-





ness to change. 'Training in general is a proven way to add substance to these concepts – and to share them. Culture is embedded in leadership, processes and structures and we focus on each of these in all our programmes. With senior management we concentrate on setting an example and coaching on the job. With middle management and personnel we show how to deal with practical issues: how to configure time management, how to set up a meaningful commercial activity plan. For the Dutch end of USG this is almost taken for granted. But for colleagues abroad it is an enormous boost towards working more effectively and efficiently and realising targets. They also get insights into the thinking behind our approach.'

Spain

Each area covered by each branch office needs its own customised approach. A country like Spain – USG's second home market – has a so-called particularistic culture. The hierarchy is less flexible than we

are used to in Holland. There is more respect for seniority and consultative input by personnel is less direct. 'You have to get used to that. If you ask someone point-blank what he thinks of the organisation you won't get a direct answer. In this sort of situation the example set by supervisors is very important. It's our job to explain to our Dutch friends – who have many contacts with colleagues abroad – about the cultural differences, and to help them get by.'

USG's trainers are never pushy. 'You always have to look for a balance between the best conceivable approach and local ways and customs. As far as we are concerned it's fine if Unique in Spain is a bit different from the German branch offices, as long as the power of the formula is maintained. You achieve that by closely involving local people in the planning, right from the start. Together with local management we make a strength-weakness analysis of the existing market and organisational culture. Then we discuss the outcomes and set out our insights and experi-

ences. In the initial stage we spend a lot of time explaining just who we are and what we stand for. Only when the respective similarities have been explored – and you always have them – do we start talking about detailing the programmes.'

In order to make these processes more ongoing, we consider appointing on-the-spot training coordinators. Initial planning is also underway for international exchange programmes between USG personnel. 'There's no better way for a cultural exchange than for people to spend a couple of weeks visiting and sharing experiences in a branch office. This way you release the massive potential for improvement at many of our operating companies outside Holland.'

Innovative approach by the Efteling theme park and Start

Seasonal work all year round



Corrie Joosten and Dick Wassink



In combination with Start, Holland's popular Efteling theme park offers an attractive solution for seasonal workers. During the winter months they can be deployed with another company with a different peak season. 'It took us a couple of hours to spread the news of the latest developments and - bang! Everyone was go-go-go!



*“We’re
one of you”*

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During the summer Corrie Joosten sells "Laven" (Efteling gnomes) and elves. This merchandising represents an increasing source of income for the Efteling. During the winter months, when the theme park at Kaatsheuvel is only open for special events, Corrie has recently moved to the mailroom at healthcare insurer VGZ, in nearby Tilburg. 'It's a great combination. Seven months a year I work among crowds of people who've come for a day out. In the shop your customer-friendliness can be put to the test sometimes! It's satisfying work, but that also makes it tiring and stressful. So, I'm glad when winter comes along and I can move to VGZ. From now I have somewhere to go out of season, and I get work experience in other surroundings. I reckon that what I've learned at the Efteling will come in handy.'

Cyclical unemployment

Like many employers in its position Holland's Efteling theme park employs a large number of seasonal personnel. Until just two years ago the involvement with this important group of people started and finished with a contract period. But, the management began to question the viability of this approach. 'This was rooted in a number of considerations,' says Dick Wassink, the director of Efteling Personeels BV (EPBV). 'The most important was that we were founded 50 years ago as a socially concerned company. The Efteling was to provide work in a region that had always been disadvantaged. The fact that many of our people had to look for work themselves out-of-season, or in some cases had to take state unemployment benefit for a while, just didn't fit in with this. The introduction of the flexi-act meant additional pressure to make a change. We were given to understand that we were responsible for a form of cyclical unemployment. Both arguments were enough for us to seek an innovative solution.'

A unique concept was developed in close cooperation with USG's Start operating company. Efteling Personeels BV was set up by the two partners with the objective of offering flexible staff from the Efteling alternative, out-of-season work. Wassink: 'Right now we are actively mediating for 165 people. More accurately, on behalf of EPBV I approach companies and institutions that need extra support in the winter months. The people at Start look after mediation from then on - plus processing and detailing the training and coaching for a seamless transition.'

New Year

One such partner is CZ Verzekeringen. Like Corrie's employer VGZ, another health insurer with offices in Tilburg. CZ's peak period matches neatly with the Efteling's winter closedown. New year is a busy time for extensions or changes to insurance policies. The burden is really too much for the existing workforce, so, every year, personnel manager Fred Schellens goes looking for temps. 'The initiative by the Efteling and Start immediately appealed to us. From now on, during our busiest period, we can count on a regular group of on-call personnel. Even better, because we jointly provide these people with job security through the year, we know that, in principle, we can count on them again next year. That's vital for our continuity, and for efficiency and the service quality that goes with it.'

'This is the second year we've been involved and most of the temps have gained experience working with us. It took us a couple of hours to update them on the latest developments, and then, bang! Everyone was go-go-go! Another good thing is that the Efteling temps set a really good example. They've been trained to be people-friendly - which is a core competency in our business - and their work places are always as neat as a pin.'

Supplementary clients

At present EPBV has 12 supplementary clients in the portfolio. 'We select our partners with an eye to the skills and the patterns of interest of our seasonal personnel,' says director Dick Wassink. 'They also include production and distribution businesses.'

From the Efteling's angle the construction also contributes to continuity and flexibility. 'It is a way to increase the loyalty of our good and experienced seasonal people. We are gradually moving to a year-round operation, and in the meantime we have an attractive alternative for our best people. And if we have an off-season event we can call on the specialists, who are sheltering with our partners, for a couple of days. That's an additional benefit.'



Fred Schellens: 'The initiative of the Efteling and Start clicked with us right away.'



Start Kans as model

A rarity in the reintegration scene

Start Kans is one of the very few profitable reintegration businesses. According to board director Jaap Tas this is because they work from the basis of the ambitions and potential of the individual. 'The bulk approach just doesn't work.'

The success of Start Kans mirrors the poor performance by the majority of providers on the reintegration market. That is certainly the opinion of director Jaap Tas. In his role of joint founder he also set up this initiative to help the jobless and disadvantaged to get back on the rails and stay there – thanks to an individualised approach. 'What makes Start Kans different is our goal of helping the disadvantaged, people having difficulty in getting or keeping a job, to get back on their own two feet. With this approach we're seeking to mesh with the real, authentic individual,' says Tas, with enthusiasm undiminished after more than 30 years "in the field". 'At Start Kans we don't talk in terms of the disadvantaged or long-term unemployed as files to be subjected to standard procedures. Absolutely not. The power of our approach is that we start by looking at every individual who signs up, in detail. What are his/her ambitions? How do they reckon they function? What sort of jobs are they thinking about? And how realistic do they think that is? In fact, this shouldn't be something special or unusual. But with this category, with an aura that says "problem", in most cases it's never happened. Simply because people do not see the point of the effort. 'We only start looking at potential for placement when the picture is clear for everyone. Sometimes a candidate needs to be re-trained in the most elementary things – like emotional and social skills. But usually, that's not necessary. All too often the candidates get stuck in the problem/hard to place corner, quite unnecessarily.

Petrified files

'The fact is that to date Start Kans with its "Coached Working" formula, has got more than 1200 people back into work. And not just in otherwise unfillable jobs. On the contrary, we place people with major corporations. Some have actually developed into work-floor heroes. And we are incredibly proud of them. These success stories help us lose the sandals-and-beards image that sometimes hangs around Start Kans. We could have applied for all sorts of grants and incentives, but we didn't – deliberately. In the reintegration market there is enough demand for Start Kans's approach. Even better, our service offering is profitable. This year Start Kans goes into the black, and will be able to fend for itself.'

Jaap Tas is a long-time critic of the way the "couch potatoes" of the labour market are eased back into work. An old hand with wide experience in many positions and a mobile view of traditional Dutch perspectives, many years back Tas developed the so-called Four-Phase model. 'A layered approach to

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niet verkwt worden. Het moet op de juiste plaats ingezet worden. Zo kan het volledig tot ontwikkeling komen. Dat is goed voor de persoon. Maar ook goed voor de onderneming. Chique heet dat "het optimaliseren van human potential". Wij noemen dat "ons dagelijks werk".

Onze consultants zijn al jaren bezig om vanuit hun gespecialiseerde ervaring voor elke kandidaat en elk bedrijf de perfecte combinatie te vinden. Wij staan erop om de afgesproken doelstellingen te bereiken en alle partners tevreden te stellen.

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enable reintegration companies get to know the people on their books. It's strange but true that most suppliers in this market use files that are petrified. There's virtually no segmentation, and my model was designed to give a kick start.' Broadly, Tas's Four-Phase Model differentiates between people who can be placed right away, those whose work experience and education are a bit rusty but can soon be deployed after maintenance, and candidates who have been sitting in the waiting room for so long that they need thorough reorientation. The fourth group comprises the "problem cases". These people are often socially disoriented. First, they have to be taught to get some direction back in their lives. Start Kans specialises in mediating for the last two categories.

'This approach represented renewal insofar as it centred on your own potential for the first time. We don't sit around waiting till a company or institution knocks on the door with a vacancy – and then look through the card index for a candidate – with all the risks of a mismatch. In modern management jargon – we have to switch from an approach driven by demand to one driven by supply.'

Cuddled to death

Tas's phased model was enthusiastically adopted by the Dutch Ministry of Social Affairs and Employment, which made it the nationwide standard. But practice – recalcitrant as it is – soon cuddled the initiative to death. 'Over the past several years there's been very heavy political pressure to place as many people as possible as fast as possible. That was particularly the case on the eve of commercialising the reintegration operation. What this created was a massive pollution of the files. Efforts on behalf of people who are relatively easy to place were disproportionately high; and vice versa for groups who need a bit more effort from the intermediaries. These people were down-graded to the problem files, without any meaningful analysis, and in time they sank to "impossible to place".'

Jaap Tas found the hard facts to back this claim when the Institute for Labour Policy Studies commissioned him to carry out a study into poverty in his home province of Zeeland. It turned out that many of the so-called Four-Phase clients were actually easier to mobilise and hence to place than previously assumed on the basis of their files. 'The people I spoke

to showed massive, shared, fighting spirit. This power has never been addressed.'

All in all, if Holland is really serious about getting some of its 1.5 million-plus non-active people back to work, Jaap Tas concludes that reintegration businesses and other intermediary institutions need a radical turnaround in their thinking and approach. 'There has to be a consensus that the individual must regain the mastery and architecture of his own working future. As reintegration companies we have to enable the optimal choice with facilities and networks. That means breaking free from the bulk approach. Whatever he or she wants, a jobless person might be trained as – say – a plasterer, simply because we have the capacity so to do.'

Top service

As well as being a director of Start Kans, Tas also has a blooming practice as an organisation consultant. He firmly believes that the turnaround in thinking is still a long way off. In fact, in its present form he sees the reintegration practices actually countering such a change in mentality. 'Almost everyone is focused on short-term results. In fact, a further dehumanisation appears to be underway. Last year the Dutch social insurance benefits body (UWV) organised an auction where one could bid on "lots" comprising people entitled to social benefits.'

'There are also moves towards a no-cure-no-pay structure. If you can't get the registered job-seeker appropriate work – then you don't get paid. This sort of approach reinforces short-termism. If things go on this way soon you won't even be able to give extra attention to harder-to-place individuals. All that will count will be the immediate result. Even worse, intermediary operations are starting to show risk-avoidance tendencies and, at the end of the day this will mean a shakedown.'

In Jaap Tas's opinion the only way to break the negative spiral is to allocate a personalised budget to the job seeker. 'That way you create a buyer's market. The individual can choose the supplier that offers the best service.'

Start Kans would already have a major lead in the new competitive battle. 'We have proved that you can be successful if you focus on the needs of the clients. I'm proud to be part of this. And it is really good to see how USG actively support this approach.'

**'WE HAVE TO AGREE THAT THE DIRECTION
AND ARCHITECTURE OF THE INDIVIDUAL'S WORKING FUTURE MUST BE PUT
BACK IN HIS OR HER HANDS.'**

Transavia flight attendants
meet new demands

‘Unique empathises with our culture’

Unique has developed a dedicated new approach for the hiring and selection of Transavia flight attendants. ‘We only pay for candidates who successfully complete training.’

Transavia is Holland's biggest vacation airline. Its mission is to fly passengers within Europe, at the lowest possible price. Alongside charter flights, this subsidiary of KLM Royal Dutch Airlines, offers low cost, low fare flights to 13 destinations in France, Portugal, Spain and Italy. Passengers increasingly enjoy à la carte

cabin service – selecting and paying for the food and beverages of their choice.

Quite logically, with these changes in mind the airline also has a new set of personnel requirements – also for flight attendants. This is because the perception of quality provided is largely determined by the service and atmosphere on board. In the words of Ellen Blaisse and Irmgard Troon, respectively recruiting and personnel manager of Transavia's flight attendant service: ‘You make your product around the seat.’

New blood

Transavia has been outsourcing the hiring and selection of flight attendants for a long time now. An additional 350 are hired on a temporary basis to meet the summer peak. Until recently this was the task of a competitor ranking in the top three of the temporary employment businesses worldwide. The relationship ended for a variety

of reasons. ‘We'd been together for five years and it was time for new blood. We had this feeling that the people on the other side of the table just weren't right anymore. Meanwhile, our own operation was relatively over-burdened – as usual – while we were looking for a problem solver!’

In fact, it didn't take long. ‘Unique jumped out during the course of the presentations. We identify with their approach. They understand the dynamic of a medium-sized company like us, and they empathise with our culture. We're informal in the way we carry on together, but it's based on very clear checks and balances where results are concerned. I reckon that Unique operates the same way.’

On top of this Unique submitted a plan of approach linked to results. ‘We only pay for candidates who complete the training successfully. If they turn out to be suitable to fly we pay a bonus. So, not only does





Ellen Blaisse

Unique recruit the right material, but they also pre-select on the basis of tough criteria. And they deal with the entire process of employment market communication. In fact, all we have to do is set the package of requirements of our seasonal personnel, and to give them in-house training.'

The boy/girl next door

The package of requirements is tough in any language. Alongside basics (at least 21, maximum height and minimum high school level) Unique pre-screens candidates for presentation and appearance (preferably the girl/boy next door). Commercial qualities are also important. 'Selling skills are vital in our new concept. Our motto now reads "Safety, Service and Sales".'

The quest for candidates with the skills and the talents was highly professional, in the opinion of Blaisse and Troon. The project bureau in Almere started with a regional breakdown based on the Transavia proviso of maximum one hour travelling time from home to Schiphol Amsterdam International Airport. The branch offices in that radius were given a target of one or more recommended candidates per week.

Added to the candidates who approach Transavia on their initiative, via the website, this yields a more than ample supply. 'And, a branch office whose candidate is accepted gets a bonus. Our feeling is that this market-oriented approach brings in more and better candidates. This is evi-

denced by the average drop-out percentage - which is below our old figure of around 10%.'

All in all, Ellen Blaisse and Irmgard Troon have one hassle less. 'As the season loomed, our department was always extra hectic. Now, we can focus on other issues. Very obviously, the turnover of our temporary flight attendants is in good hands.'

Information: www.transavia.nl.

Checking it out can't hurt

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DE **INGENIEUR** VAN HET
JAAR VERKIEZING

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‘A hungry company is a profitable company’

In principle I am a loyal shareholder. I've never been a believer in day trading or some other investment formula that takes short-term profit from price differences. When I'm selecting stock for my portfolio I look at profit potential over a longer period. I am very rational about it. I read the investors' journals, monitor the prices, study macro-economic data, and I attend shareholders' meetings. Every year I start again with a clean slate. I take the price at that moment as the starting point and I calculate my returns over the year. That way you get a more accurate picture of stock performance.

‘Going to AGMs is also an important source of information. It's all a matter of trust. Personally I need to feel good about the people running the company. In the time of Unique International, as it used to be, I had that right away. It's a consistent message every year. On top of that, Alex Mulder in particular is very approachable – even for relatively small shareholders like me.

‘Now I'm deliberately choosing the underdog. That happens to be a considered choice. In my philosophy you should look at the

economic sectors where you expect growth, and pick one company that stands out. It was an obvious choice, right from the start, to have a temporary employment business among my fourteen stocks. To my mind providing flexible labour has only started its potential developments. I selected Unique International (or United Services Group as it is now) because, at the time, it was relatively small and that made it a contrary player. That means more ambition, looking for ways to renewal, and therefore standing out from the mega-over-mature competitors. A hungry company is a profitable company.

‘Now, the acquisition of Start marks a big step. I'll watch closely that they keep their sights on the small to medium enterprise sector – and no dilution! At the next AGM I'll certainly have a question on this. Did I consider disposing of my shares after the profit warning? No. USG has the wind against it for the while, but that is nothing special in the current climate on the stock market. They are well positioned so that in the near future they can get back to the profit level we were used to in past years. Of that I am sure.’

Name: Jaap Bras (76) Profession: retired IBM'er. Shareholder since: 1999



67 Report of the Supervisory Board

69 Report of the Executive Board

- 70 Important developments
- 70 *Acquisition of Start Holding*
- 70 *Realisation of synergetic benefits*
- 71 *Divestments*
- 71 *Acquisition*
- 72 *New corporate governance structure*
- 72 Financial policy
- 74 Activities in the Netherlands and other USG countries
- 78 Risk paragraph
- 78 Internal organisation
- 84 Financial developments
- 88 Prospects

89 Annual accounts

- 90 Principles for balance sheet valuation, calculation of results and consolidation
- 92 Consolidated balance sheet at 31 December 2002 before profit allocation
- 94 Consolidated profit and loss account for 2002
- 95 Consolidated statement of cash flow
- 96 Notes to the consolidated balance sheet
- 102 Notes to the consolidated profit and loss account
- 106 Corporate balance sheet at 31 December 2002 before profit allocation
- 108 Corporate profit and loss account for 2002
- 109 Notes to the corporate balance sheet

112 Supplementary information

- 112 Events after balance sheet date
- 112 Auditor's report
- 113 Statutory provisions concerning profit allocation
- 113 Profit allocation

114 Nine-year review

116 Supervisory Board & Executive Board

- 116 Profiles Supervisory Board
- 117 Profiles Executive Board and Group Executive Committee

118 Management

120 Group company activities

122 Group company head offices

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of United Services Group takes pleasure in presenting the Company's report for the year 2002. In addition to the Report of the Executive Board this also comprises the Annual Accounts and an unqualified report by the auditors, PricewaterhouseCoopers Accountants N.V., which appears on page 112.

In accordance with article 25, para 4 of the Articles of Association the Supervisory Board adopted the Annual Accounts in its meeting dated 19 March 2003 and hereby submits the Annual Accounts for the approval of the General Meeting of Shareholders. We are also of the opinion that the Executive Board of United Services Group should be discharged for policy as implemented and the members of the Supervisory Board for the execution of their duties during the financial year. The Executive Board proposes a dividend of € 0.50 (2001: € 0.65) per share by option wholly in cash or in shares. The Supervisory Board has approved the proposal for appropriation of profit. This proposal is specified under "supplementary information" on page 113.

The Supervisory Board carefully considered the proposed dividend after establishment of the results for the year. In view of the current macro-economic circumstances which obliged the first ever issue of a profit warning in the history of United Services Group, and the uncertain expectations for the current financial year, the Supervisory Board reached the conclusion that the proposed dividend was appropriate given the prudent, financial policy of United Services Group during the report year, and its focus on maintaining continuity.

The Supervisory Board met formally seven times with the Executive Board during the financial year, in addition to regular interim consultations between the chairman of the Supervisory Board, the Chief Executive Officer and the other representatives of the Group Executive Committee of United Services Group.

There were a large number of items on the agenda during these meetings.

Hence the acquisition of Start Holding by United Services Group was on the agenda several times, strategy was examined and possible amendments were discussed. Particular attention was devoted to the issue of integra-

tion and the way in which the Executive Board seeks to crystallise this. Important topics here were the implementation of operational processes developed at the parent company, at the newly acquired subsidiaries, and the need to share common standards and values.

Possible further steps in the process of internationalisation were also discussed and recommendations were issued on the desirability and timing of newly to be introduced service formulas and products. Discussions also covered current scale and the increasing complexity of the organisational process. This prompted a discussion on steering the organisation as a whole, in particular the span of control.

To this end the Supervisory Board agreed with the Executive Board's proposal to alter the existing system of corporate governance into an Executive Board and a Group Executive Committee, effective the financial year 2003. This new manner of corporate governance will enhance the manageability of the company and the ability to rapidly respond to shifts in market developments. The change will also make tasking in the Group Executive Committee more transparent and efficient.

These contacts between the Supervisory Board and the Group Executive Committee took place in a pleasant and frank atmosphere. The Supervisory Board compliments the Group Executive Committee for its clear and accurate provision of information, its ability to anticipate and/or rapidly respond to moves in the market place, as well as its flexible stance on amending or altering strategic principles.

The Supervisory Board met without the Executive Board to discuss matters including its own performance and the remuneration, composition and performance of the Executive Board. There was one consultative meeting with company auditors, and the Supervisory Board had one formal meeting with the Central Works Council of United Services Group. This last meeting was also attended by members of Start's group works council. On this occasion the Supervisory Board also backed a proposal for the rapid integration of Start's consultative bodies with those of United Services Group.

In line with the contractually agreed stipulation with Stichting Start in regard to the acquisition of Start

Holding N.V., Ms M.J. van Lier Lels and Prof. B. De Vries were proposed and subsequently appointed as new Supervisory Directors of the company at the Extraordinary General Meeting of Shareholders on 12 December 2002. Their background and expertise matches with the Supervisory Board's desired profile in regard to the activities and developments of United Services Group. With these additions the Supervisory Board considers its composition sufficiently balanced to exercise supervision in the current financial year, in a manner meeting the highest standards of quality, and meeting demands for a highly responsible and ethical participation by United Services Group in economic and social dealings.

The periods in office of chairman Mr. C.J. Brakel, and a member of the Supervisory Board, Prof. M.H. Battaille de Stappens de Nieuwenhove, were due to end in the year 2002. At the Annual General Meeting of Shareholders on 24 April 2002 the Supervisory Board proposed that the period in office of both gentlemen should be extended, to which the General Meeting of Shareholders agreed. The Works Council also advised positively in regard to the appointments.

The Supervisory Board expresses its thanks to the Executive Board and the Group Executive Committee and, of course, to the personnel of United Services Group. They have worked closely together to realise an excellent performance in a stagnating market. The results achieved are presented in this report.

Almere, 19 March 2003

Supervisory Board

C.J. Brakel (chairman)

Prof. M.H. Battaille de Stappens de Nieuwenhove

J.H. van Heijningen Nanninga

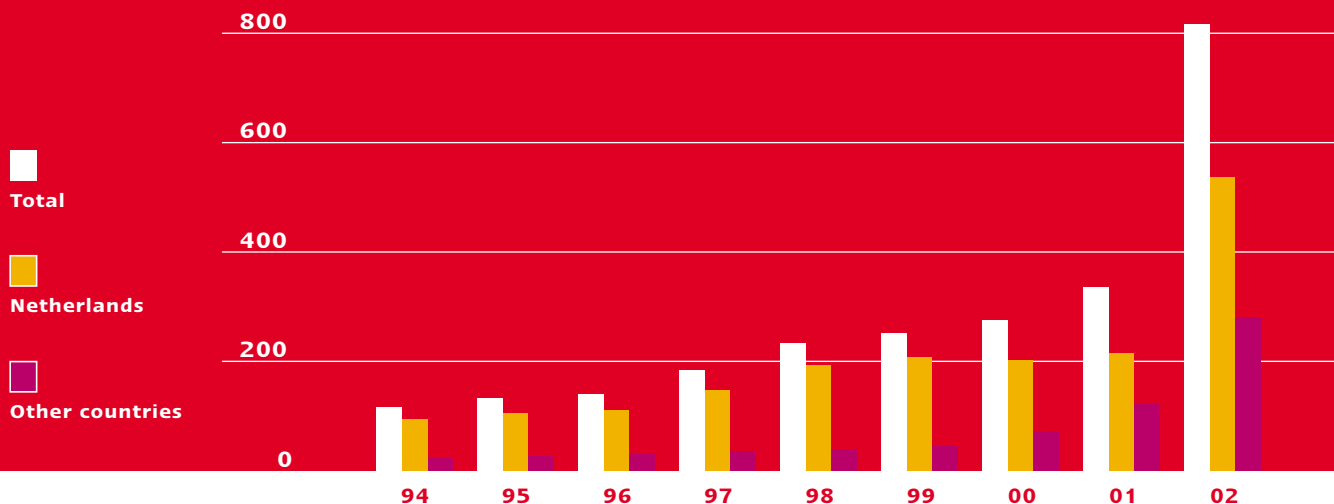
Ms M.E. van Lier Lels

Prof. C.N.A. Molenaar

Prof. B. de Vries

REPORT OF THE EXECUTIVE BOARD

Number of branches 1994 - 2002



From various angles 2002 will go down as an historic financial year for United Services Group.

For the first time ever it was necessary for United Services Group to issue a profit warning. Meanwhile, the successful acquisition of Start made an important step towards further upscaling and realising the strategic ambition – not only of being a major European player but also of becoming a service provider in the employment market, in the broadest sense. In terms of turnover, 2002 saw United Services Group grow into the second largest temporary employment company in the Netherlands; and in terms of growth and geographic spread of total branches (816 compared with 335 in 2001) United Services Group took its place in Europe's top ten providers of flexible labour.

These developments translated into a financial result that – certainly against the background of a further macro economic downturn in 2002 – can be considered satisfactory at the end of the day. Turnover rose to € 1,104.5 million (2001: € 600.4 million), or almost double, partly due to the acquisition of Start. The operating result totalled € 68.6 million (2001: € 73.6 million), to which Start Holding contributed some € 23 million. Compared with the financial year 2001 the operating

result was 6.7% lower. The operating result represented 6.2% of turnover (2001: 12.2%).

Net profit before amortisation of goodwill totalled € 34.0 million (2001: € 46.1 million). Earnings per ordinary share*, before amortisation, stands at € 1.56 (2001: € 2.28).

* 2002 based on the average number of issued shares, 2001 based on the total at year-end.

IMPORTANT DEVELOPMENTS

Acquisition of Start Holding

The most striking development was the acquisition of Start Holding. United Services Group acquired a 51% controlling interest in Start Holding, with the right or the obligation to purchase the remaining 49% interest from Stichting Start within a period of two years (ending in March 2004). In the meantime the remaining 49% interest was acquired on 4 March 2003.

There was a range of considerations behind the decision to make this acquisition.

First of all there was the fact, evidenced by day-to-day practice, that more and more clients favoured so-called one-stop-shopping. This means purchasing a whole range of employment market related service formulas from a single, high quality market party.

In view of United Services Group's strong position in the specialist segment there is an almost obvious place for its operating companies with a large number of clients. At least, this certainly applies as long as the other major players chiefly provide these clients with general, temporary staff, and are unable to provide the other services. That is one of the considerations for this acquisition.

The other larger market parties have also discovered the lucrative specialist market, and at such time as the temporary employment market recovers they will devote all their efforts to expanding this market segment. An advantage here is that they can offer these specialist services to existing clients. We had increasingly seen growing demand from our clients for general temporary employment services, while United Services Group was not sufficiently able to comply. At the same time we see large, and indeed new market parties actively targeting the small to medium enterprise segment.

Alongside this development, in foreign growth markets it is necessary to develop general temporary employment services first, after which, and using these general services as a base, one can offer the specialist services. An important consideration for United Services Group was if, given its pace of acquisition, it would be able to expand these specialisations in good time.

At the European level, scale is also mandatory for the ongoing development of competitively priced new products and services, while at the same time ensuring that formulas, working methods and organisational processes developed for the mature Dutch market are successfully exported to other European growth markets.

An incidental benefit is that with Start, United Services Group has realised greater stability in the face of economic swings. Start's turnover portfolio is largely in the early phase of the economic cycle. There are a relatively high proportion of placements of temporary personnel who require less education/training. Experience has shown that with an economic downturn employers tend to let this category of flexi-workers go first; and at the first sign of recovery they are also high on the list for re-hiring, to bring capacity up to strength. Most of United Services Group's other activities tend to be later in the economic cycle. The main focus of this part of the group is largely on the temporary placement of specialists, and given the shortage in this part of the employment market, clients tend to wait longer before taking rigorous measures. On the other hand, it takes longer for demand to pick up. With Start on board United Services Group is excellently equipped to immediately benefit from economic recovery.

Realising synergetic benefits

Given the relatively short time that Start has been operating under the flag of United Services Group

**'THE USG AND START COMBINATION IS
A LOGICAL CALCULATION'**

**START
& USG**

Bert de Vries, Supervisory Director, page 41

mutual integration has proceeded smoothly and apace. On a daily basis the cultural differences have turned out to be much less than many parties predicted; and such problems and differences that did arise were neatly dealt with and cleared away, thanks to the great willingness of our personnel in collaborating to this end. The fact that it was agreed right from the word "go" to keep the Start brand in its familiar setting was an important motivating factor.

The combination of the back-office activities of Start and United Services Group is well advanced. The envisaged benefits of scale (estimated at € 10 million) will be realised in 2003. The implementation of activity planning (a universal system of work/time planning) developed within United Services Group, has now been completed at the various Start branches. Meanwhile, commercial working methods have been introduced to enable uniform marketeering. Implementation of the management information system used by United Services Group was available at all Start branches as from 1 January 2003. Commercial activities are expected to increase apace after implementation of these commercial systems.

Divestments

Meanwhile, we closely examined the complementary factors and profitability of the national and international network. In the continuingly difficult German temporary employment market this led to the loss-making activities of Flexarbeit GmbH being halted. Apparently, the measures already taken back in 2001 (reduced staffing and closure of 12 branches) had not led to the desired improvement in results. With turnover below € 50 million the loss eventually stood at some € 15 million. Given that short term market recovery was unlikely in Germany, it was decided to petition for Flexarbeit's bankruptcy. This did not entail a book loss, with fiscal loss compensation at just over € 50 million. The financial impact of the bankruptcy has been incorporated in Start's results, before the acquisition in May 2002, and hence not incorporated in the results of United Services Group.

Kontek Engineering became independent via a management buy out. Kontek is a limited scale, full service engineering bureau. Kontek's technically oriented and capital-

ly intensive activities were in an increasing mismatch with United Service Group's services targeting the employment market. This prevented realisation of synergy between the two companies.

December 2002 saw the parting with Start's activities in Eastern Europe. Start Oost-Europa's two branches in Poland and Russia were closed and the operation in the Czech Republic and Slovakia (total of 17 branches) was sold to management via a stock transaction. The activities mentioned here were loss making, and given the low wage levels and limited acceptance of flexible labour there was no expectation of profit in the medium term. Moreover, the supervision was too great a burden on management capacity at United Services Group. The purchaser is authorised to continue using the name 'Start', for which a fee is payable to United Services Group. It was further agreed that should the purchaser wish to sell the company, United Services Group should have first rights at a pre-set price. In this way United Services Group keeps open the option to regain its own branch network if the market in this part of Eastern Europe develops positively.

The former Start subsidiary Aval provided technical training in areas including joining and separation technology. Demand for this type of training had been declining for some time so that Aval had been making a loss since 1999. It was established that the company could not be expected to make a recovery in the short to medium term, partly due to changes in allocations of subsidies. It proved not feasible to reposition Aval with a third party and in December 2002 it was decided to petition for bankruptcy.

Acquisition

The Belgian call center business Call-IT International N.V. was acquired in April 2002. The acquisition of the stock was in full in cash. Call-IT International operates call centers in Hasselt and Ostend. This acquisition will further reinforce United Services Group's position in the market for communication centres (call centers, customer care activities and e-business support).

New corporate governance structure

In view of the increased complexity of operations and decision-making processes due to rapid growth and ongoing internationalisation, the Executive and Supervisory Boards of United Services Group unanimously concluded that a change was required in corporate governance. To this end, last year a change was made to the existing corporate governance structure, also with the permission of the duly consulted works council.

Effective 1 January 2003 the Executive Board is replaced by an Executive Board and a Group Executive Committee. Day-to-day management is now in the hands of a six-person Executive Committee, comprising, as Chief Executive Officer, Alex Mulder (special areas: strategy, human resources, acquisition and internal audit), Chief Financial Officer, Ron Icke (finance and administration, investor relations, acquisitions and legal affairs) and as Executive Vice Presidents Leo Houwen (corporate marketing, communications, investor relations, and research & development), Hans Coffeng (United Office Services and United Technical Services divisions in the Netherlands and Germany), Yvan Dierckxsens (United Office Services and United Temping Services divisions in Spain, Portugal and Belgium) and Erwin van Iersel (United Temping Services division in the Netherlands and Italy). The Executive Board comprises Alex Mulder and Ron Icke.

FINANCIAL POLICY

A significant part of financial strategy in 2002 focused on the most advantageous means of financing increased acquisition activity in the past period, and on normalising balance sheet ratios.

Hence, a total of € 100 million in outstanding loans required for previous acquisitions, were refinanced. Short-term financing contracts were converted into long-term arrangements, whereby this also realised the benefit of a lower interest. As per 31 December 2002 interest bearing debt totals € 156.4 million (2001: € 119.8 million) and financing costs total € 8.2 million (2001: € 3.3 million). The ratio of financing to the operating result is 8.4 (2001: 22.2).

A successful call was made on the capital market in connection with increased financing requirements for the acquisition of Start. A total of 1,998,901 new ordinary shares were issued to reinforce guarantee capital. This represents an increase of 9.9% of total issued share capital. The issue raised € 43 million via private placements with domestic and international institutional investors. The issue was over-subscribed three times. The balance sheet and financing ratios were not significantly changed by the issue. At the end of 2002 shareholders' equity totalled € 191.6 million (2001: € 123.0 million).

The tax rate on the 2002 result was 33.2% (2001: 34.4%). The cash flow from ordinary activities totalled € 50 million (2001: € 39 million).

Positive development is expected for the current financial year. On one hand operating costs will decline, partly due to the further integration of the Start and United Services Group's support activities. On the other hand the fiscal offsetting of losses will also mean a lower fiscal burden. Combined with a relatively low level of depreciation one can expect cash flow to develop positively.

Earnings per share before amortisation of goodwill stood at € 1.56 (2001: € 2.28). Of available net profit totalling € 24.8 million, 46% will be paid out as dividend.

'CASH FLOW DEVELOPMENT IS SET TO BE VERY FAVOURABLE IN 2003'

USG & STRATEGY

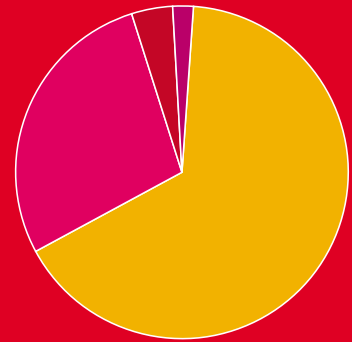
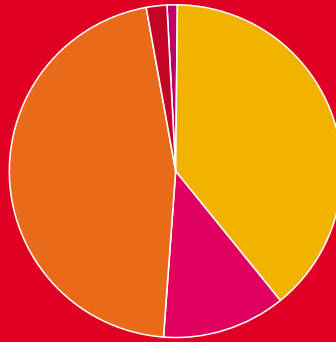
Ron Icke, CFO, page 27

Net turnover breakdown per activity

2002

2001

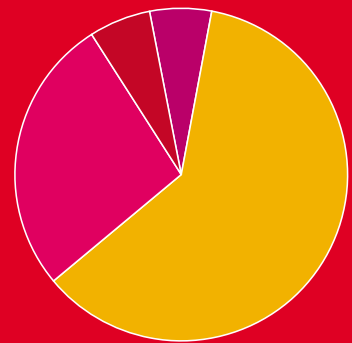
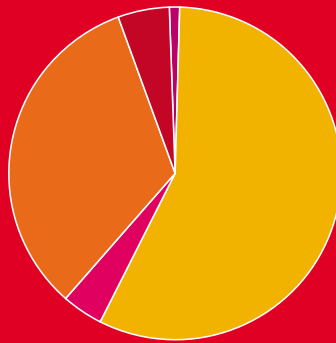
- United Communications
- United Office Services
- United Technical Services
- United Temping Services
- Other activities



Contribution operating result per activity 2002

2001

- United Communications
- United Office Services
- United Technical Services
- United Temping Services
- Other activities

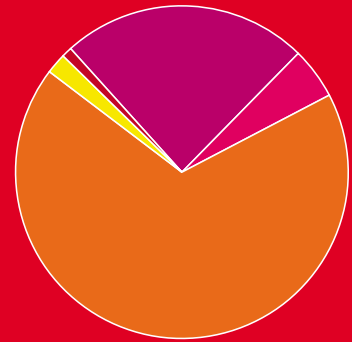
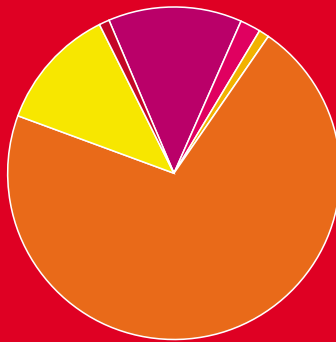


Geographic breakdown net turnover

2002

2001

- Belgium
- Germany
- Italy
- Netherlands
- Spain
- Other countries



ACTIVITIES IN THE NETHERLANDS AND OTHER USG COUNTRIES

The Netherlands

In 2001, the effect of what has for some time been called a slowdown in economic growth was particularly felt in the temporary employment market. The decrease in demand was already underway and this trend accelerated significantly. This impacted across the entire industry and all in all the temporary employment market was down by 6% in 2002.

After something of a delay it became clear that the drop in demand for temp personnel, underway since 1999, would not leave United Services Group untouched this time around. Thanks to its strategic focus on specialist services with high added value, and in particular the small to medium enterprise segment, United Services Group had booked healthy profit and turnover growth in 2000 and 2001, which were disappointing years for the industry as a whole. However, with the undiminished macro-economic headwinds 2002 saw the results of the United Technical Services division under pressure. This finally required the issuing of the first profit warning in the history of United Services Group.

United Technical Services was confronted with a major drop in demand and hence a rising number of specialists who could not be placed for the meantime. The under utilisation percentage was eventually limited by more aggressive marketeering. However, a 22% loss of turnover was unavoidable for United Technical Services, which was already under pressure. However, with capacity matched to market circumstances and linked cost reduction programmes United Technical Services was still able to post a modestly positive operating result of € 2.9 million for 2002.

The temporary employment divisions United Office Services and United Temping Services (Start, since 1 June 2002) contributed respectively € 34.5 million and € 29.4 million to the operating result of United Services Group, which was positive despite the economic malaise. The economic situation has led most clients to adjust their workforce in line with the marketplace. The first

signs of economic recovery are expected to create capacity problems that will be initially solved by hiring flexi-workers. We know from experience that following a period of economic downturn there is a higher overall percentage of flexi-workers. An extra plus point in meeting demand when this recovers is more candidates apply for temporary and secondment work, due to rising unemployment.

United Office Services

Brand names: Ad Rem, Secretary Plus, Short Track, Unique and United Capacity

Turnover contribution: € 232.7 million

(2001: € 224.9 million)

Operating result: 14.8%

In 2002 this division, which mainly focuses on the small to medium enterprise segment, was confronted with strong decline in total vacancies. Notwithstanding, a drastic increase in commercial activity and maintenance of the gross margin enabled a satisfactory result. This was helped by the acquisition of several large clients for specialist services. Hence, Unique now conducts hiring and selection of flight attendants for the Transavia airline. In the context of acquiring new business, United Office Services now benefits from windows into new market segments provided by colleagues at Start.

United Temping Services

Brand names: Proflex, Start, Start Kans,

Start Opleidingen and TopStart

Turnover contribution: € 393.5 million

(as from 1 June 2002)

Operating result: 7.5%

Thanks to the previously implemented reorganisation and rationalisation programme, Start's profitability increased further, with a stabilising gross margin level. Moreover, the cost reduction measures underway received a boost in the third quarter of 2002 when the new automation system to improve rationalised deployment of capacity went online. The initial cost effects of integration of back-office activities were also visible. This will deliver a considerable saving in 2003. Thanks to improved cross-selling potential, with other operating companies, Start had access to several existing accounts

of United Services Group, including Siemens and Dexia. Work is underway for both these clients.

To enhance the service offering in line with market demand for "uncomplicated" work, the competition and major market potential it was decided to set up an operating company, based on Start, for the in-house organisation of such flexi-workers, for clients. This company will focus on new, major clients who will receive a basic service package, with optional add-ons. The basic package will comprise the start-up of an in-house branch, hiring, selection and placing of flexi-workers, administration, consultation (with the client) and provision of management information. Optional add-on services include taking over of existing flexi-workers and personnel planning/tests, issue of working clothes and giving work instructions.

United Technical Services

Brand names: United ICT Solutions, United Technical Solutions, United Technical Solutions Energy, Technicum

Turnover contribution: € 112.5 million

(2001: € 143.7 million)

Operating result: 2.6%

After many years as the major profit-maker 2002 saw this technical division slowed down by economic headwinds. Following a turnover decline that mounted into double digits in the second and third quarter, United Technical Services succeeded in posting a small result improvement in the fourth quarter. This was due to implementation of cost measures and the structural reduction of the percentage of under-utilisation to an acceptable level. The Kontek engineering bureau was sold in 2002. To date, no significant recovery in demand is expected in 2003, hence the cost control programme will continue as an undiminished priority.

United College

Brand names: Abel Tasman College, Luzac College and InterCollege

Turnover contribution: € 13.5 million

(2001: € 12.9 million)

Operating result: 16.9%

Luzac College is market leader in private, accelerated education at all Dutch high school levels. One new branch was opened during the financial year under review, bringing the total to 17. The 51% interest in the Abel Tasman College in the Netherlands Antilles ensures a certain inflow of students from that region.

InterCollege (acquired 2001) performs in line with expectations. InterCollege offers a three-year college equivalent course in management, marketing and communication. The focus is on students seeking a career as an independent businessperson or an entrepreneurial position in a company. Developments are underway to increase the offering; this would include a full bachelor's degree.

United Communications

Brand names: Call-IT and Telecom Direct

Turnover contribution: € 14.8 million

(2001: € 13.0 million)

Operating result: 6.6%

The call center operation Call-IT International lost a major client at the start of 2002 and this pressured the result. The year 2002 saw a partial reduction in surplus capacity bringing this more into balance with the scope of activities. Given the current trend for corporates and institutions to outsource customer care and after sales service, Call-IT's outlook is positive. The Telecom Direct call center operation performed excellently despite a difficult market climate. Overall, the division made a positive contribution to the group result.

United Independent Services

Brand names: Fa-med and United Independent Solutions

Turnover contribution: € 12.7 million

(2001: € 2.6 million)

Operating result: 15.9%

United Independent Solutions started up a new activity at the end of 2001. This was aimed at enabling independent operators without personnel (ZZPs in Dutch). The steep reduction in demand for specialists and the related decline in active ZZPs prompted postponement of further planned investment to increase development of the brand and the product. It was decided to reposition the present product with Fa-med. The United Independent Solutions brand name will be maintained and activities and product development for the large body of ZZPs will be continued. As soon as market circumstances permit United Independent Solutions will review ways to re-establish its services for ZZPs.

Fa-med is also examining ways to enable other medical target groups. Fa-med posted excellent turnover and profit development. The division made a net positive contribution to the group result.

Spain

After years of rigorous growth the Spanish temporary employment market moved into a stabilisation phase during the financial year 2002. However, in view of the low level of penetration and the increasing social acceptance of the phenomenon of flexible employment, it is reasonable to expect recovery in demand for temporary and secondment work in what is United Services Group's second home market, in terms of size. In 2002 Unique and People's 146 branches (including a Start office in Portugal) contributed 12.3% of total group turnover. Since the acquisition of Start United Services Group has climbed to the top five of Spanish suppliers of flexible labour, in this (in principle) promising growth country.

United Office Services

Brand name: Unique

Turnover contribution: € 41.3 million

(2001: € 12.3 million)

Operating result: 2.5%

At the end of 2002 the previously acquired operating companies Tempíber and Ecatemp were merged under the brand name Unique. The benefits of scale and efficiency achieved, plus the introduction of tested commercial working methods developed at United Services Group, enabled relatively high profit growth, despite disappointing market growth. The combination of back-office activities with those of People, at a central point in Madrid, is also expected to score major cost benefits.

United Temping Services

Brand name: People

Turnover contribution: € 94.8 million

(as from 1 June 2002)

Operating result: -1.3%

The Start subsidiary People has ranked among the larger temporary employment operations on the Iberian Peninsula for some time now. Results improved slightly on 2001. However, in a stagnating market it was once again clear that increased productivity is needed to better exploit actual market potential. It is hoped to realise this by introduction of new commercial working methods and the implementation of further measures to boost efficiency. As previously noted, the support services of Start People and Unique are to be combined at People's HQ in Madrid.

Belgium

Developments in the Belgian temporary employment market are slightly ahead of the Netherlands. However, the penetration of flexi work is still substantially lower. In 2002 the market was very obviously in a stabilisation phase. However, it was striking that the early cyclical industrial segment was already showing the first cautious signs of recovery at the end of 2002. As yet, the same cannot be said of the office segment, which is the main area for our Belgian operating companies. All in all, United Services Group in Belgium is the fifth largest

national supplier of flexible labour. Belgium contributed 13.1% of group turnover and 7.8% of the group operating result.

United Office Services

Brand names: Unique, Avenue Louise Interim and Secretary Plus

**Turnover contribution: € 130.2 million
(2001: € 129.0 million)**

Operating result: 5.0%

Despite problematic market circumstances, which, as in the Netherlands, caused a substantial drop in demand and hence fewer vacancies, the three suppliers active in the Belgian office segment showed positive results. Notwithstanding lower turnover at this division, partly due to an altered mix of turnover, Unique Interim slightly improved its gross margin in 2002.

United Technical Services

Brand names: United ICT Solutions and United Technical Solutions

**Turnover contribution: € 11.5 million
(2001: € 16.1 million)**

Operating result: -4.5%

The Belgian market for technical specialists was also under pressure. This meant fewer projects underway and a higher than desirable level of under-utilisation whereby the result for the whole year was slightly negative. Measures were taken to reduce under-utilisation and to reduce costs.

Germany

As is well known, the economic powerhouse of Europe has been in a problematic situation for some years, partly due to an inflexible labour market and overly rigid regulations. Hence, the temporary employment market, which had only reached maturity with difficulty, had to mark time in 2002. United Services Group in Germany suffered the consequences of this. Early in the year it was necessary to petition for bankruptcy for the Flexarbeit operating company (brought in by Start). To date there are no signs of recovery.

United Office Services

Brand names: Secretary Plus and Unique Personal

**Turnover contribution: € 24.0 million
(2001: € 29.1 million)**

Operating result: -11.4%

The loss at United Office Services in Germany was eventually higher than expected. The four relatively new branch offices of Secretary Plus successfully limited their losses and appear to be putting down stronger roots. The introduction of the commercial working methods, and the time and work planning systems, tried and tested in the Netherlands should help improve results.

Italy

In 2002 this potential growth market suffered a serious setback. In Italy, as elsewhere, the economic downturn meant that organisations had to reduce capacity and halt the engagement of flexi-workers.

United Temping Services

Brand name: Start

**Turnover contribution: € 11.5 million
(as from 1 June 2002)**

Operating result: -32.8%

The Start organisation in Italy was set up under its "own steam" in the year 2000, and now has 39 branches. Initial losses in 2002 were higher than expected. This prompted the decision to close four unprofitable branches and to reduce head office personnel. Further cost-related measures and increased productivity should realise the envisaged breakeven level in the third quarter of 2003.

RISK PARAGRAPH

Market & operational risks

United Services Group operates in markets for flexible labour; potential influences here include macro-economic conditions. Economic decline often means reduced demand for temporary personnel.

The chief focus of specialist activities at United Services Group is on the temporary placement of specialists. Given the shortfall in this part of the labour market clients often delay before taking rigorous measures. At the same time, the activities take longer to pick up. Hence, they can be categorised as late cyclical. In contrast, Starts' turnover portfolio is overwhelmingly in the early part of the economic cycle. There is a relatively large share of placements for temporary jobs where the personnel require less education. We know from experience that clients in this area are more likely to respond to economic setbacks by letting go this category of flexi-workers first. However, they are also re-hired first, on the initial signs of recovery, to restore capacity.

Given this mix of activities early and late in the economic cycle, in addition to the strong spread of clients in both small to medium enterprises and major corporates, economic downturns will have a less serious impact on the turnover development of United Services Group.

Internal control of operating processes

With the strong growth of the company internal controls of the group's operating processes are an essential issue in realising objectives and the timely identification of risks. To this end work processes and management information are largely standardised and are continually enhanced, due to ongoing external developments.

During 2002 these work processes and management information – including control systems for operational and commercial processes – were also installed at the newly acquired companies. These work processes ensure a high degree of continuity in ensuring both financial and commercial processes. During the past year a new model was developed for the optimal control and steering of these processes. This new way of steering will mean major improvements in the manageability of the overall organisation and in particular the span of control.

In line with internal controls the internal audit department was further expanded in 2002 and this has created a more than adequate insight across the company, into risks within the internal control systems. The internal audit department helps craft internal controls, which may be investigations into financial or operational areas to identify risks within the internal control systems.

INTERNAL ORGANISATION

Holding and head offices

Day to day management of the publicly listed holding company United Services Group is in the hands of the Group Executive Committee. Alongside two Executive Board Directors, Alex Mulder (CEO and President) and Ron Icke (CFO and Executive Vice President), membership comprises Hans Coffeng, Yvan Dierckxsens, Leo Houwen and Erwin Van Iersel.

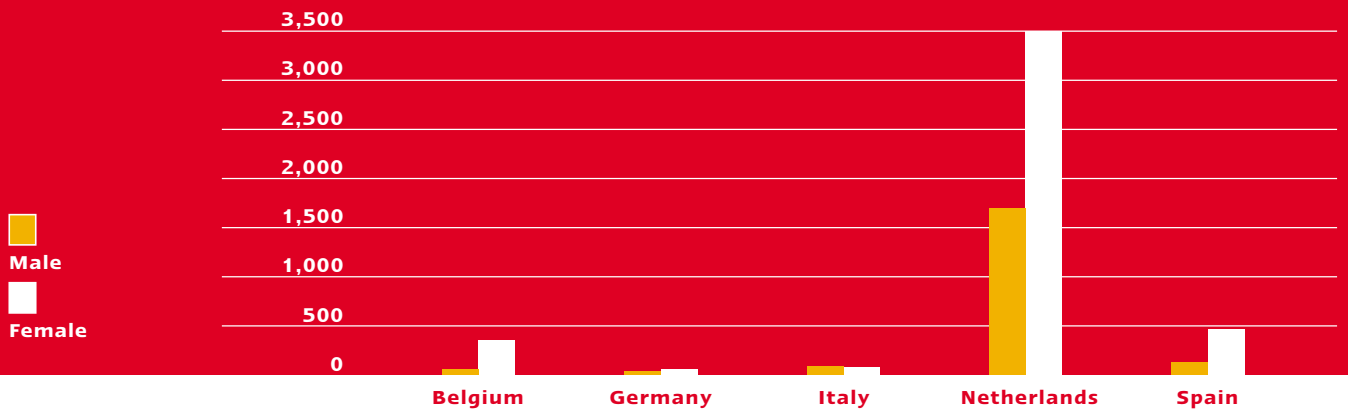
The head offices of the Dutch, Belgian, German, Italian and Spanish organisations enable operating companies in their countries. In this context they provide services around human resources, finance, automation, training and general and technical services. R&D and internet departments are also located here.

'HERE, EVERYBODY KNOWS AND ACCEPTS HIS OR HER RESPONSIBILITY'

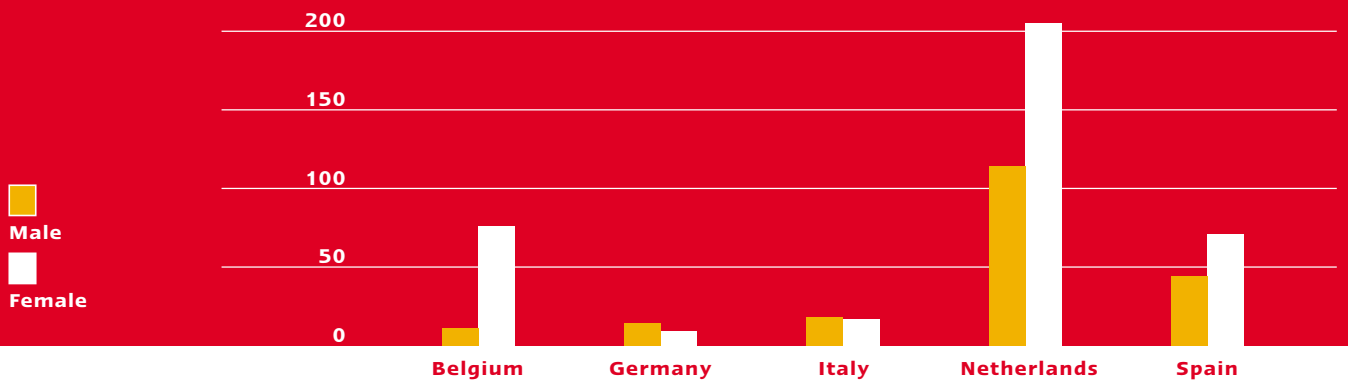
**USG &
STRATEGY**

Erwin van Iersel, Executive Vice President, Group Executive Committee, page 33

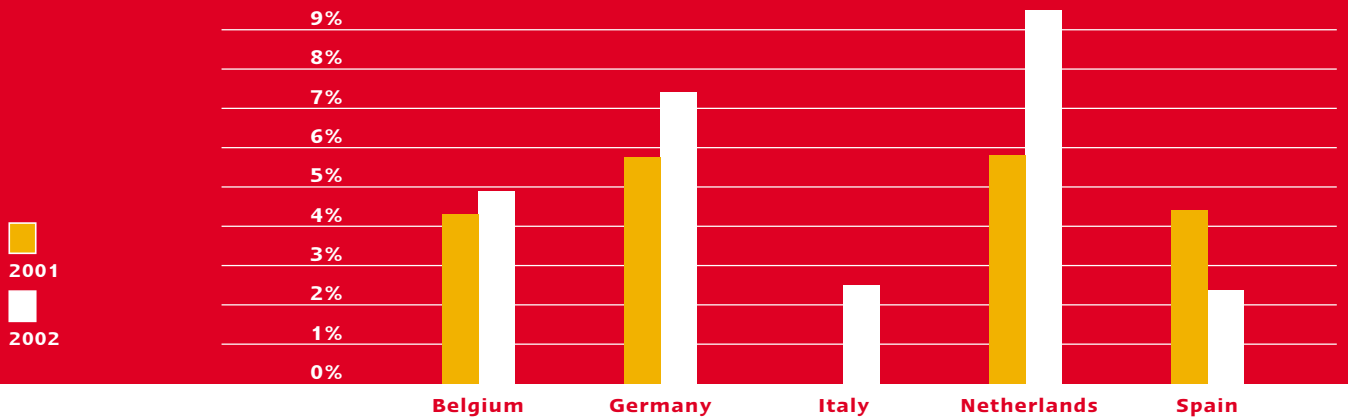
Female/male personnel per country 2002



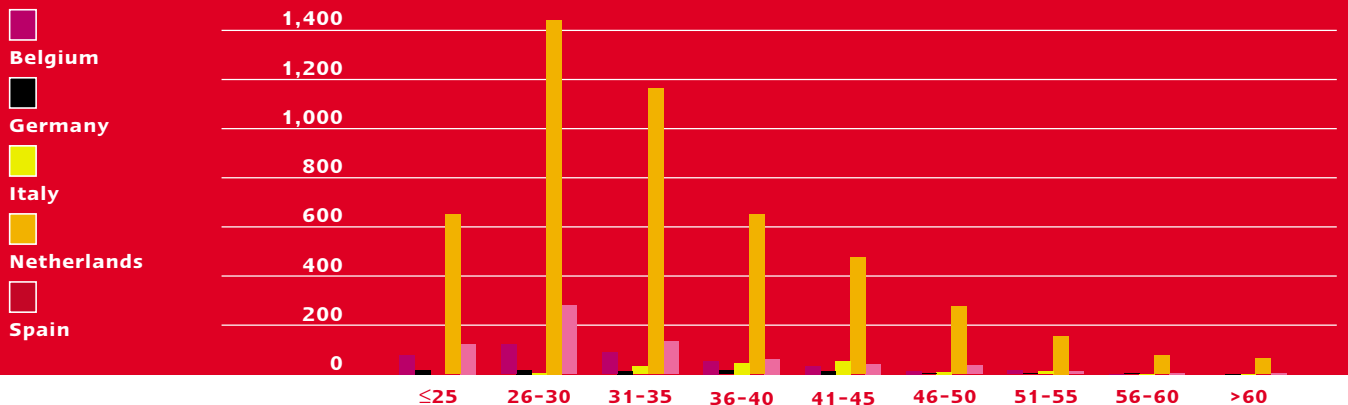
Female/male managers per country 2002



Sick leave percentage per country including maternity leave 2001 versus 2002



Age spread per country 2002



In view of their geographic spread the Ecatemp and Tempíber temporary employment operations in Spain were combined in 2002. Pursuant to the contractual stipulations at the time of the Ecatemp acquisition, and strategy regarding the Unique brand, effective 1 January 2003 the name of the organisation was changed to Unique. At the same time their back-offices, and the back-office of People, were combined and positioned in Madrid, effective 1 January 2003.

Human resources management

Alongside the chosen strategy, the ability of the organisation to stand out is largely determined by the creative input, commitment and entrepreneurial spirit of the personnel. These are the key success factors. Based on this awareness United Services Group formulates human resources policy on a group-wide basis. This is an integral part of general strategic business policy.

The somewhat abstract formulation of human resources objectives, i.e.: 'to create conditions to ensure the long-term loyalty of motivated and qualified personnel', is converted into concrete actions by the managers of the various operating companies. In this context they enjoy a wide measure of freedom. In a company as varied as United Services Group successful human resources policy depends on a differentiated approach.

It is important to embed the shared package of standards and values and the resulting approach to work. Key concepts describing us include result orientation, enthusiasm, integrity, mutual respect and humour. These are not empty slogans. We are definitely not aiming for a monoculture. To realise success in fast changing markets the organisation must be sustainably creative and pro-change. This demands various types of people and sub-cultures – obviously working from the same set of standards and values.

The managers of the various operating companies are expected to seek the right balance between individual and group interests, based on personal competencies and company-wide ambitions. In the vision of United Services Group a good human resources policy is also founded on an ongoing dialogue at all levels of the organisation.

Reinforce quality

In an operational scene where market developments, technological trends, social change and personal preferences alter radically and rapidly – knowledge is soon out of date. Moreover, United Services Group is itself a very demanding organisation. To this end, right across the company there is a rich menu of training potential. Our level of investment here is far above the market average.

There is a clear policy underlying training at our company. Training needs are charted at the various operating companies and translated into training programmes. We also constantly monitor the best external suppliers. We are presently working on an in-house quality manual called 'Responsible personnel training'. Every effort is focused on structurally reinforcing the quality of our personnel and safeguarding the corporate culture.

Investment in training has generated a large number of courses around business and marketing, management, automation and communication skills. There are also various industry-linked courses. Furthermore, during the year under review the Group Executive Committee with the Corporate Development department took a long and deep look at possible demands to be set on training. This resulted in a practical "Modular Management Programme". Everyone in the organisation is unanimous on the permanent and very great importance of training.

Corporate culture

Training is not simply a matter of acquiring new skills or providing new knowledge. At least as important is that personnel are given the tools to embed the new knowledge and skills in the way they work. Insofar as it does not provide the training itself, the in-house training unit has considerable influence on the way training is conducted; this enables customisation. Training is precisely tailored to the preferences and demands of every operating company. Training in the company is more than "thinking and doing" (knowledge and skills); "feeling" is also vital (attitude and personality). Training must always focus on aspects including work satisfaction, employees' development needs, and loyalty to the company.

Based on this philosophy 2002 saw the launch of various new training initiatives, while existing programmes were

improved and updated. Sales courses, management development programmes, time management and coach the coach scored particularly high. There was also a new master class in which talented colleagues (the so-called high potentials) from various operating companies study complex themes including corporate culture. Corporate culture is considered more important than ever in a period of economic slowdown, growing competition and internal change. A new impulse was considered necessary and to this end the Group Executive Committee tasked the master class with visualising the desired corporate culture and how operating companies should relate to it. The master class was also asked to make recommendations to further enrich and expand corporate culture. In principle participants in the master class are being prepared for important positions in their operating companies or elsewhere in the group.

This should increasingly generate a targeted thru-flow of highly qualified, talented people who are at home with our culture and working methods. It is also good to see that an increasing number of personnel who had left in the past to take up positions elsewhere, are finding their way back to United Services Group. Alongside the plus-point that well trained people with knowledge of our working methods, culture and procedures are available once again; we also see this as a confirmation of the positive image of our company and its strong position and high profile on the employment market.

Top company of the future

Following a previous mention in Holland's "49 Best Company List" in 2002 United Services Group was featured in "Top companies of the future". This yearbook highlights a maximum of 50 companies that offer the most chances for ambitious professionals in terms of market choice, around internal organisation and human resources policy. USG scored high in all categories, four

times five stars (the maximum) and four times four stars. Here are some quotes from the 2002 yearbook:

'Creativity and the talent to innovate are important values. New plans and ideas are highly valued. And it does not matter who delivered the idea. If a plan slots in with strategic choices we have made as a company – it is examined seriously. Arguments win – not seniority. We seek to give people the space for creativity and entrepreneurial approach. We also respond flexibly to new plans and developments. At USG a good concept can be implemented fast (...)

You want to be an innovative company: you want personnel to be change-minded. United Services Group works hard for these peoples' loyalty... that means encouraging, enabling and motivating. The human resources policy is also aimed to have people excel. That's why we prioritise training programmes. That's why we check around in-house to fill positions, before we look outside (...)

While the company does a lot for the personnel it also asks a lot back. Hard work is routine here. One factor behind success is the extraordinarily high level of productivity. We are people-oriented and people-friendly. But we also have clearly defined commercial objectives. We have set out how personnel have to work, and their targets. The system helps you to prioritise. You have to see it as an aid in doing your work well.'

Art appreciation

Art, in many forms, has always played an important role at United Services Group. The application of modern art stands out right way in the head office scene. Works of art are there to appreciate in all the working areas, meeting rooms – and the corridors and the areas near the elevators. And instead of the usual Christmas ham-

'THE MASTER CLASS OF 2002 WAS REALLY SOMETHING ELSE'

Ron Zadelaar, Facility Manager, United Services Netherlands, page 47

**THE USG
CULTURE**

pers, personnel and relations of United Services Group receive lithographs or art books. The organisation also deploys art around all relation-marketing activities. A striking example here is the hot-air balloon designed by the Dutch artist Corneille. PH-USG – the official registration – has provided an extra lift to the company's PR-events since the spring of 2002.

Art is now more than part of our image. It is a high profile element within the culture of United Services Group. Art in the offices is also designed to motivate and create a pleasant working environment. Studies confirm that art in the workplace benefits the atmosphere. Employees appreciate the focus on art. They show their pride in their workplace. They make clear that it's good to work for a company that stands out in this way: "A special working environment is a great motivator. And the art radiates professionalism and warmth".

Personal involvement

Corporate culture has everything to do with the atmosphere and working climate. Every one of the operating companies in United Services Group is hard at work to create a sort of we-feeling. There is high level of personal involvement. The organisation as a whole has a flat structure. Lines of communication are short and the distances between management and staff are kept as short as possible. It is normal to "pop" into someone's office, informally, and there is a lively exchange of information. People here say the atmosphere is open, informal and people oriented. Personal attention is considered important.

The culture of personal involvement also has a significant outgoing function. When employees willingly identify with their company, this also provides commercial potential. They are more likely to come up with plans. They are loyal to the company. They stay longer and work longer. The personal atmosphere is reflected in the way that staff interact with clients. The service providers at United Services Group aim for personal links with their clients. All this makes the difference. Last year clients were more loyal than ever to United Services Group, and this was in an economic downturn with competition tougher than ever. Why did this happen? Apparently, discounting or differential marketing strategies are no longer decisive in the present competitive scene. Image –

or corporate culture – are far more important. And from this angle United Services Group stands out time and time again, above the competition.

Communication and information

Communication is vital for an organisation seeking change and growth. Within the company we do everything to keep everyone updated on plans and developments. So, we have regular briefing meetings for personnel, on developments and changes around United Services Group or the market. We also have very successful monthly introduction gatherings for new people, ending with an informal, getting-to-know-you party. Everyone gets involved on these occasions, including members of the Group Executive Committee.

Information is also available in the various bulletins. "United Clippings" is the internal newsletter for everyone at United Services Group. This provides accessible information on the various operating companies. Operating companies also have their own newsletters, like 'Unique Update' for temps and 'Unique Mensen' for the permanent staff at Unique Uitzendburo. Start has 'Start Fleks' and 'Start Sein'. 'Secretary Vision' and 'Plus News' are published by Secretary Plus and 'U2US' by United Technical Solutions.

Sick leave

Conditions of employment are important contributing factors for the level of sick leave. In business and economic terms, with knowledge intensive operations, sickness is always directly linked to the services provided. To a large degree these services are dependent on the personal quality and knowledge of the individual. Sick leave including maternity leave rose from 5.8% in 2001 to 9.5% in 2002. The increase was mainly in the Netherlands and was strongly influenced by the Start acquisition. It should be possible to reduce this percentage to an acceptable level, now that uncertainty is no longer a factor for Start personnel and the fact that the operating result will be looking positive, plus measures taken within Start.

Employee participation

A high level of involvement is also reflected in the way personnel identify with the ups and downs of the company – and wish and are able to discuss this. To this end

United Services Group devotes more attention to structures for employee participation than is required by law.

The structure for employee participation at United Services Group comprises three Joint Works Councils for respectively temporary employment, technical and general (United Communications, United College, United Independent Services, United Services Netherlands and United Services Group) and a Group Works Council created in the year under review from the works councils for flexible and permanent personnel at Start.

The latter works council is an important vehicle in substantiating the integration of Start into the consultative structure within United Services Group. In consultation with the various works councils it has been decided that – in addition to delegates of the Joint Works Councils (GemOR) – representatives of the United Temping Services division should also sit on the Central Works Council (COR) of United Services Group.

In 2002 the Joint Works Council met formally on several occasions (on average every month), several times with the relevant Executive Directors. Items on the agenda included informing personnel, ATV-arrangements (shorter working hours), new salary systems, arrangements for childcare and bonus systems. Considerable attention was also focused on consultations around financial and personnel developments at the United Technical Services division.

The Joint Works Council issues regular newsletters to keep personnel informed on matters discussed.

During 2002 the Central Works Council had six formal meetings with members of the Executive Board. Items on the agenda included the acquisition of Start and the impact for the rest of the group, the company's financial situation and changes in general conditions of employment due to implementation of the "Eligibility for Permanent Invalidation Benefit (Restrictions)" and "Work and Care" acts of parliament.

It was also decided to alter the membership of the Central Works Council (COR). The current membership of seven will be increased by eight new members. The COR believes that this expansion will enable it to keep pace with the greater complexity and scope of the company.

Investor relations

Important objectives of investor relations policy are to enhance name awareness and to ensure ongoing attention for the company among financial target groups. Meaningful communication via personal contacts with analysts, institutional and private investors widen insights into the strategy and methodology of United Services Group. An ongoing approach to the media is another key aspect of our investor relations.

The United Services Group website, renewed in 2002 (www.unitedservicesgroup.nl), shows a large volume of "hits". The site offers up-to-date financial information, insights on new developments and news on group activities. The auditorium at the new head office is used for regular gatherings of stakeholders such as private and institutional investors. The year 2002 also saw a number of successful roadshows providing information on the latest developments, and our related vision, to institutional investors and analysts.

Enhancing awareness of the distinctive market position of United Services Group will be a continuing priority in 2003. The recent inclusion in the midcap segment of Euronext N.V. (Amsterdam stock exchange) is expected to benefit awareness and hence the liquidity of the United Services Group shares.

FINANCIAL DEVELOPMENTS

Result

On 23 May 2002 United Service Group acquired a 51% interest in the share capital of Start Holding. The results have been incorporated in the consolidated result of United Services Group as from 1 June 2002.

Turnover in 2002 rose to € 1,104 million, partly due to the acquisition of Start Holding (turnover contribution € 504 million). Compared with turnover of € 600 million in 2001 this represents almost a doubling. In autonomous terms turnover declined by some 8%.

During 2002 the Dutch temporary employment market declined by 6%. For a significant part of the year the Dutch temporary employment businesses in the office segment outperformed the market but were more in line during the last few months. In autonomous term, turnover at this division (United Office Services) was down by some 3.5%. Start's turnover in the United Temping Services division showed improvement during the course of the year whereby the shortfall on the market reduced visibly. Despite the strong downturn in demand for temporary employees it is good to note that neither temporary employment division showed a decline in the gross margin during 2002.

During 2002 the Belgian temporary employment market stabilised compared with 2001. Underlying this was a drop in the general office personnel segment. The Belgian market is dominated by the unskilled industrial segment, i.e. some 70% of the total temporary employment market.

At Unique Interim the turnover mix differs from the market. This was partly due to the focus on the small to medium enterprise segment whereby there is a greater

share of general office personnel turnover. Hence, in autonomous terms office division's turnover declined by 3.2% due to an altered turnover mix. However, Unique Interim did succeed in slightly improving its gross margin in 2002.

The economic malaise in Germany is not expected to show an imminent improvement. For Unique Personal 2002 was yet another difficult year. The infrastructure was adjusted during the year and important cost savings were realised at the head office.

The Spanish temporary employment businesses Ecatemp and Tempíber were combined at the end of 2002 and now operate under the name of Unique. The head office has also been moved to the HQ of People in Madrid. The combination performed well in 2002 with a visible improvement in return. This was mainly due to the shift of focus at the former Ecatemp from industrial clients to clients in the office segment and intensive acquisition-coverage of the small to medium enterprise sector.

Start's People operation in Spain posted lower turnover in 2002. This was due to loss of turnover caused by integration of the Quantum temporary employment business into People, whereby a decline in turnover was accepted for certain branch locations.

Strategic decisions will also mean a slight decline in turnover in 2003. Hence, the company will cease doing business with unprofitable clients or poor payers.

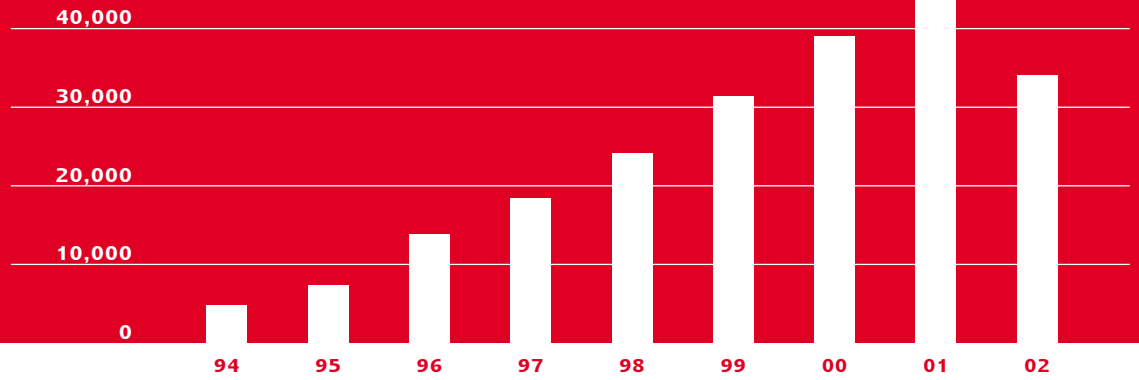
With the exception of its energy specialisation, the technical division United Technical Services performed poorly. Both United Technical Solutions and Technicum showed strongly negative developments due to a steep deterioration in the market climate, particularly after the first half-year. The main reason for this was the large increase in so-called under-utilisation hours. This resulted in strong negative pressure on the gross margin caused by an

'THE MIDCAP LISTING LEVERS PUBLICITY'

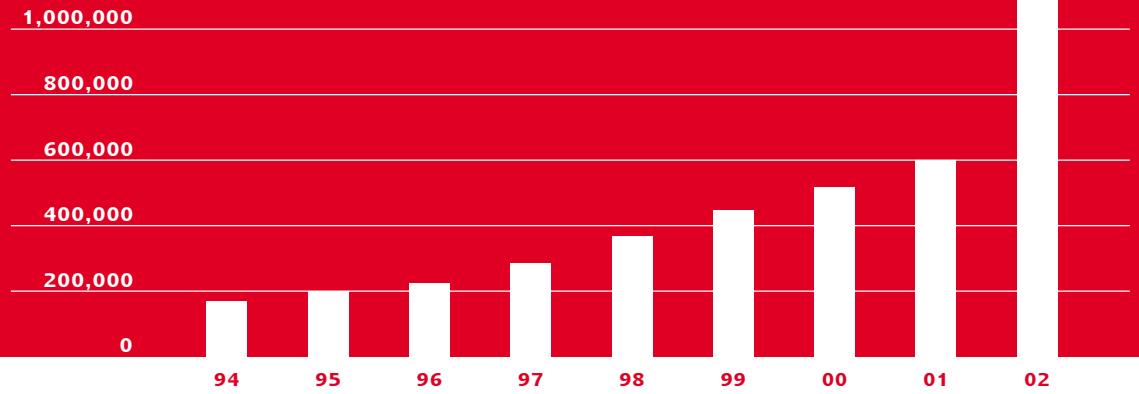
USG &
STRATEGY

Leo Houwen, Executive Vice President, Group Executive Committee, page 31

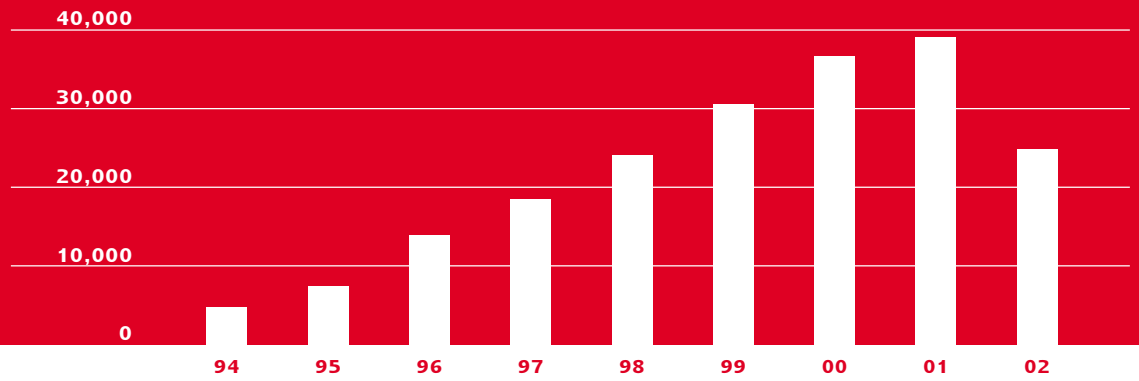
Net profit before amortisation of goodwill 1994 - 2002 (in thousands of euros)



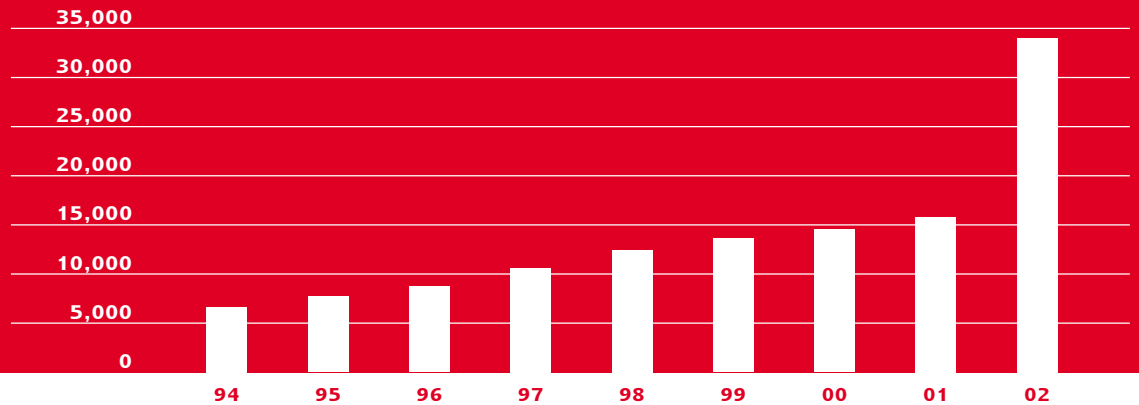
Net turnover 1994 - 2002 (in thousands of euros)



Net profit 1994 - 2002 (in thousands of euros)



Average number of personnel (direct and indirect) 1994 - 2002



absence of turnover linked to ongoing salary obligations. This issue of under-utilisation is now being centrally coordinated and has been reduced to an acceptable level.

In global terms, the decline in the operating result of United Services Group is due to the companies mentioned. Demand for technical specialists is not expected to improve in the short term.

The United Communications division, including Telecom Direct and Call-IT posted a lower operating result due to the loss of a major client of Call-IT, early in the year. In response Call-IT took measures to bring capacity more into line with demand. The company was quite successful here and expects to realise at least a breakeven result in 2003. Notwithstanding problematic circumstances in the marketplace Telecom Direct again posted a slightly improved operating result. The company is expected to distinguish itself positively again in 2003.

At the United College division Luzac College posted a slight growth in turnover in 2002. The minor decline in students at existing branches was compensated by the opening of new branches. The school year 2003/2004 is expected to be the last in which Luzac College undergoes the negative impact of changes in the education system. InterCollege was able to maintain or slightly increase the number of students, and a further increase is expected in 2003. The organisation realised a small loss in this start-up phase.

At United Services Group the operating margin, ratio operating result versus turnover, came out at 6.2% (2001: 12.3%). On one hand this is due to the lower margin at Start and the decline in the operating result, notably at the technical division. Start's operating margin in 2002 was 4.6%. The operating margin at the former United Services Group companies is 7.6%.

Not all companies contributed positively to the result. The consolidated operating result declined from € 73.6 million to € 68.6 million. Start's contribution to this result totalled some € 23 million.

Financing charges were some € 4.9 million higher than in 2001. Of this € 1.6 million represented interest charges for Start. The remainder concerned the increase at United Services Group, in that interest on loans agreed

for the acquisitions in 2001 is now charged for a full year. The tax rate on the 2002 result is 33.2% (2001: 34.4%), which is slightly lower than the nominal rate. This is mainly due to corrections from previous years.

Net profit before amortisation of goodwill totals € 34 million and is in line with the lower profit expectations. This represents 3.1% (2001: 7.7%) of turnover. The share of third parties (Start) totalling € 6.9 million has a major influence on net profit before amortisation of goodwill.

Balance sheet, investments and financing

In April 2002 United Services Group successfully completed a placement of shares for the financing of the Start acquisition. The 51% acquisition of Start was completed on 23 May 2002 with the payment of € 50 million for newly issued Start shares. This immediately released € 50 million for the company, which raised a significant part of its refinancing.

On 4 March 2003 United Services Group acquired the remaining 49% of the shares of Start by exercising a call option. The acquisition of the 49% interest for the amount of € 100 million was financed by a subordinated loan from Stichting Start, which is Start's former shareholder. This 4% loan is payable in ten years whereby payment commences two years after the exercise of the call option.

The goodwill for the acquisition of Start is very limited in the first tranche but on payment of the 49% will be considerably in excess of the purchase sum. However, the market value of Start is also considerably higher than the goodwill incorporated.

As in past years the accuracy of valuation of total goodwill was subjected to the so-called impairment test. Only as far as a small amount was concerned did this lead to additional depreciation of € 0.7 million for terminated activities.

Capital adequacy as per 31 December 2002 stood at 30.5% (2001: 33.6%). The increase in provisions mainly related to provisions made for the costs of integration of the head offices in Gouda and Almere, as well as costs of overcapacity in real estate in Gouda. Most of the provisions are formed by the fair value calculation of Start at

the time of acquisition, decisions having been reached on this in regard to measures to be taken.

The syndicated loan was refinanced during the course of 2002 whereby the loan conditions, the covenants, were linked to the ratio of operating result to net interest, as well as net debt to operating result before interest, taxes, depreciation charges and amortisation (EBITDA).

Once again in 2002 the activities of Fa-med had an important influence on balance sheet ratios. Amounts of € 45 million (2001: € 32 million) and € 27 million (2001: € 22 million) respectively were incorporated in the items receivables and other debt, where Fa-med is responsible for collection. The related turnover from the medical specialists for whom Fa-med conducts invoicing totals € 300 million (2001: € 228 million). The profit and loss account of United Services Group only incorporates the fee charged by Fa-med.

Cash flow from ordinary activities in 2002 totalled € 50 million. This is an improvement of € 11 million compared with 2001. This cash flow was mainly devoted to software and rebuilding at branches, as well as the acquisition of Start. This was financed with a share issue. We foresee an investment volume of some € 10 million in 2003.

The annual accounts for 2001 incorporated a dividend of € 13.1 million, whereas a 25% cash dividend payment had been assumed. The cash percentage eventually came to around 23% whereby € 0.2 million reverted to other reserves.

As from financial year 2003 there have been changes in guidelines for annual reporting in the area of incorporation of the dividend. A dividend payout which is determined after balance sheet date is to be incorporated as a development after balance sheet date. In anticipation of

this the balance sheet as per 31 December 2002 has been drawn up before profit allocation. With a cash pay out of 40% this has an effect on capital of € 4.5 million (2001: € 3 million) at 31 December 2002.

Pursuant to the guidelines earnings per share are calculated on the basis of the average number of shares issued in 2002 (21,853,174).

Personnel

The average number of indirect personnel increased from 1,784 to 4,247. The number of temporary and project personnel on a fulltime basis increased from 13,964 to 29,722.

This strong rise was mainly due to the acquisition of Start.

Dividend

For a substantial number of years United Services Group's dividend has been set at 33.3% of net profit. For the year 2002 this would mean a dividend payout of € 8.3 million. However, as set out in the report, 2002 was an unusual year with disappointing results in the technical field, and the acquisition of Start. On this basis it is proposed that there should be a non-recurring increase in the dividend percentage to around 46%, whereby the total dividend payable would come to € 11.3 million. The dividend per share amounts to € 0.50 (2001: € 0.65), by option in cash or shares.

**'FLEXIBLE EMPLOYMENT IS NOW ACCEPTED BY
THE SPANISH BUSINESS COMMUNITY'**

**USG INTER-
NATIONAL**

Virgili Sáez, General Manager Unique, Spain, page 36

PROSPECTS

Given the background whereby economic recovery has not yet materialised so far, it is reasonable to expect that further slim-down operations within the business community will lead to a further increase in unemployment. In the shorter term these developments stand in the way of a powerful recovery in demand for flexible labour, but looking further ahead they will inevitably lead to increased demand for temporary and project personnel.

On completion of the slim-down operation there will be an increase in demand for temporary and project personnel, for instance as solutions for sick leave, in peak periods, for projects and for vacations. Moreover, in view of the uncertain economic climate the initial reaction will be to deploy temporary personnel as interim solutions for fulltime vacancies.

Recovery is first expected in the so-called early cycle industrial segment. The service portfolio of Start Nederland makes us confident that this operating company has a promising starting position to be the first to fully benefit from this.

In view of the uncertain economic situation it is not feasible to make a statement on turnover and profit development in the year 2003.

Almere, 19 March 2003

Executive Board

Alex D. Mulder (CEO)

Ron Icke RA (CFO)

**'OUR PEOPLE HAVE TO FEEL
AT HOME HERE'**

**USG &
STRATEGY**

Alex Mulder, CEO, page 21

ANNUAL ACCOUNTS

90	Principles for balance sheet valuation, calculation of results and consolidation
92	Consolidated balance sheet at 31 December 2002 before profit allocation
94	Consolidated profit and loss account for 2002
95	Consolidated statement of cash flow
96	Notes to the consolidated balance sheet
102	Notes to the consolidated profit and loss account
106	Corporate balance sheet at 31 December 2002 before profit allocation
108	Corporate profit and loss account for 2002
109	Notes to the corporate balance sheet

Principles for balance sheet valuation, calculation of results and consolidation

System modification

Pursuant to the guidelines for annual reports as implemented on 1 January 2003, in the annual accounts for 2002 allocation of the result is no longer incorporated in the balance sheet. This has an effect of some € 4.5 million (40% cash dividend) on shareholders' equity.

General

In drawing up the annual accounts of United Services Group the corporate profit and loss account makes use of the exemption as of article 402 Book 2 of the Dutch Civil Code.

Intangible fixed assets

Goodwill is taken to mean the difference between historic cost price and net asset value of the company acquired and/or the actual value of the assets acquired, after deduction of liabilities, with due account of the related fiscal effects insofar as these are considered feasible. Depreciation charges are deducted from the thus determined goodwill. Depreciation is linear over a period of 20 years.

Extraordinary depreciation of values is assessed annually. In the event of such facts or circumstances arising as to give rise to doubt on the feasibility of earning back book value, an appropriate downward revaluation shall take place in line with extraordinary depreciation of value.

Tangible fixed assets

Tangible fixed assets are valued at purchase price less depreciation charges, determined on the basis of estimated economic life span. The depreciation charges amount to a percentage of historic cost price.

Financial fixed assets

Participations in group companies are valued at net asset value calculated in line with the company's valuation principles. Receivables from group companies are shown at nominal value. Other receivables are shown at cash value.

Other receivables are almost all incorporated at par.

Receivables, cash at banks and in hand, debt and transitory assets and liabilities

Receivables, cash at banks and in hand, debt and transitory assets and liabilities are included at par. Where required provisions are formed for potential bad debts.

Provisions

Pension provisions are calculated on actuarial principles. Deferred taxation is calculated at the relevant rate for the difference between commercial and fiscal capital. Other provisions are valued at par.

Result

The result is determined as the difference between net turnover and related costs for the year, with due regard to the above-mentioned valuation systems. Profit on transactions is taken into account in the year in which such profit is realised and losses in the year in which provisions can be formed.

Net turnover

Net turnover designates the return on services supplied (exclusive of group services) after deduction of turnover tax and discounts to customers.

Taxes

Corporation tax is calculated on the basis of the result, with due account taken of definite exemptions. Determination of the tax position takes account of such fiscally compensatable losses as are present insofar as they can be settled in due course.

Translation of foreign currency

Assets and liabilities in foreign currencies are translated at the rates pertaining on balance sheet date. Resulting exchange rate differences are booked to the profit and loss account. Assets and results of non-Dutch group companies are translated at the rates pertaining on balance sheet date. Currency exchange differences on assets resulting from differences on balance sheet date between exchange rates at the start and end of the year are incorporated in other reserves.

Amortisation

Amortisation of goodwill also incorporates the extraordinary depreciation of value on the goodwill.

Consolidation

In addition to the financial figures of United Services Group, the consolidated annual accounts for 2002 also comprise the financial details of most important group companies listed below (100% shareholding unless otherwise stated). The full list of participations has been submitted to the Trade Register.

Where control is gained or lost during the course of the financial year, by acquisition or disposal of shares, the financial details of the relevant company are included in the consolidation from the moment control is acquired, or the loss thereof.

- Ad Rem, Andelst
- Avenue Louise Interim, Brussels
- Call-IT International, Weert
- Fa-med, Amersfoort
- InterCollege Business School, The Hague
- Luzac College Nederland, The Hague
- Nieuw Abel Tasman College, Curaçao (51%)
- Secretary Plus Management Support, The Hague
- Secretary Plus Management Support, Brussels
- Secretary Plus Management Support, Frankfurt
- Sesa Start España, Madrid
- Short Track Uitzendburo, Almere
- Start Societa di forniture di Lavoro Temporaneo, Milan
- Start Uitzendbureau, Gouda
- Stichting Start Kans, Gouda
- Subcontract, Lisbon
- Technicum Uitzendburo, Almere
- Telecom Direct Almere, Almere
- Unique Interim, Brussels
- Unique Interim, Madrid
- Unique Nederland Beheer, Almere
- Unique Personal, Bornheim
- United Capacity, Amsterdam
- United ICT Solutions, The Hague
- United ICT Solutions, Antwerp
- United Independent Solutions, Almere
- United Technical Solutions, Almere
- United Technical Solutions, Antwerp
- United Technical Solutions Energy, Beverwijk

On 23 May 2002 United Services Group N.V. acquired 51% of the shares of Start Holding B.V. (Start). Effective 1 June 2002 the financial information of Start has been included in the annual accounts of United Services Group. Stichting Start's remaining 49% interest is presented in these annual accounts under the share of third parties.

On 4 March 2003 United Services Group acquired the remaining 49% interest in Start.

On 13 June 2002 all the shares of Kontek Engineering were sold to the company's management. Kontek's technically oriented and capital-intensive activities matched progressively less well with the core activities of the Group. Kontek's annual turnover totalled € 5 million. Kontek's financial information was included in the annual accounts for 2002, up to 1 June.

Mutual claims and debts as well as mutually provided services are eliminated for the purpose of consolidation.

United Services Group has declared several liability on behalf of the majority of its Dutch subsidiaries for debts arising from legal actions, pursuant to article 403 para 1f of Book 2 of the Dutch Civil Code.

Statement of cash flow

In principle the statement of cash flows is compiled based on the comparison between the net starting and end figures for the relevant financial year. The cash flow from operational activities is determined according to the indirect method, whereby the reported result is adjusted for result components that have not led to revenues and/or expenditures during the financial year. The item acquisition of group companies comprises the total investment in acquisition of the participating interest, hence inclusive of goodwill paid. The cash resources present in the consolidated participations are deducted from the purchase price.

Consolidated balance sheet at 31 December 2002 before profit allocation*

All amounts in thousands of euros

	2002	2001
Fixed assets		
Intangible fixed assets	154,943	152,459
Tangible fixed assets	67,312	26,748
Financial fixed assets	55,593	4,515
	<u>277,848</u>	<u>183,722</u>
Current assets		
Receivables		
Trading receivables	283,502	142,779
Other receivables	18,759	10,703
Transitory assets	31,156	10,522
	<u>333,417</u>	<u>164,004</u>
Cash at banks and in hand	17,613	19,751
	<u>628,878</u>	<u>367,477</u>

* 2001 based on information after profit allocation.

All amounts in thousands of euros

	2002	2001
Shareholders' equity	191,563	122,953
Share of third parties	49,544	
Provisions	25,687	11,806
Long-term debt	101,330	98,164
Short-term debt		
Bank credit	55,049	21,658
Trading liabilities	42,397	30,478
Taxes and social security premiums	44,389	29,392
Debt re acquisitions	4,232	3,851
Advance payments	7,463	6,993
Pensions	11,325	1,399
Other debt	79,950	31,467
Transitory liabilities	15,949	9,316
	<hr/>	<hr/>
	260,754	134,554
	<hr/>	<hr/>
	628,878	367,477

Consolidated profit and loss account for 2002

All amounts in thousands of euros unless stated otherwise

	2002	2001
Net turnover	1,104,527	600,402
Salary costs	859,320	432,442
Depreciation charges	21,111	7,497
Other costs	155,491	86,905
Operating costs	<u>1,035,922</u>	<u>526,844</u>
Operating result	68,605	73,558
Financial income and charges		
Result sale of participation	878	
Interest income	1,014	373
Interest charges	9,190	3,679
Outcome of financial income and charges	<u>-7,298</u>	<u>-3,306</u>
Result of ordinary operations before taxation	61,307	70,252
Taxation result of ordinary operations	-20,377	-24,156
	40,930	46,096
Share of third parties	-6,932	
Net profit before amortisation of goodwill	<u>33,998</u>	<u>46,096</u>
Amortisation of goodwill	-9,170	-7,016
Net profit	<u>24,828</u>	<u>39,080</u>
Earnings per share* after amortisation of goodwill in euros	1.14	1.94
Earnings per share* diluted (after granting of options) after amortisation of goodwill in euros	1.12	1.91

* 2002 based on the average total issued shares, 2001 based on end of year.

Consolidated statement of cash flow

All amounts in thousands of euros

	2002	2001
Cash flow from ordinary activities		
Operating result	68,605	73,558
Amortisation of goodwill	-9,170	-7,016
Depreciation charges	30,281	14,513
Changes in provisions	-10,312	1,530
Changes in working capital	5,193	-16,569
	<u>84,597</u>	<u>66,016</u>
Cash flow from business operations		
Result sale of participation	878	
Interest received	1,014	373
Interest paid	-9,190	-3,679
Tax on profits paid	-20,377	-24,156
Share of third parties in result	-6,932	
	<u>-34,607</u>	<u>-27,462</u>
Cash flow from ordinary activities	49,990	38,554
Cash flow from investment activities		
Investments in tangible fixed assets	-22,082	-52,506
Divestments of tangible fixed assets	955	39,281
Acquisition of group companies	-59,339	-95,277
Increase in financial fixed assets	-2,488	
	<u>-82,954</u>	<u>-108,502</u>
Cash flow from investment activities	-82,954	-108,502
Cash flow from financing activities		
Dividend	221	-2,204
Financing by/repayment of loans	3,166	75,132
Issue of shares	44,580	
Cost of shares, exchange rate differences	-1,018	-52
	<u>46,949</u>	<u>72,876</u>
Cash flow from financing activities	46,949	72,876
Net cash flow	13,985	2,928
Net cash position 1 January	-1,907	-4,835
Bank credit Start on acquisition	-49,514	
	<u>-51,421</u>	<u>-4,835</u>
Net cash position 31 December	-37,436	-1,907
Changes in cash position, including acquisition of Start	13,985	2,928

Notes to the consolidated balance sheet

All amounts in thousands of euros unless stated otherwise

Intangible fixed assets

Situation at 1 January 2002

Purchase value	162,568
Cumulative depreciation charges	-10,109

Book value

152,459

Changes in book value

Investments	14,299
Consolidations	3,000
Divestments	-5,645
Depreciation charges	-8,427
Extraordinary decrease in value	-743

Balance

2,484

Situation at 31 December 2002

Purchase value	173,623
Cumulative depreciation charges	-18,680

Book value

154,943

Depreciation percentage

5

All amounts in thousands of euros unless stated otherwise

	Buildings and land	Other fixed operational assets	Total
Tangible fixed assets			
Situation at 1 January 2002			
Purchase value	1,017	56,881	57,898
Cumulative depreciation charges	-138	-31,012	-31,150
Book value	879	25,869	26,748
Changes in book value			
Investments	15	22,067	22,082
Consolidations		40,548	40,548
Divestments		-955	-955
Depreciation charges	-70	-21,041	-21,111
Balance	-55	40,619	40,564
Situation at 31 December 2002			
Purchase value	1,032	180,715	181,747
Cumulative depreciation charges	-208	-114,227	-114,435
Book value	824	66,488	67,312
Depreciation percentage	2,5	10 - 33,3	
		2002	2001
Financial fixed assets			
Tax claim		54,376	4,515
Custody account linked to mortgage loan		1,217	
		55,593	4,515

Notes to the consolidated balance sheet

Tax claim

This relates to deferred taxation regarding fiscally deductible goodwill and loss compensation, at the German Holding, Start Netherlands and Start Spain.

Custody account

The custody account under this heading, which is held by an insurance company, will be devoted to financing of an adjustment to commenced pensions, for which a provision has been formed.

Trading receivables

Trading receivables are valued at face value with a deduction for possible irrecoverable debt.

Other receivables

Other receivables include a taxation item of € 12.1 million (2001: € 0.7 million) relating to fiscal loss compensation to be realised within one year. This item is almost totally attributable to Start. The long-term portion is incorporated under financial fixed assets.

Cash at banks and in hand

Cash at banks and in hand includes amounts at banks.

Amounts in thousands of euros unless stated otherwise

Shareholders' equity

For specification refer to the corporate balance sheet.

Long-term debt

Long-term debt includes the following loans:

	Debt 2002	Interest 2002	Debt 2001	Interest 2001
Syndicated loan	100,000	euribor + 1.25%	86,136	euribor + 1.25%
Fixed-rate loan	283	6.50%	4,500	5.28%
Roll-over loan			6,807	euribor + 0.85%
Mortgage loan	141	6.875%	309	6.875%
Investment credit	860	4.25%-5.25%		
Leasing debts	46	7.75%	412	7.65%
	101,330		98,164	

The syndicated loan, the fixed-rate loan and the rollover loan were repaid in full in 2002 and were replaced by one new loan under the following conditions:

Principal:	€ 100 million
Repayment:	In 16 instalments of € 6.25 million with the first due on 28 February 2004 and the last on 28 November 2007
Interest percentage:	Euribor + 1,25%
Financial conditions:	Interest Cover Ratio, Ebit to Net Internet Expense must exceed 5:1 Total Net Debt to Ebitda in 2002 must be lower than 2.25:1 and for subsequent years 2:1

Other long-term debt has an average remaining period of 2.5 years,

The short-term portion of the above-mentioned loans is included as short-term debt under the item bank credit.

Some 75% of the interest risk on the syndicated loan is hedged by means of an interest swap, whereby interest is pegged at 5.8%. The remaining period is 4 years, whereby the reduction of the interest swap is related to the repayment of the syndicated loan.

Notes to the consolidated balance sheet

Amounts in thousands of euros

	2002	2001
Provisions		
Specification at 31 December is as follows:		
Reorganisation provision	22,584	
Acquisition obligations		8,743
Pensions	1,230	5
Deferred taxation	575	439
Major maintenance	45	45
Other provisions	1,253	2,574
	25,687	11,806

The development of provisions can be further analysed as follows:

	2002
Situation at 1 January 2002	11,806
Acquisition	30,409
Reduction provision acquisition obligations	-8,743
Application of provisions	-7,785
	25,687

The reorganisation provision concerns costs resulting from the integration of the head offices of Start and United Services Group, as well as further restructuring.

The commenced pensions provision comprises liabilities calculated on actuarial principles at 4% fictitious interest.

The provision for deferred taxation is calculated on the basis of the currently applicable rate for the difference between fiscal and commercial capital.

Other provisions relate, among other things, to the completion or the winding up of several companies.

Bank credit

Bank credit includes repayments due on long-term accounts in 2003, for an amount totalling € 15.1 million.

The other € 40.0 million relates to debit balances at current account with several banks, whereby the interest due is euro base rate plus 1.25%. Total financing scope at current account totals € 145 million.

Obligations not shown on the balance sheet

The annual amount for real estate lease obligations and for lease and other obligations entered into with third parties totals approximately € 43 million (2001: € 21 million). The average duration of these obligations is 4.0 years.

There are fixed obligations for additional payments for the purchase of Call-IT International B.V. amounting to € 3,6 million. This obligation will be met in 4 annual instalments in the form of shares of United Services Group N.V. The issue price shall be set at the average of closing prices during a period of three weeks prior to the time of payment.

Notes to the consolidated profit and loss account

All amounts in thousands of euros unless stated otherwise

Breakdown per activity

	United Office Services		United Temping Services		United Technical Services	
	2002	2001	2002	2001	2002	2001
Net turnover	428,171	395,409	503,922		130,249	166,079
Operating result	39,257	45,018	22,957		2,576	19,993
Operating result as percentage of turnover	9.2%	11.4%	4.6%		2.0%	12.0%
Capital invested	83,774	83,183	173,293		26,171	31,263
Investments	1,913	22,565	11,189		5,093	4,747
Depreciation charges	7,665	5,642	11,878		1,451	1,170
Personnel on fulltime basis	12,732	11,565	17,699		2,780	3,527

Geographic spread

	Netherlands		Belgium		Germany	
	2002	2001	2002	2001	2002	2001
Net turnover	779,739	407,455	144,276	145,163	26,547	32,184
Capital invested	329,776	214,605	21,901	20,013	23,761	16,998
Investments	32,710	116,543	678	13,909	121	1,513
Personnel on fulltime basis	20,912	10,157	3,966	4,023	860	1,148

United Communications		Other activities		Head office		Total	
2002	2001	2002	2001	2002	2001	2002	2001
15,945	12,988	26,240	25,926			1,104,527	600,402
692	4,456	3,353	4,553	-230	-462	68,605	73,558
4.3%	34.3%	12.8%	17.6%			6.2%	12.3%
10,212	8,013	16,663	15,667	113,060	116,455	423,173	254,581
477	41	1,308	3,612	16,401	101,043	36,381	132,008
961	100	2,203	2,151	6,123	5,450	30,281	14,513
359	206	192	271	207	179	33,969	15,748

Spain		Italy		Other countries		Total	
2002	2001	2002	2001	2002	2001	2002	2001
136,104	12,288	11,486		6,375	3,312	1,104,527	600,402
43,768	2,739	3,608		359	226	423,173	254,581
2,664		145		63	43	36,381	132,008
7,053	352	516		662	68	33,969	15,748

Notes to the consolidated profit and loss account

All amounts in thousands of euros unless stated otherwise

Numbers employed

Numbers employed by United Services Group and its group companies in 2002 stood at an average fulltime equivalent of 4,247 (2001: 1,784). The number of temporary and project staff – also calculated on a fulltime basis – totalled 29,722 (2001: 13,964).

The following amounts were disbursed during the year under review:

	2002	2001
Wages and salaries	645,598	353,859
Social security charges	197,294	75,279
Pension charges	16,428	3,304
	<u>859,320</u>	<u>432,442</u>

Payments to members of the Executive and Supervisory Boards

Individual payments to members of the Executive Board who were in office during the financial year were as follows:

	Fixed payments	Variable Payments	Total	Options
A.D. Mulder	333,528	68,605	402,133	37,334
Y.L.M.E. Dierckxsens	285,881	68,605	354,486	18,500
L.W. Houwen	285,881	68,605	354,486	37,333
R. Icke	285,881	68,605	354,486	37,333
			<u>1,465,591</u>	<u>130,500</u>

The variable payment concerns a percentage of the result of the group as a whole.

Under the options plan the members of the executive board were granted a total of 24,000 unconditional options in 2002 (2001: 24,000). In 2001 payments to members of the Executive Board totalled € 1,366,342.

Individual payments to members of the supervisory board who were in office during the financial year were as follows:

	Periodic payments
C.J. Brakel	27,227
Prof. M.H. Battaille	18,151
J.H. van Heijningen Nanninga	18,151
Prof. C.N.A. Molenaar	18,151
	81,680

Payments to supervisory directors in 2001 totalled € 75,960.

Result of sale of participation

This item incorporates profit relating to the sale of the shares of Kontek Engineering.

	2002	2001
Taxes		
Corporation tax due on the result	20,834	25,625
Corporation tax re liquidations	6	-635
Corporation tax re preceding years	-463	-834
	20,377	24,156
Average nominal percentage	34.0%	36.5%
Re liquidations	0.0%	-0.9%
Re preceding years	-0.8%	-1.2%
Total taxes as percentage	33.2%	34.4%

The average nominal percentage relates to rates applying in the countries where United Services Group N.V. is active, with due account taken of regulations applying in the relevant country in regard to non-deductible items and/or additional deductible items.

Corporate balance sheet at 31 December 2002 before profit allocation*

All amounts in thousands of euros

	2002	2001
Fixed assets		
Intangible fixed assets	63,171	52,062
Tangible fixed assets	90	114
Financial fixed assets		
Participations in group companies	102,092	45,281
Receivables/liabilities group companies	109,524	98,796
	211,616	144,077
Current assets		
Receivables		
Other receivables and transitory assets	15,052	18,929
Cash at banks and in hand	9,799	3,367
	299,728	218,549

* 2001 based on information after profit allocation.

All amounts in thousands of euros

	2002	2001
Shareholders' equity		
Paid up and called up capital	22,684	20,191
Share premium	73,829	32,761
Other reserves	70,222	70,001
Retained profit	24,828	
	<hr/>	<hr/>
	191,563	122,953
Provisions	150	349
Long-term debt	100,000	87,792
Short-term debt		
Bank credit	6,807	
Other debt and transitory liabilities	1,208	7,455
	<hr/>	<hr/>
	299,728	218,549

Corporate profit and loss account for 2002

All amounts in thousands of euros

	2002	2001
Result of participations after taxation	25,469	42,248
Result United Services Group after taxation	-641	-3,168
Net result	24,828	39,080

Notes to the corporate balance sheet

All amounts in thousands of euros unless stated otherwise

General

Valuation principles for assets and liabilities and for the determination of the result are stated above under 'Principles for balance sheet valuation, calculation of results and consolidation'.

	Receivables from group companies	Participations in group companies	Total
Book value at 1 January 2002	98,796	45,281	144,077
Result 2002		25,469	25,469
Acquisition of participations		44,335	44,335
Sale of participations		-998	-998
Dividends		-11,995	-11,995
Changes at current account	10,728		10,728
Book value at 31 December 2002	109,524	102,092	211,616

Paid-up and called-up capital

At 31 December 2002 corporate capital totalled € 96,000,000 divided into 96,000,000 shares of € 1.00 nominal value.

Changes in paid up and called-up capital in 2002 are as follows:

	Number of shares	Nominal value
Situation at 1 January 2002	20,190,918	20,191
Stock shares	469,233	469
Issue dated 24 April 2002	1,998,901	1,999
Issue due to exercise of options	25,250	25
Situation at 31 December 2002	22,684,302	22,684

Notes to the corporate balance sheet

All amounts in thousands of euros unless stated otherwise

Share premium

Developments in 2002 were as follows:

Situation at 1 January 2002	32,761
Stock shares	-469
Issue	41,977
Issue due to exercise of options	578
Other changes	-1,018
	<hr/>
Situation at 31 December 2002	73,829

Other reserves

Developments in 2002 were as follows:

Situation at 1 January 2002	70,001
Dividend 2001	221
	<hr/>
Situation at 31 December 2002	70,222

Retained profit

Result 2002	24,828
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Option rights

Option rights have been granted for shares of United Services Group with an exercise period of five years. In 2002, a total of 81,452 rights were granted on shares of United Services Group, A total of 25,250 option rights were exercised in 2002 while 6,981 option rights lapsed. A total of 309,086 option rights were outstanding at 31 December 2002.

Total options	Executive directors	Directors operating companies	Other personnel	Price	Due date
65,000	42,500	15,000	7,500	€ 26.32	8 May 2003
46,922	19,500	8,250	19,172	€ 25.84	4 May 2004
51,034	20,500	17,000	13,534	€ 25.75	26 April 2005
65,133	24,000	20,000	21,133	€ 21.70	28 April 2006
80,997	24,000	35,000	21,997	€ 23.20	25 April 2007
<hr/>	<hr/>	<hr/>	<hr/>		
309,086	130,500	95,250	83,336		

Almere, 19 March 2003

Supervisory Board

C.J. Brakel (*chairman*)

Prof. M.H. Battaille de Stappens de Nieuwenhove

J.H. van Heijningen Nanninga

Ms M.E. van Lier Lels

Prof. C.N.A. Molenaar

Prof. B. de Vries

Executive Board

A.D. Mulder (*CEO*)

R. Icke (*CFO*)

Events after balance sheet date

Exercise of call option Start Holding B.V.

On 4 March 2003 United Services Group exercised the call option relating to the shares of Start Holding B.V., thus acquiring the remaining 49% interest.

The cost price of this interest totalled € 100 million and was financed by a subordinated loan to Stichting Start, the former shareholder of Start Holding.

This loan is conditional on full subordination, 4% interest and repayment in 10 years commencing 2 years after exercise of the option.

Incorporation of the dividend

As from 2002 the proposed final dividend, for the financial year, to ordinary shareholders will no longer be presented under short-term debt but will be presented under Shareholders' equity until such time as the General Meeting of Shareholders reaches a decision on this. As a consequence this altered manner of presentation Shareholders' equity will increase to € 4.5 million (cash dividend 40%) at the end of 2002. Application of this altered manner of presentation in the financial year 2001 would result in € 3,1 million higher shareholders equity.

Auditor's report

Introduction

We have audited the financial statements of United Services Group N.V, Almere, for the year 2002 as presented in this annual report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code.

Amsterdam, 19 March 2002

PricewaterhouseCoopers Accountants N.V

Statutory provisions concerning profit allocation

Article 27

- Item 1. From profit realised in the last financial year, such amounts shall be reserved as determined by the Executive Board with the approval of the Supervisory Board.
- Item 2. Profit remaining thereafter shall be at the disposal of the General Meeting of Shareholders.
- Item 3. The company may only decide to pay dividends to shareholders, chargeable to reserves not required to be held by law, at the proposal of the Executive Board, duly approved by the Supervisory Board.
- Item 4. The company may only pay dividends to shareholders insofar as its own capital exceeds that part of capital, which is issued and fully paid-up, plus legal reserves.

Article 28

- Item 3. The Executive Board is authorised, with the prior approval of the Supervisory Board, to pay an interim dividend, with due consideration to the stipulations of article 105, Book 2 of the Dutch Civil Code.
- Item 4. The General Meeting of Shareholders may, at the proposal of the Executive Board, and with prior approval of the Supervisory Board, decide that dividends shall be paid wholly or in part in the form of shares in the capital of the company.

Profit allocation

A dividend is proposed of € 0.50 per ordinary share in cash or by choice in shares. With a total of 22,684,302 shares this means a dividend of € 11,342,151.

NINE-YEAR REVIEW

All amounts in thousands of euros unless stated otherwise

	2002	2001
Consolidated profit and loss account		
Net turnover	1,104,527	600,402
Percentage growth on preceding year	84.0%	15.9%
Operating result	68,605	73,558
Percentage growth on preceding year	-6.7%	18.4%
Percentage of net turnover	6.2%	12.3%
Result from ordinary operations after taxation	40,930	46,096
Net profit before amortisation of goodwill	33,998	46,096
Percentage growth on preceding year	-26.2%	18.1%
Percentage of net turnover	3.1%	7.7%
Cash flow	55,109	53,593
Dividend	11,342	13,124
Dividend/net profit	45.7%	33.6%
Consolidated Balance Sheet		
Fixed assets	277,848	183,722
Working capital	90,276	49,201
	368,124	232,923
Shareholders' equity	191,563	122,953
Share of third parties	49,544	
Long-term loan capital	127,017	109,970
	368,124	232,923
Other key figures		
Shareholders equity/total equity	30.5%	33.5%
Shareholders equity/capital invested	45.3%	48.3%
Current assets/ current liabilities	1.35	1.37
Number of shares	22,684,302	20,190,918
Per share in euros		
2002 based on average issued shares		
Net profit before amortisation of goodwill	1.56	2.28
Net profit	1.14	1.94
Dividend	0.50	0.65
Shareholders' equity	8.77	6.09
Cash flow	2.52	2.65

	2000	1999	1998	1997	1996	1995	1994
	517,969	446,794	367,552	284,108	224,473	199,388	169,464
	15.9%	21.6%	29.4%	26.6%	12.6%	17.7%	
	62,139	46,992	37,159	26,259	19,274	9,666	6,856
	32.2%	26.5%	41.5%	36.2%	99.4%	41.0%	
	12.0%	10.5%	10.1%	9.2%	8.6%	4.8%	4.0%
	39,018	31,441	24,647	18,824	14,841	7,480	4,905
	39,018	31,441	24,083	18,472	13,873	7,404	4,825
	24.1%	30.6%	30.4%	33.2%	87.4%	53.5%	
	7.5%	7.0%	6.6%	6.5%	6.2%	3.7%	2.9%
	44,340	37,720	28,356	21,575	16,160	9,816	7,548
	12,208	10,192	8,027	6,131	1,673	2,775	1,726
	33.3%	33.2%	33.3%	33.2%	12.1%	37.5%	35.8%
	111,524	66,214	13,036	8,673	8,303	7,085	5,005
	5,425	8,551	13,010	17,820	14,303	14,935	15,257
	116,949	74,765	26,046	26,493	22,606	22,020	20,262
	86,129	51,450	23,891	24,180	18,255	19,509	17,369
	30,820	23,315	2,155	2,313	4,351	2,511	2,893
	116,949	74,765	26,046	26,493	22,606	22,020	20,262
	37.9%	31.6%	23.3%	33.9%	26.0%	34.9%	35.7%
	65.0%	64.3%	78.1%	84.4%	76.1%	87.3%	77.2%
	1.05	1.10	1.17	1.40	1.30	1.44	1.54
	19,690,919	19,230,500	18,973,812	17,321,455	16,983,365	16,832,685	16,733,450
	1.98	1.63	1.36	1.07	0.82	0.44	0.29
	1.86	1.58	1.36	1.07	0.82	0.44	0.29
	0.62	0.53	0.42	0.35			
	4.37	2.67	1.35	1.40	1.08	1.15	1.04
	2.25	1.96	1.60	1.24	0.95	0.59	0.45

SUPERVISORY BOARD & EXECUTIVE BOARD

Profiles Supervisory Board

Cor J. Brakel (1937) has chaired the Supervisory Board since mid-1998. He chaired the Executive Board of Wolters Kluwer N.V. up to the end of 1999. Before this he held positions with companies including Shell and Elsevier. An economist by training, Mr Brakel sits on the supervisory boards of companies including Aalbers Industries N.V., Athlon Groep N.V., Kappa Holding B.V. and Koninklijke Numico N.V. His period in office ends in 2006.

Prof. Marc H. Battaille de Stappens de Nieuwenhove (1934) joined the Supervisory Board in 1998. He holds a number of supervisory and executive board positions with companies including Inex Group Belgium, Van Beveren Aluminium Belgium and Acacia Holdings (USA and Hong Kong). Prof. Battaille is also involved in the Executive Programs faculty of Pennsylvania State University. His period in office ends in 2006.

Joost H. van Heijningen Nanninga (1946) joined the Supervisory Board in April 2001. He is a partner in Egon Zehnder International and has broad expertise in the fields of personnel and organisation. Mr Van Heijningen Nanninga sits on the supervisory boards of companies including Exact Holding N.V., Krauthammer (Brussels) and European Estate Publishers B.V. He is also an active member of various foundations and associations, including the United World College Foundation and the Vereniging Rembrandt. His period in office ends in 2005.

Marike M.E. van Lier Lels (1959) joined the Supervisory Board in December 2002. She graduated from technical college in 1979 and from Delft Technical University in 1986. Since then she has held a number of executive directorships with companies including Koninklijke Nedlloyd, Van Gend & Loos and Deutsche Post Euro Express. Ms Van Lier Lels is Executive Vice President and COO of the Schiphol Group and a member of the Supervisory Commission of Delft Technical University, the Supervisory Board of KPN and the advisory board of Rabobank Nederland. Her period in office ends in 2006.

Prof. Cor N.A. Molenaar (1949) joined the Supervisory Board in April 2000. In January 1997 he gained his PhD in application potential for information technology in marketing. In March 1999 he was appointed to the chair of e-marketing at Erasmus University Business School, Rotterdam.

Prof. Molenaar is an independent consultant in internet and e-marketing applications. Prior to this he was managing director and founder of One2one interactive marketing and Ogilvy & Mather Dataconsult. His period in office ends in 2004.

Prof. Bert de Vries (1939) joined the Supervisory Board in December 2002. He graduated cum laude in economics in 1964 and gained his PhD in 1975 at the Vrije Universiteit, Amsterdam. From 1989 to 1994 he served as Minister of Social Affairs and Employment and currently holds a number of supervisory and executive directorships. In addition to the chair of bodies including Stichting Start and Start Foundation, he is a supervisory director of Imtech N.V., F. van Lanschot Bankiers N.V., Eneco N.V., Quest International Nederland, and Travel Unie International Nederland. His period in office ends in 2006.

Profiles Executive Board

Alex D. Mulder (1946) set up Unique Uitzendburo at the age of 26. Between 1972 and 1996 Unique developed into a leading player in the employment market with 114 branches in the Netherlands and Belgium. In 1997 the company merged with Goudsmit N.V. becoming the publicly listed United Services Group, with Alex Mulder as CEO and President on the Executive Board. His responsibilities also include strategy, human resources and acquisitions. He also chairs the Group Executive Committee.

Ron Icke RA (1957) was an accountant with PricewaterhouseCoopers (as it is today) for 14 years. He qualified with the Dutch accountancy body NIVRA as chartered accountant in 1986. Alongside general auditing this period mainly focused on acquisition investigations. In 1991 Ron Icke made the transition from accountancy to Goudsmit where he was appointed director. Since the 1997 merger between Goudsmit and Unique International, as CFO, Ron Icke has been responsible for finance and administration, acquisitions, legal affairs and investor relations. He is also a member of the Group Executive Committee.

Profiles Group Executive Committee

The Group Executive Committee comprises the Executive Board and:

Hans H.W.H. Coffeng (1967) was an intern with Unique Netherlands in 1993 as the final stage of his course in Organisation and Employment Sociology at the National University of Groningen. After a career running from intermediary to general manager of Unique Nederland in 2000, in 2001 he was appointed director heading the United Office Services division. Effective 1 January 2003 he became a member of the Group Executive Committee and Executive Vice President of United Services Group. In this position he is responsible for the Dutch and German operating companies of the United Office Services and United Technical Services divisions.

Yvan L.M.E. Dierckxsens (1961) has been with United Services Group since 1989 as managing director of the Belgian temporary employment operations. As from 1999 he was divisional director Belgium with responsibility for around 25% of annual group turnover. Yvan Dierckxsens has chaired the

Belgian industrial association Federgon (temporary employment, recruitment & selection, outplacement, projects, secondment and interim management), since 2001. He has been a member of the Group Executive Committee of United Services Group since the year 2000 and as its Executive Vice President is responsible for the operating companies in Belgium, Spain and Portugal.

Leo W. Houwen (1949) held a number of commercial posts after leaving high school. In 1975 he joined Interlance Uitzendburo as a district manager. In 1980, by then commercial director, he was appointed managing director of Interlance (later acquired by Vedior Holding). In 1989, as managing director of Vedior Uitzendbureaux he made the transition to Unique Uitzendburo where he has been part of the Executive Board since 1992. Leo Houwen joined the board of the Dutch Association of Temporary Employment Companies (ABU) in 1994. He is now the association's vice chairman. As Executive Vice President within the Group Executive Committee of United Services Group he is responsible for corporate marketing, communications, development and investor relations.

Erwin van Iersel (1962) started his career in the temporary employment industry in 1989 as a branch manager with Start. He went on to fill positions including district manager, regional director – and managing director of Start Nederland and then Start Holding. His academic record includes technical college qualifications in Technical Business Administration and an MBA. Effective 1 January 2003 he was appointed to the Executive Committee as Executive Vice President. His responsibilities include the United Temping Services division (Start-operations) in the Netherlands and Italy.

MANAGEMENT

United Services Group

United Services Group	L. van Bekkum	Corporate Director Sales & Operations
United Services Group	Ms E. de Boer	Corporate Director Human Resources
United Services Group	J. van Duijn	Corporate Director Finance, Administration & ICT
United Services Group	A.J. Jongsma	Corporate Director Legal & Acquisitions
United Services Group	Ms S.L. Kleijn	Corporate Director Corporate Affairs
United Services Group	D. Verbruggen	Corporate Director Financial Research & Development

The Netherlands

United College

InterCollege, Luzac College, Nieuw Abel Tasman College	A.L.J. Busselman	General manager
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United Communications

Call-IT International	P.C.L. Heijn	General manager
Telecom Direct Almere	Ms C. Bosman	General manager

United Independent Services

Fa-med	Dr H. Dennert	General manager
United Independent Solutions	Dr H. Dennert	General manager

United Office Services

Ad Rem	Ms K. Korstanje	General manager
Secretary Plus	Ms J.E. Steenveld	General manager
Short Track	Ms J.H.M. Wijburg	General manager
Unique Nederland	Ms D. Bekhuis	General manager
United Capacity	M. de Lassacquère	General manager

United Technical Services

Technicum	L. van Bekkum	General manager (interim)
United ICT Solutions	N. Totaro	General manager
United Technical Solutions	N. Totaro	General manager
United Technical Solutions Energy	J. Smit	General manager

United Temping Services

BTO	R.H. Westenbrink	Director
Proflex	J. Bolt	Commercial director
Start Nederland	A.F.E. de Jong	General manager
Stichting Start Kans	W.B. Altena	Director
TopStart	J. Lodewijks	Director

Belgium

United Office Services

Avenue Louise Interim	Ms C. van den Eynde	General manager
Secretary Plus	Ms C. van den Eynde	General manager
Unique Interim	F. Sepulchre	Commercial director
United Capacity	X.A.J. Vandewiele	General manager

United Technical Services

United ICT Solutions	X.A.J. Vandewiele	General manager
United Technical Solutions	X.A.J. Vandewiele	General manager

Germany

United Office Services

Secretary Plus	J. Harder	General manager
Unique Personal	R. Deichert	General manager

Italy

United Temping Services

Start	M. Gamberini	General manager
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Portugal

United Temping Services

Start Portugal	G. Soria	General manager
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Spain

United Office Services

Unique	V. Sáez	General manager
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United Temping Services

People	G. Soria	General manager
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GROUP COMPANY ACTIVITIES

Ad Rem (Netherlands)	Regional temporary employment operation active in general temping, recruitment & selection, payroll services, secondment and projects focused on the office segment and higher-level personnel
Avenue Louise Interim (Belgium)	Specialist in temping for multi-lingual senior secretaries
Call-IT International (Netherlands & Belgium)	Customer contact center offering comprehensive service in telephone sales, personnel recruitment, information provision, complaints and e-mail response processing and related direct mail campaigns
Fa-med (Netherlands)	Specialised factoring operation for comprehensive outsourcing of telephone sales, xportfolio and correct invoicing collection and payment for medical specialists and independent operators without personnel
InterCollege (Netherlands)	Business school at college equivalent level focusing on management, marketing and communication
Luzac College (Netherlands & Belgium)	High school education
Proflex (Netherlands)	In-house organisation of flexi-labour for employers
Secretary Plus (Netherlands, Belgium & Germany)	Agency specialised in placing, training and coaching secretaries and management-support personnel
Short Track (Netherlands)	Regional agency focused on temping, secondment, payroll services, recruitment & selection and projects
Start (Netherlands, Italy Spain & Portugal)	General employment operation including temping, secondment, payroll services, reintegration, training and career intervention. Also focusing on specific markets including transport & logistics, technical, construction, hotel and catering, care, call centers, education and governmental
Start Kans (Netherlands)	Specialist in finding sustainable employment for job seekers who are disadvantaged in this area
Start Opleidingen (Netherlands)	Training, including technical, and related conditions of employment, the transport sector; training and retraining for the health care sector and short courses for mother and baby care, home care and childcare
Technicum (Netherlands)	Temporary staffing and secondment for technicians up to intermediate educational level

Telecom Direct

(Netherlands)

Customer contact center providing comprehensive service around telephone sales, recruitment, information provision, complaints, and e-mail response processing plus related direct mail campaigns

TopStart

(Netherlands)

Intermediary for recruitment, selection and secondment of higher trained personnel in several branches/industries

Unique

(Netherlands, Belgium, Germany & Spain)

Temping, payroll services, recruitment & selection, secondment, projects and mediation for ending of employment in the office and technical sector, specialising in secretarial, financial, telecoms and medical personnel, and other-language office staff

United Capacity

(Netherlands & Belgium)

Secondment, recruitment & selection of supervisory personnel in marketing, communication and sales, plus finance, legal and human resources management

United ICT Solutions

(Netherlands & Belgium)

Specialists in project support, consultancy and secondment of experienced IT-professionals

United Independent Solutions

(Netherlands)

Support and enabling for independent operators without personnel

United Technical Solutions

(Netherlands & Belgium)

Technical specialists in projects and secondment focusing on construction, civil engineering, mechanical engineering, electro technology, petro/chemicals and telecoms

United Technical Solutions Energy

(Netherlands, Germany & United Kingdom)

Technical specialists in projects and secondment focused on oil and gas, shipping and related engineering firms

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