usg people

2010 ANNUAL REPORT

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Cover photo, from left to right:
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Marieke Roël Communications Advisor, Unique
Nourddine Lehnout Corporate Internal Auditor, USG People

USG PEOPLE

USG People is an organisation which operates in the flexible employment market through a number of strong brands. Each brand has its own focus – ranging from general or specialist staffing to sector and industry-oriented professionals – and provides an array of types of flexible employment. We are the number four player in Europe in terms of size, but with the commitment and personal approach of a small company. We believe in diversity, not in uniformity. We give our candidates the space they need to continue to grow and be the best that they can be. And we give our operating companies the same space. After all, they too have their own specific talent and ambition. As a result, together we are able to provide tailor-made services through specialisation.

What matters to us is people, their growth and their personal development. We believe in unique talents and organisations. We know first hand how satisfying it is to help people find a job that suits them and makes them happy. At the same time we help our clients find the best people. This enables both our candidates and our clients to achieve their ambitions better. Our employees are proactive, enterprising and able to respond to challenges and changes. They are passionate about what they do and they have every reason to be. After all, it gives great pleasure knowing you are able to help someone with one of the most important things in life: finding a fun and challenging job.

We are also an organisation focused on innovation. We keep an eye on social and technological developments and use these to take advantage of new opportunities, often by turning existing shortages in the market into win-win situations for all parties involved. We take pride in this.

We want to continue to grow by being better and better at what we do. There is not one job market but different job markets. And new job markets continue to be born. It is because we are specialists that we know the needs and requirements of our clients and candidates in all of those markets best. Modern-day society is a mixture of individuals and so are we. Together we achieve our ambitions. That is what USG People is all about.

PREFACE & ORGANISATION

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FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

CEO'S PREFACE

2010 was a year of recovery. We succeeded in making it through the crisis and in many respects it made our organisation become even stronger. We are already starting to reap the benefits of this. The bond between our employees is solid and from the moment signs of recovery became visible there has been a clear will throughout our organisation to advance and grow.

USG People is an organisation characterised by the high quality of its staff and candidates. Keeping people interested and committed while paying attention to human aspects makes USG People an attractive organisation. Our focus is on people, their growth and their personal development. We will continue to invest in this in the future because we believe that the right people end up making a difference. We believe in unique talent and unique organisations.

In the course of the year we witnessed positive trends across the board. Markets recovered along a classical pattern, in line with previous cycles. Initially recovery was mainly visible in the industrial and transport sectors, with the services sector following suit later. The industrial and transport sectors experienced a strong recovery, initially also boosted by the government. As is traditionally the case, recovery in the services sector was more gradual.

In the Netherlands recovery was phased, taking shape in a classic pattern. The Dutch staffing market largely consists of administrative employees who predominantly depend on jobs in the services sector. Government austerity measures were also a factor, resulting in lower public sector demand for external employees. The Dutch government is the largest employer of temporary staff in the services sector. The other branches in the services sector generally picked up more gradually throughout the course of the year. The industrial and transport sectors picked up sooner and the pace of recovery was quite rapid. The overall turning point in the Netherlands was in September when growth returned following a long period of contraction. In the final months of the year, growth increased and revenue in the Netherlands was higher compared to 2009.

In the countries outside the Netherlands, where temporary staffing is more focused on the industrial sector, market recovery was exceptionally strong in 2010. In these countries we witnessed a rapid rise in demand early in the year. Growth in some countries even exceeded 50% in certain periods compared to 2009. It must be noted that while volumes had decreased significantly during the crisis, the exceptional pace of recovery has meant that we are now virtually back to pre-crisis levels in some countries.

In 2010 we further strengthened our financial position through an equity offering. In March seven million new shares were issued, boosting shareholders' equity by an amount of € 85 million. This provides more financial scope and helps ensure our continuity, allowing us to once again set our sights on the growth and efficiency of our activities.

The international rollout of specialist brands including Unique and Secretary Plus is a good example of this. After taking a forced breather due to the crisis, we continued to internationalise our brands in 2010. Secretary Plus, for example, will be represented in virtually every country in which we operate in 2011.

In 2010 we harmonised our brand portfolio in a number of areas. The local Dutch brands Content and StarJob were successfully merged with Unique and Secretary Plus, two of the strongest international brands in USG People's DNA. Another large-scale brand merger took place in Germany. All the local brands – many of which stemmed from recent acquisitions – were transformed and integrated into Unique and Technicum. These mergers meant a reduction in the overall number of brands by 14 local brands and helped to further increase the uniformity and coherence of the brand portfolio.

Within our organisation we are witnessing many initiatives in the field of innovation. We continued to innovate during the crisis and in some respects you could even say that the crisis acted as a

catalyst for innovation. In our quest to be an industry leader with respect to change processes resulting from automation we actively encourage employee involvement. We also aim to take advantage of the opportunities we expect to see, particularly in the tight job markets in most European countries as a result of the massive retirement of baby boomers. Various initiatives of ours are aimed at using our diverse portfolio as efficiently as possible to deal with the job market potential so that we can continue to provide our clients with highly qualified employees.

Drastic changes are still expected to take place in the years to come, partly as a result of ongoing automation and globalisation. We will deal with these changes head-on to be able to benefit as much as possible from the many opportunities these new playing fields have to offer our organisation.

Change originates from new ideas which need to be supported and facilitated by appropriate leadership creating the framework for an innovative and forward-thinking organisation. The Executive Board which was appointed this year has already developed a number of initiatives on the subject. An active platform for innovation, a new way of looking at employment and new leadership were already introduced in the organisation in 2010. Further shaping these themes is high on the Executive Board's agenda.

Our organisation is in full swing and we are moving forward with great confidence. It is mainly thanks to the efforts and flexibility of our employees in these past turbulent times that we have every confidence that we will also be successful together in the future. On behalf of the Executive Board I would therefore like to take this opportunity to thank all our employees once again for their contributions in 2010.

Rob Zandbergen, Chief Executive Officer
4 March 2011

PROFILE

With revenue of € 3.1 billion in 2010 USG People ranks fourth in Europe in HR services with a wide array of well-established and recognisable brands. Headquartered in the Dutch city of Almere, USG People is active in Belgium, France, Italy, Luxembourg, the Netherlands, Austria, Poland, Spain and Switzerland.

OUR SERVICES

General Staffing

Start People

Staffing, secondment, recruitment and selection, pool management and payrolling services for both large companies and companies in the SME segment. Special units for the mediation of staff for call centres and in the transport, healthcare, and technical sectors. Start People also provides in-house services to large companies through its operating company Start People Inhouse Services.

Specialist Staffing

Ad Rem Young Professionals, ASA Student, Creyf's, Express Medical, Receptel, Secretary Plus, Technicum and Unique

Specialist activities in the area of staffing, secondment, payrolling, recruitment and selection, and projects in various market segments including administrative, commercial, financial, medical, secretarial, management support, HR, multilingual and technical.

Professionals

IKKI, Legal Forces, USG Capacity, USG Energy, USG Financial Forces, USG HR Forces, USG Innotiv, USG Juristen and USG Restart

Specialist services such as secondment, recruitment and selection, project support and consultancy by highly qualified professionals, aimed at the specialist areas of communication and marketing, legal, financial, HR, IT and technical. Professional self-employed people with no staff are also supported and facilitated by the aforementioned operating companies. USG Restart provides services in the field of mobility, workforce integration and reintegration, job coaching and social integration.

WE BELIEVE IN

Our people

People are the key factor in the success of our organisation. This success is largely determined by the dedication, creativity, involvement and entrepreneurial spirit of our employees.

Multibrand approach

Our market approach is based on a clear, effective and recognisable focus on market segments. This enables us to offer specific solutions to meet the various needs of candidates and clients.

Strong candidate and client focus

Our focus on market segments and specialist areas enables us to attract the best candidates and to provide better service to candidates and clients alike. We understand their needs, speak their language and have in-depth knowledge of the specific market segments we operate in.

Local-for-local

By literally being located close to (the) candidates and clients we are able to quickly respond to the needs of both. By placing responsibility at the lowest possible levels within the organisation, we encourage involvement and create entrepreneurial spirit among our employees on location, i.e. close to our clients.

Learning organisation

Development is the key to both continuity and sustainable success in an ever more competitive and complex market. We strive to achieve a business culture based on mutual learning, sharing and coaching – a culture of dialogue, experimenting and constant improvement.

Innovation
We are constantly on the lookout for new types of services, better processes, new recruitment channels and innovative sales support activities.

Community involvement
Community involvement is embedded in the core of our services. And it is also an important part of our SR policy. We believe that there is a right place for everyone. The knowledge and capacity on hand is also used to help people who are further removed from the labour market, people on the sidelines or in jeopardy of becoming sidelined. Like the more than 1,800 young people with a disability who we helped find long-term employment with intensive job coaching in 2010. Using their own specific services our operating companies support various nongovernmental organisations and community projects.

OUR VISION
We strive to hold a leading position in select markets in which we operate. USG People's core activities provide a robust basis and unique starting point to support this objective. Our specialist focus on small and medium-sized enterprises and our established positions for specialists and professionals lend themselves well to internationalisation and growth, both organic and through acquisitions. Using our know-how we expand our leading positions in these specific markets and niche markets and create added value for both our clients and employees alike. Innovation and a new way of looking at employment help us continue to develop our organisation and make it more sustainable.

OUR MISSION
Our objective is to help people find a job that suits them best while at the same time providing our clients with the best possible employees. As a partner in employment we are the link to the job market for an ever growing number of people and organisations. We use the expertise we have gained over the years to offer an abundance of opportunities for employment, learning and careers.

We use our know-how to help our clients connect with the best candidates which allows them to operate as effectively as possible on the market with highly qualified employees. The market is constantly changing under the influence of demand for products and services, on the one hand, and the availability of qualified employees, on the other. We do not believe in a one-size-fits-all concept, but in talented people who can make a difference when they are employed in the right place. People are at the heart of USG People because we believe in the power of our motivated and professional people along with our specialist concepts. It is this combination that helps us attract the best candidates and connect them to the right jobs.

People make the difference, each with their own unique talent and passion. USG People sees to it that the right people are employed in the right job, which benefits both our clients and candidates.

OUR STRATEGY
We adopt a multibrand strategy with our differentiated brand portfolio which can be divided into brands that provide general staffing services and brands specialised in providing different types of flexible employment solutions for specific target groups in specific markets. This differentiation positions us in the market for general staffing and sets us apart with strong and distinctive positions in the office segment, the market for technical professionals and various niche markets. The specialist brands are primarily focused on highly educated and highly qualified professionals.

In the Netherlands and Belgium the specialist and professional brands are the best developed due to the maturity of these markets and the fact that these markets were originally home markets. We hold the number two positions in both countries and our profitability is above average due to the effective portfolio mix and the distinct specialist profile of our renowned brands.

We particularly want to further expand our positions in the countries outside the Netherlands and Belgium, most notably the specialist and professional activities. USG People's geographical focus is on Europe and we strive to achieve an effective and profitable mix of activities in every country in which we operate.

MULTIBRAND

Our portfolio consists of brands with an image that stands out to different professions. We work with specialist teams who know the unique characteristics of each sector inside out and know how and where to find the best people in their profession. This makes it easy for us to attract candidates and cater to the exact wishes of our clients. USG People has a broad customer base, traditionally with a relatively large number of clients in the SME segment, and we also hold leading positions in the markets for office and technical specialists and professionals. These markets provide extremely attractive prospects for growth and expansion.

USG People achieves growth by rolling out and internationalising its successful propositions. Our years of experience with specialist concepts set us apart in the market segments in which we operate. In addition, we strengthen our portfolio through acquisitions that create value.

KEY FIGURES

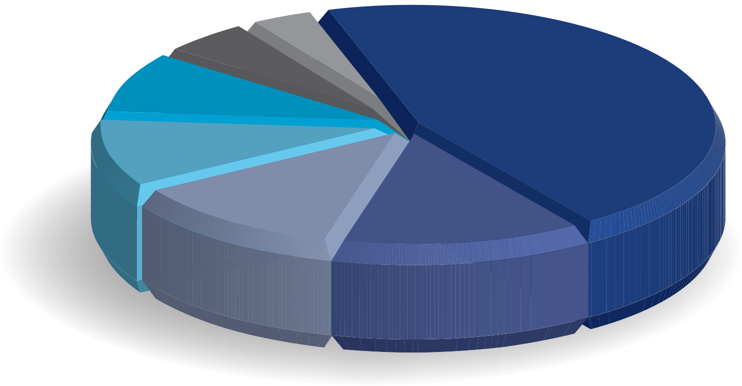
in thousands of euros unless otherwise stated	2010	2009
Net revenue	3,098,630	3,001,134
EBITA	76,461	27,111
Operating income	43,094	760
Amortisation of intangible assets	41,117	34,298
Depreciation of property, plant and equipment	18,967	20,781
Operating cash flow	105,569	226,317
Net income	15,293	-30,965
Dividend	0.16	-
Equity	740,244	638,812
Investment in intangible assets	22,563	13,742
Investment in property, plant and equipment	8,064	6,264
Stock market value at year-end	1,181,077	897,667
Total number of shares issued at year-end	77,702,427	70,682,433
Average number of employees		
- indirect personnel	7.156	7,951
- direct personnel	85.247	80,071
Number of branches	1.354	1,436
RATIOS EXPRESSED AS PERCENTAGES		
EBITA / net revenue	2.5%	0.9%
Operating income / net revenue	1.4%	0.0%
Net income / net revenue	0.5%	-1.0%
Profit distributed / net profit	81.3%	0.0%
Equity / total assets	44.2%	38.9%
PER SHARE IN EUROS		
(based on average number of shares outstanding)		
Net income	0.20	-0.44
Operating cash flow	1.38	3.20
Dividend	0.16	0.00
Equity*	9.53	9.04
Share price at year-end	15.20	12.70
Highest share price	15.63	15.06
Lowest share price	9.78	5.32

* Based on the number of shares outstanding as at 31 December

USG PEOPLE AT A GLANCE

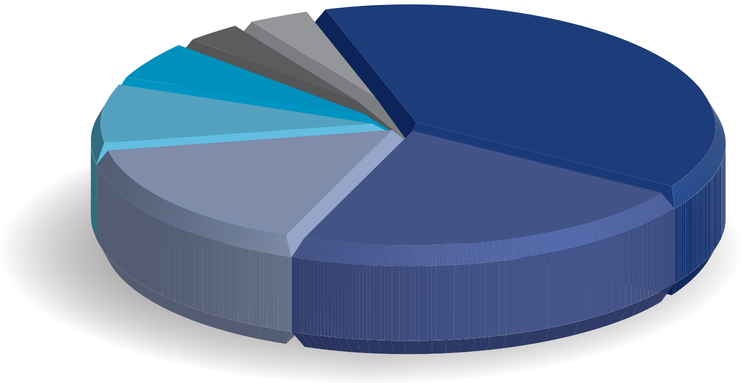
	GENERAL STAFFING	SPECIALIST STAFFING										PROFESSIONALS									OTHER SERVICES
	Start People	Ad Rem Young Professionals	ASA Student	Creyf's	Express Medical	OneSYS	Receptel	Secretary Plus	SYS Outsourcing	Technicum	Unique	IKKI	Legal Forces	USG Capacity	USG Energy	USG Financial Forces	USG HR Forces	USG Innotiv	USG Juristen	USG Restart	Call -IT
BELGIUM Branches: 179	●				●		●	●			●	●	●			●	●	●			●
GERMANY Branches: 135								●		●	●										
FRANCE Branches: 165	●					●		●								●		●		●	
ITALY Branches: 76	●										●										
LUXEMBOURG Branches: 6	●															●	●	●			
NETHERLANDS Branches: 614	●	●	●	●			●	●		●	●	●		●	●			●	●	●	●
AUSTRIA Branches: 13	●							●													
POLAND Branches: 30	●																				
SPAIN Branches: 126							●	●	●		●						●				
SWITZERLAND Branches: 10	●																				

NUMBER OF BRANCHES BY COUNTRY



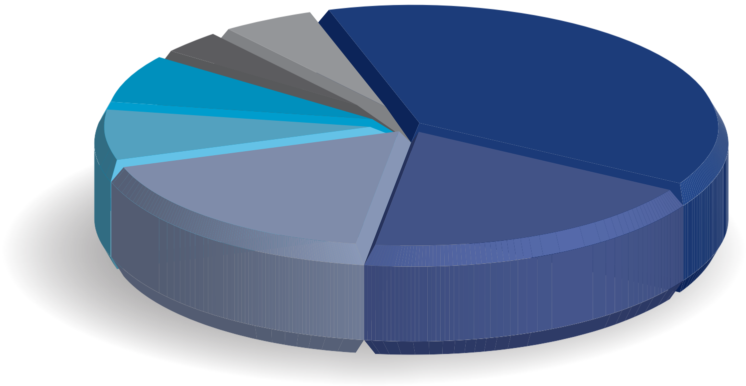
614	Netherlands	135	Germany	53	Other countries
185	Belgium & Luxembourg	126	Spain		
165	France	76	Italy		

REVENUE BY COUNTRY



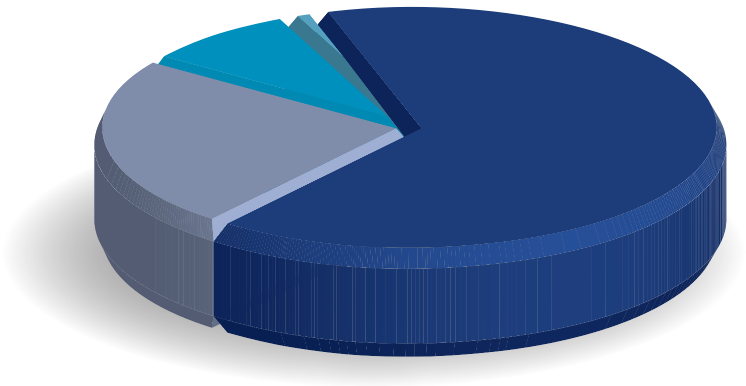
%					
39	Netherlands	9	Germany	4	Other countries
22	Belgium & Luxembourg	6	Spain		
16	France	4	Italy		

NUMBER OF FLEX WORKERS BY MONTH



x 1.000					
55	Netherlands	11	Germany	8	Other countries
27	Belgium & Luxembourg	11	Spain		
25	France	6	Italy		

REVENUE BY SEGMENT



%			
66	General Staffing	9	Professionals
24	Specialist Staffing	1	Other Services

SOCIAL RESPONSIBILITY

USG People's name expresses exactly what our organisation is about: people. Each and every day our activities focus on helping people find a job. Helping people grow and seeing to it that they get ahead. Offering people a challenge, motivating them, appreciating them and helping them achieve their ambitions. By listening and paying attention to people's needs we want to help them take a step in the direction that suits them. People are our core business. So it will come as no surprise that USG People's Social Responsibility Policy (SR policy) is mainly focused on the 'P' in People.

DEVELOPMENT OF GROUP SR POLICY – THE START

USG People actively starting developing a group-wide SR policy in the course of 2010. Many wonderful and special SR initiatives have been taken within the different operating companies in the various countries, some of which date back years while others are more recent. The Executive Board felt the need to define a clear overriding vision and strategy for these ideas and initiatives. For this reason a Corporate Director Social Responsibility was appointed in October 2010 to fully focus on the steps that need to be taken to arrive at a widely supported vision and strategy that will provide structure and coordination in the SR policy.

In the exploratory stage we focused on our motivation for developing a SR policy, our SR objectives and our vision looking ahead to 2020. A strategy has been developed and a policy has been drafted. In early 2011 we will define concrete measures. In the course of 2011 we will publish our first SR report and a detailed plan of action for the coming three years.

REASONS FOR DEVELOPING A SR POLICY

There is a wide range of reasons to take SR seriously. One is that we are convinced of the fact that companies that do not draft a SR policy and do not act as such will have little to no right of existence in the long term. People want to be proud of the organisation for which they work. They want to be able to identify with the organisation and feel valued. They want the moral values that are dear to them to be reflected not only in their private life but also in their professional life. A great deal of attention is paid to people's development. But attention must also be focused on complex challenges in the ever-changing society of today and tomorrow. The impact of corporate activities on the environment is another area of attention. In our opinion all these elements need to be expressed in our SR policy. We believe that organisations which do not enhance the different roles they play in society will eventually lose the battle of attracting involved and socially responsible people.

These are not the only reasons why SR is so important to USG People. There is a growing call from within our own organisation but also from stakeholders for us to develop a policy in this area. In tender procedures for the government SR forms an integral part of the decision-making and award process. This has helped put SR higher on the agenda and it is clear there is an urgency to develop a policy, not only from us but also from our direct surroundings.

To be able to develop and implement a SR policy in a sustainable way it is important to define objectives for both the short term and long term. We have defined our vision for the long term (2020) as follows:

'In 2020 USG People wants to set itself apart as the employer focused on the development and growth of people. By stimulating innovative developments USG People wants to make the best possible use of its means and distribution channels, and at the same time be a leader in the European market for flexible employment.'

SR OBJECTIVE, MISSION AND STRATEGY

In drafting a SR objective, mission and strategy it is of initial importance to carefully assess the own organisation and the moral values associated with it. What makes USG People unique and how is this manifested? Which roles do we fulfil in society and how can we communicate and utilise these even better?
The SR mission and strategy are based on our business principles and more specifically on three core themes: diversity, responsibility and integrity.

Diversity

USG People is a company focused on people. It operates at the heart of society due to its core business of helping people find a job. A society that changes day after day and is unique because of our diversity. We aim to ensure equal opportunities for everyone: man or woman, young or old, ethnic minorities or not, people with or without a disability. As a company we too aim to achieve diversity in the staffing composition at every level of our organisation. USG People wants to be a company for everyone in society. We believe that diversity is enriching, offers different insights and therefore helps contribute to better results.

The added value we recognise in diversity is also evident in our multibrand strategy. USG People sets itself apart in the various distinct brands that focus on their own market segment. It ensures that everyone is addressed in their 'own language' so they feel they are understood better, and that candidates and clients deal with someone who knows the local market and customs. Every person and every company is different. It goes without saying that this requires a personal approach based on recognition and an appreciation for diversity.

Responsibility

We believe in people. We believe that people have a natural urge to want to progress, develop and learn. We also believe that people want and have to be responsible themselves in this respect. We want to give them a chance to be responsible by giving them the opportunity to grow and the prospect of a job that suits them. And to help them take that extra step if they need it.

People are not only responsible for themselves. They are also responsible for their environment and for the planet they live on which provides them with the resources they use. It is their responsibility to ensure that future generations can also live on a habitable planet.

USG People feels it is also responsible. Responsible for its internal and external employees. We offer them a working environment that is safe, healthy, challenging and stimulating. We view it as our responsibility to give our employees sufficient opportunities to be stimulated and challenged. In doing so, we want people to commit to the organisation for the long term. We also want employees to be proud of themselves and USG People, just as we are proud of our employees.

USG People also wants to contribute to a better environment. We aim to minimise our footprint and balance the three P's – People, Planet and Profit – in a sustainable manner.

Integrity

We strive to act with integrity in everything we do. Complying with internal and external laws and regulations is one aspect of this. But integrity is more than compliance with laws and regulations. We aim to translate laws and regulations into transparent conditions, guidelines and contracts so that it is clear to all just what can be expected of us. Integrity mainly has to do with the personal integrity of each and every employee, our ability to deal with conflicting interests and to devise and implement sustainable solutions.

Integrity is also an important element of our leadership model. We must be able to guarantee that our executives and managers have the right professional qualifications and are able to act as role models for creating the integrity-based corporate culture we hold dear. After all, good examples are often followed.

SR objective

The aforementioned core themes meet in our SR objective:
'We aim to assist as many people as possible in their development and to work with them and our clients to find them the right job. We want to be able to provide our internal and external employees with challenges, growth opportunities and prospects, taking into account human and social aspects both inside and outside of USG People. Diversity, responsibility and integrity are key in this respect. In doing so we are aware of our surroundings and strive to achieve a sustainable balance between People, Planet and Profit'.

SR POLICY

USG People has decided to base its SR policy on the ISO 26000 guideline. This is an international guideline in the field of Social Responsibility. This guideline has helped us to categorise all internal initiatives that can be linked to SR in an easily recognisable way.

ISO 26000 identifies seven core subjects:

1. organisational governance;
2. human rights;
3. labour practices;
4. the environment;
5. fair operating practices;
6. consumer issues (for USG People read: client interests);
7. community involvement and development.

We have defined all seven core subjects of ISO 26000 for USG People and attached tangible objectives and measures to each. Given the number of objectives and measures they will not be able to be implemented all at once. In early 2011 we will start prioritising and outline the policy in more detail in a plan of action for 2011, 2012 and 2013.

We believe that our SR policy will contribute to a more innovative, recognisable, safe and successful company and therefore a better and sustainable society.

STAKEHOLDERS

Ensuring stakeholder involvement is an important part of USG People's SR policy. We want to stay connected with society, our community, clients, shareholders, suppliers, internal and external employees and other stakeholders.

This was a reason for us to hold two stakeholder meetings in 2010. In October 2010 we held an internal stakeholder meeting. The participants included a number of executives from operating companies, country managers, representatives from the Central Works Council and representatives from the Facilities, IT, HR, Communication and Strategy departments. The entire Executive Board and a representative from the Supervisory Board also participated in the discussions. The draft SR policy was presented and discussed at this meeting. Topics of discussion included the alignment of policy with reality and the expectations of USG People's internal stakeholders when it comes to SR. The policy was outlined further as a result of the meeting.

In December 2010 we organised a meeting with external stakeholders. We used the opportunity to discuss our mission and strategy. The meeting was attended by representatives of clients, suppliers, shareholders, employees, government, unions, charities, banks, our external accountant auditor and the Executive Board.

The feedback we gathered at both meetings has helped us increase our focus and incorporate a number of matters more visibly in the policy, mission and strategy.

TRANSPARENCY

An important requirement for our SR policy is transparency. USG People will report on its SR policy and what we have achieved, what areas we can improve, what is going well and what could be done better. We are setting clear and measurable targets. As soon as the plan of action for the coming years has been finalised we will communicate on the KPIs and the targets we are setting.

SO WHAT'S NEXT?

In early 2011 we will finalise the plan of action for 2011-2013 with the aid of the objectives, strategy and policy that have been outlined. The plan of action must prioritise the many objectives and measures which we have defined. We will be able to put this plan into action straight away. We will communicate on it both internally and externally.

We have set ourselves the objective of publishing our first SR report in the course of 2011. We also aim to organise meetings with our stakeholders again in 2011 in order to constantly monitor their thoughts on whether our objectives are also resulting in motivated employees, a profitable and innovative company and a more habitable planet.

HR KEY FIGURES

NUMBER OF PERMANENT EMPLOYEES

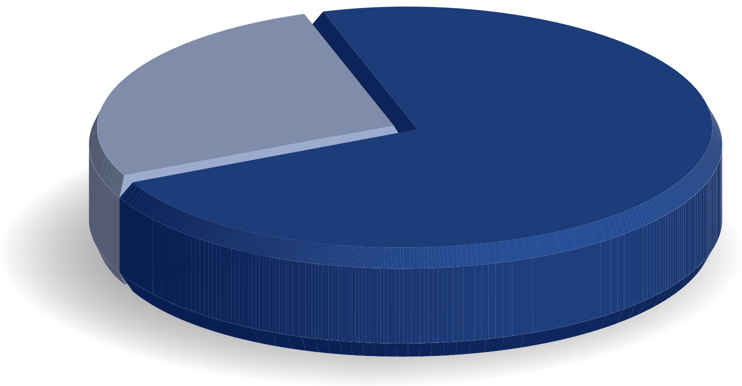
Total number of employees: 7.228 FTE

Corporate
60 FTE

Netherlands and Germany
4.590 FTE

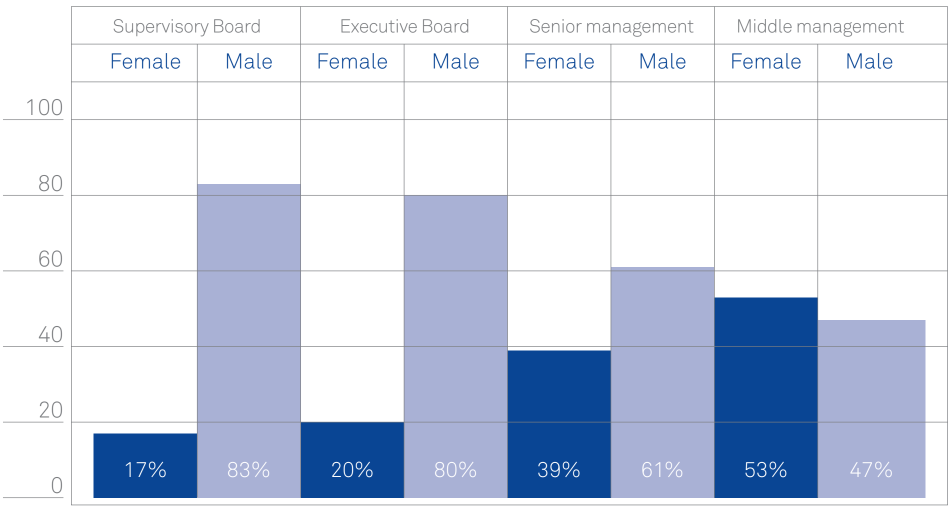
Southwest and Central Europe
2.578 FTE

MALE-FEMALE COMPOSITION

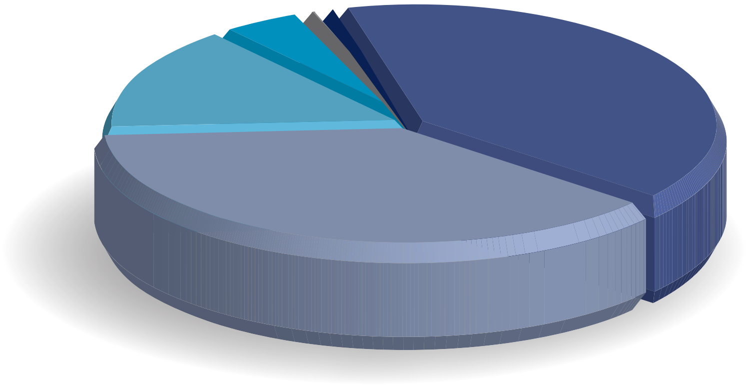


%
73 Female
27 Male

MALE-FEMALE COMPOSITION IN THE MANAGEMENT

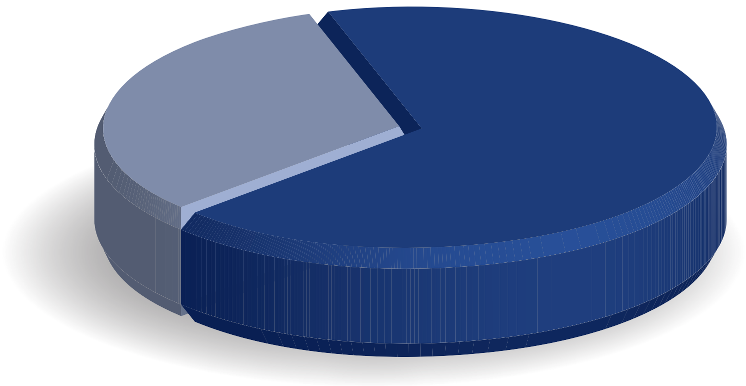


AGE COMPOSITION



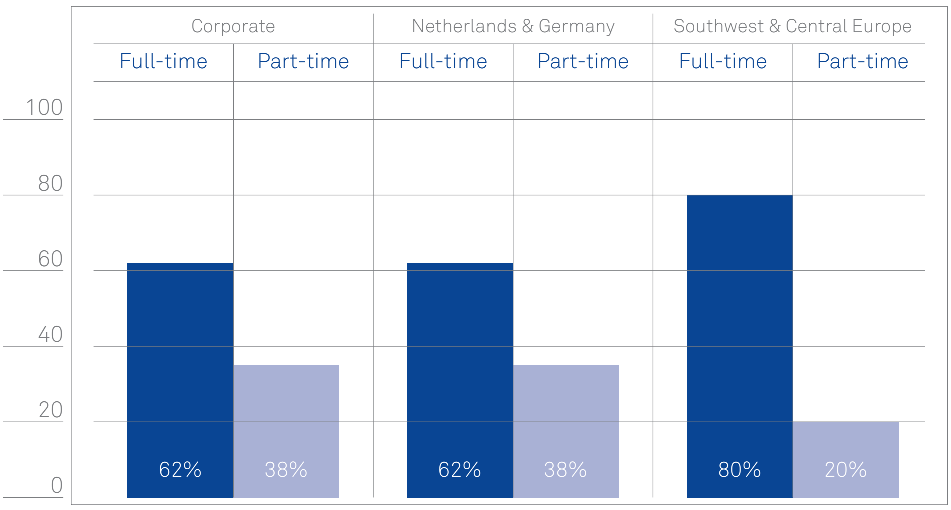
%					
1	< 20	38	31 - 40	5	51 - 60
40	21 - 30	15	41 - 50	1	> 60

RATIO OF FULL-TIME TO PART-TIME STAFF



%			
68	Full-time	32	Part-time

RATIO OF FULL-TIME TO PART-TIME STAFF BY REGION



INFORMATION ON THE SHARE

STOCK MARKET LISTING

The ordinary shares of USG People are listed on NYSE Euronext Amsterdam, where options on the shares are also traded. USG People is a component of the Amsterdam Midcap Index (AMX).

SHARE CAPITAL

At the end of 2010 the number of USG People ordinary shares outstanding was 77,702,427. In 2010 the number of shares outstanding rose by 7,019,994 as the result of a share issue. No stock dividend was distributed in 2010 and no bonds were presented for conversion on the outstanding convertible bond. The number of conversion rights on the bond remained the same. Employee stock options are no longer outstanding since the end of 2009.

OUTSTANDING SHARES	NUMBER
31 DECEMBER 2009	
Ordinary shares	70,682,433
Conversion rights attached to bond	6,609,138
CHANGES IN 2010	
Share issue	7,019,994
31 DECEMBER 2010	
Ordinary shares	77,702,427
Conversion rights attached to bond	6,609,138

Alex Mulder, founder of USG People, acquired 1,404,606 shares from the share issue in March 2010. As a result the number of shares owned by Alex Mulder rose to 15,556,025 shares, which meant his interest in USG People remained 20.02%. 100% of the shares are in free float.

RESULT PER SHARE

The result per share is based on the result before amortisation of intangible assets and before unrealised value changes to interest rate derivatives. In our opinion this provides an accurate reflection of the operating results and a clear understanding when making comparisons with previous years. In 2010 this result amounted to € 37,108.

in thousands of euros	2010	2009
Reported net result	€ 15,293	- € 30,965
Amortisation	€ 33,367	€ 26,351
Unrealised value adjustments to interest rate derivates	- € 2,636	€ 5,046
Corporation tax	- € 8,916	- € 8,006
Net result before calculation of result per share	€ 37,108	- € 7,574

The result per share is calculated based on the average number of shares. The result per share for 2010 was € 0.49.

2010	2009	2008	2007	2006	2005
€ 0.49	- € 0.11	€ 1.79	€ 2.38	€ 2.12	€ 0.56

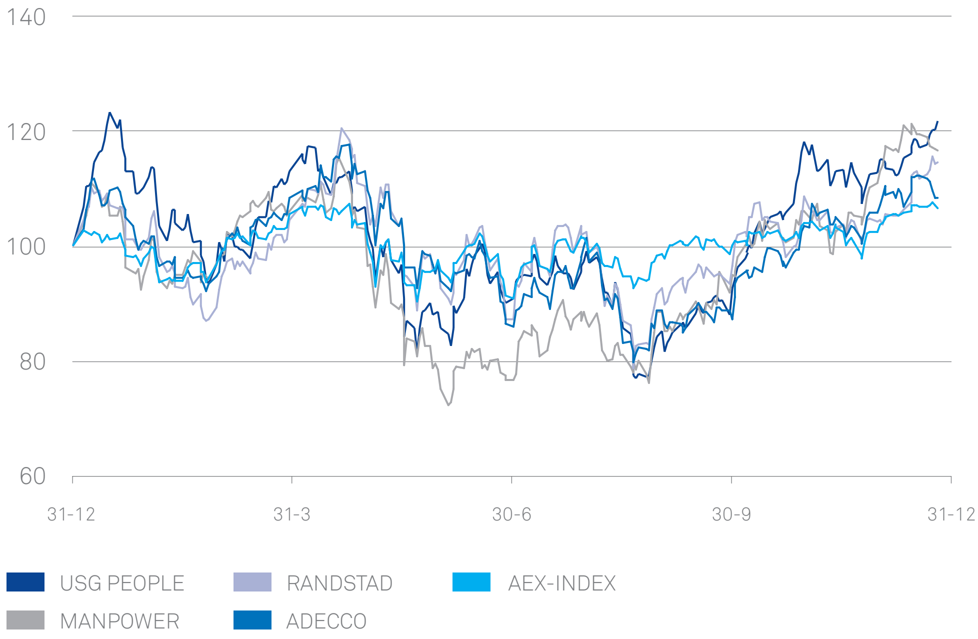
Previous years are not adjusted for dilution resulting from the distribution of stock dividend in 2009

SHARE PRICE AND VOLUME DEVELOPMENT

Stock markets ended 2010 slightly higher. The AEX index rose 5.7% during the year. High-risk investment categories performed well in 2010 as the global economic recovery gathered momentum in the course of the year. The start of the year was characterised by strong economic recovery, after which doubts crept into the market about its sustainability. Fears arose about the recovery slowing down due to the expiration of government incentives and announced austerity measures in most European countries. In addition there was uncertainty for some time about the debt positions of some euro countries, including Greece, Ireland and Spain. The trend towards recovery was, however, confirmed as macroeconomic figures were generally better than expected in the final months of the year.

The staffing sector outperformed the AEX index and the USG People share rose 20% in 2010. The share price rose from € 12.70 to a high of € 15.63 in the first two weeks of the year, after which it gave up some of its gains. The price recovered somewhat after the share issue in March, but the rise in the stock market did not continue in the summer months due to uncertainty about the tenability of economic recovery. This uncertainty had a tight hold on markets until after the summer and the share price dropped to a low of € 9.78 on 27 August. The share recovered strongly in the final two months of the year and closed the year at € 15.20 (2009 closing price: € 12.70).

Share price development of USG People in 2010 compared to the AEX Index and peers

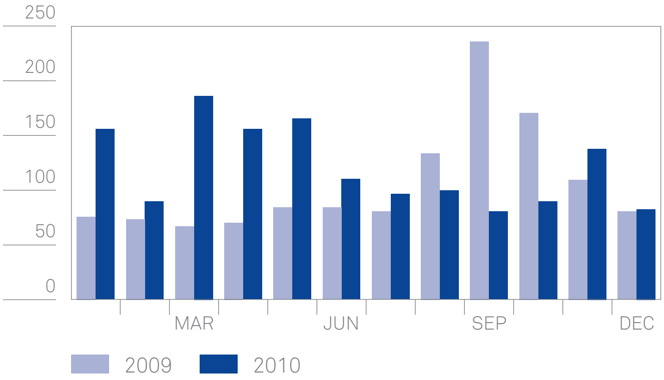


Trading volume rose in 2010 after falling in 2008 and 2009. The number of shares traded was 13 million lower compared to the year before, when exceptionally high trading volumes were recorded in the period from August to October. The value of shares traded was € 1.4 billion in 2010.

	2010	2009	2008	2007	2006	2005
Number of shares in millions	113	126	178	168	114	54
Trading volume in millions of euros	1,447	1,250	2,140	4,410	3,255	695

With the exception of the months of August, September and October trading volumes were above the monthly levels recorded in 2009. Trading volume was highest in the first half of the year, when volume exceeded € 150 million in most months. Investors were extremely reticent in the summer months due to uncertainty about the sustainability of economic recovery. Volume was again higher in the final months of the year.

Trading volumes in millions of euros



INFORMATION PER SHARE BASED ON AVERAGE NUMBER OF SHARES

	2010	2009	2008	2007	2006	2005	2004
Operating cash flow	€ 1.38	€ 3.20	€ 4.29	€ 3.18	€ 2.50	€ 2.31	€ 1.04
Net result	€ 0.20	-€ 0.44	€ 0.24	€ 2.21	€ 1.76	€ 0.33	€ 0.54
Dividend	€ 0.16	-	€ 0.58	€ 0.81	€ 0.72	€ 0.20	€ 0.20
Dividend / net result (%)	80%	-	242%	37%	41%	61%	37%

DISCLOSURE OF MAJOR HOLDINGS

Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies the following interests were declared:

Alex Mulder	20.02%
BlackRock, Inc.	5.30%

SHAREHOLDINGS OF EXECUTIVE BOARD MEMBERS

Rob Zandbergen	43,130 shares
Leen Geirnaerdt	725 shares
Hans Coffeng	15,276 shares
Eric de Jong	2,282 shares
Albert Jan Jongsma	3,604 shares

SHAREHOLDINGS OF SUPERVISORY BOARD MEMBERS

Alex Mulder	15,556,025 shares
Christian Dumolin	150,168 shares

DIVIDEND POLICY

The objective of the dividend policy is a dividend distribution of approximately one-third of net profit before amortisation, adjusted for tax. Also, in determining the dividend it has been decided to adjust the net result for unrealised changes to interest rate derivatives. Each year it is established whether the dividend will be offered either in cash or fully in ordinary shares chargeable to the share premium reserve or to other reserves.

INVESTOR RELATIONS

USG People is committed to being transparent and accessible for both its shareholders and its institutional and retail investors so as to enable investors to make as fair an assumption as possible of the value of the company and the attractiveness of the share.

Investor relations efforts are aimed at increasing the visibility and active interest in the USG People share for a broad group of investors. This has boosted trading in USG People shares in recent years. We aim to achieve an effective spread of its shares, and to be an attractive partner for both institutional and retail investors.

Meetings and roadshows are organised to provide clear communication to investors, analysts and the financial media. Every quarter the publication of earnings is accompanied by a conference call or presentation for analysts and the media, and the members of the Executive Board take part in conferences and roadshows. These gatherings provide an opportunity to meet investors and are a valuable complement to our communication through the website and other media.

Four analysts' meetings were held in 2010, two of which were conference calls. The results achieved in the first and third quarter were presented and discussed in a conference call. These gatherings were accessible via webcasts. In the interests of direct contact with shareholders and investors, in 2010 roadshows and conferences were organised in the Benelux, the United Kingdom, Ireland, France, Germany, Italy, Switzerland, Austria, Scandinavia, the United States and Canada.

The number of media contacts and analysts covering our company remained about stable in 2010. USG People is currently followed actively by around 15 analysts representing most major brokers and securities houses.

CONVERTIBLE BONDS

3% Subordinated Convertible Bonds 2005 due 2012 with a principle amount of € 115,000,000 of USG People N.V.

In compliance with the provisions of article 33, paragraph 2 of the trust deed executed before Mr. R.J.J. Lijdsman on 18 October 2005, we report as follows.

The bonds with a nominal value of € 1,000 each are evidenced by a single global certificate in an aggregate principal amount of € 115,000,000.

Unless previously purchased, redeemed or converted as provided in the trust deed, the bonds will be redeemed at par on 18 October 2012. Until 11 October 2012 the bonds are convertible into ordinary shares USG People N.V. of € 0.50 nominal value at a conversion price of € 17.40, subject to adjustment in accordance with the provisions of the trust deed.

During the year 2010 no bonds have been redeemed, purchased and cancelled and no bonds were offered for conversion. The outstanding amount of the bonds per 31 December 2010 was € 114,999,000.

USG People N.V. is authorized to redeem the bonds in whole at their principal amount:

- on or after 18 October 2010, provided that the closing prices of the ordinary shares USG People N.V. on Eurolist by Euronext Amsterdam on each of not less then 20 trading days in any period of 30 consecutive trading days shall have been at least 130% of the conversion price then in effect;
- at any time if less then 10% in principal amount of bonds originally issued is outstanding.

In case of a “Change of Control” as referred in article 5 of the trust deed the bonds are at the option of the bondholder redeemable at par together with interest accrued.

Amsterdam, 13 January 2011

ANT Trust & Corporate Services N.V.
L.J.J.M. Lutz

FINANCIAL CALENDAR

21 APRIL 2011
Publication of first-quarter 2011 results (before market opens)
Analysts' conference call on first-quarter results

26 MAY 2011
Annual General Meeting of Shareholders

22 JULY 2011
Publication of second-quarter 2011 results (before market opens)
Analysts' meeting and press conference on second-quarter results

28 OCTOBER 2011
Publication of third-quarter 2011 results (before market opens)
Analysts' conference call on third-quarter results

2 MARCH 2012
Publication of fourth-quarter 2011 results and annual results (before market opens)
Analysts' meeting and press conference on fourth-quarter and annual results

10 MAY 2012
Annual General Meeting of Shareholders

REPORT OF THE SUPERVISORY BOARD

From a financial point of view 2010 was characterised by progress and recovery. Recovery from the financial crisis that affected our company so clearly in 2009. The first tentative signs of recovery were visible in the first few months of 2010. This brought renewed confidence after seven consecutive quarters of declining revenue. At the end of 2010 these cautious signs of an upturn were translated into revenue growth in every country in which we operate. In a number of smaller countries revenue once again exceeded pre-crisis levels. USG People was able to end 2010 with a good feeling, also knowing that the merger processes in Spain, Germany and the Netherlands have been completed, that our organisation is more effective and that its financial position is stronger. Nonetheless this is no reason to sit back and relax. In a society where developments happen so rapidly we must monitor them closely and anticipate them if possible. We remain committed to a better, more innovative, sustainable and profitable company.

From a management point of view 2010 was a turbulent year. Herman van Campenhout started as CEO of USG People in March 2010 and departed on 30 June 2010 due to a lack of chemistry. The Supervisory Board subsequently decided to appoint Rob Zandbergen as the new CEO and to transform the two-member Executive Board into a five-member board. These changes required

From left to right:
Rinse de Jong
Joost van Heyningen Nanninga
Marike van Lier Lels
Alex Mulder
Christian Dumolin
Cees Veerman

the necessary attention of senior executives, Supervisory Board members, the Central Works Council and last but not least the company itself. At the end of 2010 we were able to conclude that the highest executive body was functioning well, steering the organisation in a direction that is clear and identifiable to our clients, candidates and internal staff. We are highly optimistic that it provides the continuity and security we had been seeking.

DUTIES

It is the duty of the Supervisory Board to monitor the policies pursued by the Executive Board. More specifically, we advise on strategic matters and corporate objectives, both on request and on our own initiative, and evaluate forecasts and actual results.

We monitor the structure and operation of the internal risk management and control systems, the reporting process and budgeted and actual results. In doing so the emphasis is always on compliance with applicable laws and regulations. In the performance of our supervisory duties we take into account the corporate responsibility aspects relevant to USG People and the relations with shareholders.

Our duties included supervising the following matters:

1. The realisation of company objectives, more specifically with regard to:
- acquisitions and divestments;
- exceptional projects, including the introduction of SAP in the Netherlands;
- the progress made achieving the budget for 2010;
- adopting the budget for 2011.

It goes without saying that the realisation of these objectives is an important area of attention for the Supervisory Board. After all it is a yardstick for whether the Executive Board is taking the right measures and decisions to be able to achieve the objectives it has set. At the same time it shows whether the organisation is set up in such a way that the direction can be adjusted accurately and in time if necessary. Our conclusion is that this mechanism is functioning properly.

2. The strategy and risks connected to the company's activities, more specifically with regard to:
- the strategy;
- the merger of brands, particularly in Spain, Germany and the Netherlands;
- innovation.

USG People placed innovation high on the agenda in 2010. Within the Supervisory Board there were various detailed discussions about the strategy and the various brands, also with regard to innovation.

3. The structure and functioning of the internal risk management and control systems, more specifically with regard to:
- a review of the main risks;
- the outcome of audits;
- measures taken to minimise risks.

In this day and age the role of risk management and control is increasingly prominent, not in the least due to the financial crisis and tighter legislation. Extensive talks were held both in the Supervisory Board as a whole and within the audit committee in particular about financial reporting and the management and control mechanisms. We also sought information on the most recent developments in this area from external advisors.

4. The financial reporting process, more specifically with regard to:
- financing and the banking covenants;
- the share issue in March 2010;
- the corporate budget and current results, also in relation to the budgets;
- the annual accounts and annual report;
- the activities and report of the external auditor;
- the dividend policy.

Our conclusion on these matters is that the reporting process is adequate and the targets set were achieved.

5. Relations with shareholders, more specifically with regard to:
- drafting policy on (bilateral) contacts with shareholders;
- contacts between the Executive Board and shareholders;
- the appropriation of shares amongst shareholders.

We are aware of the fact that shareholders are becoming more and more involved in and on behalf of our company. The Executive Board is in contact with shareholders on many occasions, meeting them regularly for example at roadshows. We greatly value the involvement of our stakeholders, one of the reasons being that it keeps us in tune with the goings-on in the various markets in which we operate. In 2010 current policy was discussed with respect to our contacts with shareholders so that the rules are clear to all parties.

6. The social aspects of business practices relevant to the company:
- corporate SR policy;
- SR objectives for the Executive Board as regards the new remuneration policy.

Social Responsibility is becoming ever more important at USG People. Within the Supervisory Board we discussed what SR can mean for USG People and how SR can be integrated into the company's strategy. Furthermore SR is one of the non-financial indicators on which the Executive Board is judged for its variable bonus.

In addition, various discussions were held on the following subjects:
- corporate HR policy;
- the composition of the Executive Board and Supervisory Board;
- the remuneration of the Executive Board in 2011 and beyond;
- the individual remuneration of the Executive Board;
- the performance of the Executive Board and Supervisory Board, as well as the internal committees of the Supervisory Board;
- contacts with the Central Works Council.

We also visited various branches in our role as Supervisory Board.

STRUCTURE

We started the year formally consisting of four people: Marike van Lier Lels (acting chairman of the Supervisory Board from 19 October 2009 to 2 March 2010), Christian Dumolin, Joost van Heyningen Nanninga and Alex Mulder. Cees Veerman had joined the Supervisory Board on 1 December 2009 in anticipation of his appointment by the Extraordinary (General) Meeting of Shareholders with effect from 2 March. He fulfils the role of chairman of the board.

In 2010 we expressed our wish to expand the board with a financial specialist. Accordingly, Rinse de Jong joined our board on 1 September 2010 ahead of his official appointment by the Extraordinary General Meeting of Shareholders on 20 December 2010. From that date onwards the Supervisory Board has consisted of six people.

The Supervisory Board has two internal committees: the audit committee and the remuneration and appointments committee. Each committee is subject to its own internal regulations which specify its duties, responsibilities and procedures. These regulations – along with the Supervisory Board regulations – can be found on the USG People website.

Resignation rota

Cees Veerman was appointed Chairman of the Supervisory Board for a period of four years by the Extraordinary Meeting of Shareholders on 2 March 2010. He had joined the Supervisory Board on 1 December 2009 in anticipation of his appointment. Rinse de Jong is was appointed to the Supervisory Board for a period of four years by the Extraordinary Meeting of Shareholders on 20 December 2010.

At the end of 2010 the Supervisory Board consisted of six members appointed according to the following resignation rota:

	FIRST APPOINTMENT	APPOINTED UNTIL
Cees Veerman	2010	2014
Christian Dumolin	2006	2012
Joost van Heyningen Nanninga	2001	2013
Rinse de Jong	2010	2014
Marike van Lier Lels	2002	2012
Alex Mulder	2006	2014

MEETINGS AND PERFORMANCE

In 2010 we met five times in person and conferred five times by conference call. Each member of the Supervisory Board attended nearly every meeting and was well-prepared. Each member made an active contribution to the meetings and fulfilled their supervisory role purposefully. The company's results were discussed at every meeting and our attention also went out to financing matters and the associated covenants. Each meeting was also used to discuss market developments in the various countries.

Cooperation with the two and subsequently five members of the Executive Board was both open and transparent. We dedicated a lot of time to composing this most senior body at USG People and its functioning was a frequent topic of discussion. In this context talks were also held between the Supervisory Board and the Central Works Council. We undertook action as soon as it became apparent that the cooperation with Herman van Campenhout was heading in another direction than initially expected. Various talks were held in an attempt to improve the situation, but both parties eventually reached the conclusion that the necessary chemistry was missing between the company and Herman van Campenhout and that a continuation of the situation would no longer be beneficial to the company. This decision was taken in due care and mutual agreement.

The external auditor, PricewaterhouseCoopers Accountants N.V., attended one of the Supervisory Board meetings.

Each meeting of the Supervisory Board was attended by every member of the Executive Board at that time. They were, of course, not present when the performance of the Executive Board was discussed.

We discussed and assessed our own functioning and that of our individual members and internal committees in the 2010 year under review. The members of the Executive Board were not present at the time. The topics discussed included the presence, contributions and involvement of the members of the Supervisory Board. One of the conclusions drawn from the assessments was that the open and constructive nature of the meetings was appreciated by all members and that topics are dealt with in a critical and skilful manner. Another conclusion was that the supervisory duties of the Supervisory Board were performed by the individual members in earnest. In his capacity of chairman Cees Veerman spoke with the individual members of the Supervisory Board about their performance and concluded that they performed adequately, both individually and collectively.

The audit committee is extremely pleased with the appointment of Rinse de Jong. In view of a growing focus on risk management and tighter legislation in this area, we expect his financial expertise to improve the financial reporting process and supervision thereof even more.

The remuneration and appointments committee had an exciting and tumultuous year with many considerable challenges. Various new executives needed to be found and a great deal of time was dedicated to the new remuneration policy. The committee members fully contributed and fulfilled their duties in an excellent manner.

Best practice provisions III.2.1. and III.6.1. up to and including III.6.4. were complied with. Alex Mulder is non-independent given that he operated as CEO of USG People until 2006. There were no transactions in 2009 involving a conflict of interest on the part of any Supervisory Board member. Joost van Heyningen Nanninga is a senior partner in Egon Zehnder International, a company that was involved in the assignment to find a financial specialist for the USG People Supervisory Board in 2010. This search assignment was not carried out by Joost van Heyningen Nanninga himself, so there was no personal involvement on his part. There were no transactions in 2010 involving a conflict of interest on the part of any Supervisory Board member. Nor were there any transactions between USG People and any private individual or legal entity with a shareholding of at least ten percent in the company.

REPORT OF THE AUDIT COMMITTEE

The tasks of the audit committee include monitoring the Executive Board with respect to the operation of internal risk management and control systems, including compliance with the relevant laws and regulations and monitoring the functioning of codes of conduct. The committee's tasks also include fiscal planning policy, the control and evaluation of the company's financial reporting process and the application of information and communication technology. The chairman of the committee reports the main findings to the Supervisory Board.

The audit committee consisted of Christian Dumolin (chairman), Marike van Lier Lels and Alex Mulder until 20 December 2010. The appointment of Rinse de Jong altered the composition of the audit committee, after which the committee consisted of Rinse de Jong (chairman), Christian Dumolin and Marike van Lier Lels.

In 2010 the audit committee met three times in person and conferred once by conference call. All members of the audit committee attended the meetings, along with the CEO, CFO and the Corporate Director of Internal Audit. PricewaterhouseCoopers Accountants N.V. also attended the meetings. Subjects discussed during the meetings held in the 2010 include:

- the 2009 annual accounts;
- the auditor's report for the 2009 financial year;
- the 2009 risk section;
- annual internal audit plan;
- the internal audit reports, on topics including integration processes, pensions and IT projects;
- financing and refinancing matters;
- the functioning of the audit committee;
- the reports of the external auditor;
- the assessment of the performance and functioning of the external auditor.

The audit committee made a valuable contribution to the risk section of this annual report. For a description of the main risks, please refer to that section.

At one of the meetings the committee evaluated its own performance and the performance of its individual members, and concluded that it had played a valuable and positive role in respect of its assigned duties. In the opinion of the committee, its contacts with the Internal Audit department and the Executive Board have been professional and constructive.

REPORT OF THE REMUNERATION AND APPOINTMENTS COMMITTEE

The scope of the remuneration and appointments committee's duties includes the remuneration structure, the remuneration packages of the individual members of the Executive Board, the functioning of the individual members of the Supervisory Board and Executive Board, and the monitoring of the size and composition of the Supervisory Board. The committee is also responsible for drawing up profiles for the members of the Supervisory Board and nominating members for the Executive Board.

In 2010 the remuneration and appointments committee consisted of Joost van Heyningen Nanninga (chairman), Alex Mulder and Cees Veerman. The remuneration and appointments committee met four times in person in 2010. The meetings were also attended by the CEO at the time. The chairman of the committee reports the principal findings to the Supervisory Board.

In 2010 the remuneration and appointments committee held numerous talks with the candidates for the new Executive Board postings. Two important considerations for expanding the Executive Board were that it provides a better guarantee for continuity and the fact that a broader executive body is more knowledgeable and able to carry major decisions.

The remuneration policy applicable to the Executive Board expired on 31 December 2010. Accordingly the remuneration and appointments committee spent a great deal of time developing a new remuneration policy from 1 January 2011, taking into account the provisions of the Corporate Governance Code and other matters.

The remuneration policy and any material amendments to it are subject to approval by the General Meeting of Shareholders. How this policy is translated to individual packages – including the exact level of remuneration for members of the Executive Board – is the responsibility of the Supervisory Board, subject to the approved terms of the policy.

PRINCIPLE FEATURES OF THE 2010 REMUNERATION POLICY

The shareholders have approved the remuneration policy that applied to the members of the Executive Board for the period from 1 January 2008 to 31 December 2010. The policy is aimed at attracting and retaining good management for a publicly listed, internationally operating company. We aim to set a policy which is in line with market practice, and one of the things we look at when determining the remuneration packages is peer group performance. This peer group consists of direct competitors of USG People and is used mainly to determine the relative performance of USG People and the allocation of shares. In addition, USG People looks at the 'labour market reference group' when setting its remuneration policy. USG People uses this group principally to compare the composition of the Executive Board's remuneration package and to establish competitive remuneration levels both nationally and internationally. The peer group consists of companies listed on the AMX and AEX indices.

We are of the opinion that the current level of remuneration is sufficient to attract experienced directors with the drive and sustained commitment to add value to USG People. In its remuneration policy USG People strives to strike a balance between the operating results in the short term and sustainable value for the company over the long term. In doing so it seeks to enhance shareholder value. We also aim to ensure that the remuneration of the Executive Board is in the right proportion to the rest of the senior and executive management of USG People.

REMUNERATION OF THE EXECUTIVE BOARD IN 2010

The remuneration policy that applied to the Executive Board in 2010 consists of five components: a fixed salary, a variable short-term bonus, a variable long-term bonus, a pension contribution deducted from gross wages and a car and other emoluments. The variable long-term bonus is better known at USG People as the Unique Share Plan.

In 2010 the remuneration of the Executive Board therefore consisted of the following five components:

a) Fixed salary

In 2010 the fixed salary of the CEO was set at € 700,000 in the case of Herman van Campenhout and € 625,000 in the case of Rob Zandbergen, respectively. Herman van Campenhout fulfilled the position of CEO from 3 March to 1 July 2010 and he joined the Executive Board on 16 February 2010 in anticipation of his formal appointment. He received a fixed salary of € 262,500 for his period of employment. Rob Zandbergen has fulfilled the position of CEO since 1 July 2010, for which he received a fixed salary of € 312,500.

In 2010 the fixed salary of the CFO was set at € 502,500 in the case of Rob Zandbergen and € 350,000 for Leen Geirnaerdt. Rob Zandbergen fulfilled the position of CFO until 1 July 2010, for which he received a fixed remuneration of € 251,250. Leen Geirnaerdt fulfilled the position from 1 November 2010, for which she received a fixed remuneration of € 58,333.

From 10 July 2009, Rob Zandbergen also fulfilled the position of acting CEO until 3 March 2010. His fixed salary for the position of CFO (€ 502,500) was therefore supplemented until 3 March 2010 on a pro rata basis to the salary applying to former CEO Ron Icke, who left the company in 2009. Rob Zandbergen did not receive any further supplementary fixed salary for fulfilling the position of acting CFO from 1 July 2010 to 1 November 2010.

In 2010 the fixed salary for the COO positions was set at € 400,000. Hans Coffeng and Eric de Jong fulfilled the position of COO since 1 July 2010. Accordingly both have received a fixed salary of € 200,000.

The fixed salary of the CCO was set at in 2010 € 325,000 in 2010. Albert Jan Jongsma fulfilled the position of CCO from 1 July 2010 and received a fixed salary of € 162,500.

b) Variable short-term bonus

USG People applies a variable bonus system for the remuneration of the Executive Board which is calculated using a matrix that includes revenue, EBITA and (average) DSO.

For the Executive Board this bonus amounts to a maximum of 0.2% of the company's operating result before amortisation. This 0.2% is divided into two components: 0.1% is calculated over the company's actual operating result before amortisation (EBITA) and 0.1% is linked to the targets set in the budget for the year in question. The actual allocation of the bonus is set at a maximum of 100% of the fixed gross annual salary of the CEO and 55% of the fixed gross annual salary for the other members. The targets relating to the operating result are set annually by the Supervisory Board.

c) Variable long-term bonus, Unique Share Plan

The variable long-term bonus system was set for the three-year period from 2008-2010, with the targets established annually by the Supervisory Board using a separate matrix. The determining factors in this matrix for calculating the number of shares to be granted are revenue, revenue growth and targeted EBITA.

If the annual targets are met, the shares are conditionally granted. If the director concerned is still employed by the company after three years have elapsed, the shares are unconditionally granted and released to the director. A bonus of 25% is awarded if the shares granted after three years under this share plan are held until the end of 2013. The purpose of this last provision is to further increase the director's commitment to the company. A precondition is that the director in question is still employed by the company at that time.

d) Pension contribution

The members of the Executive Board receive a gross pension contribution of 20% of their fixed salary. Rob Zandbergen receives a supplementary pension contribution for the period during which he was acting CEO.

e) Car and other emoluments

The members of the Executive Board have a lease car at their disposal suitable to their position. The members of the Executive Board do not receive a fixed allowance for representation expenses. Any business-related representation expenses are claimed and reimbursed.

The individual remuneration of the members of the Executive Board in 2010 was as follows:

	FIXED GROSS ANNUAL SALARY	VARIABLE SHORT-TERM BONUS	VARIABLE LONG-TERM BONUS	PENSION CONTRIBUTION
ROB ZANDBERGEN				
2009 1)	€ 502,500	€ 0	€ 261,000 11)	€ 100,500
2009 2)	€ 79,500			€ 15,500
2010 3)	€ 312,500	€ 186,284		€ 62,500
2010 4)	€ 251,250		€ 604,000	€ 50,250
2010 5)	€ 29,200			€ 5,800
LEEN GEIRNAERDT 6)				
2010	€ 58,333	€ 31,047	€ 56,000	€ 11,667
HANS COFFENG 7)				
2010	€ 200,000	€ 93,142	€ 347,000	€ 40,000
ERIC DE JONG 8)				
2010	€ 200,000	€ 93,142	€ 328,000	€ 40,000
ALBERT JAN JONGSMA 9)				
2010	€ 162,500	€ 93,142	€ 262,000	€ 32,500
HERMAN VAN CAMPENHOUT 10)				
2010	€ 262,500	€ 0	€ 0	€ 52,500

1) remuneration as CFO from 10/07/2009 - 31/12/2009
2) remuneration as acting CEO from 10/07/2009 - 31/12/2009
3) remuneration as CEO from 01/07/2010 - 31/12/2010
4) remuneration as CFO from 01/01/2010 - 30/06/2010
5) remuneration as acting CEO from 01/01/2010 - 02/03/2010
6) pertains to period from 01/11/2010 - 31/12/2010
7) pertains to period from 01/07/2010 - 31/12/2010
8) pertains to period from 01/07/2010 - 31/12/2010
9) pertains to period from 01/07/2010 - 31/12/2010
10) pertains to period from 16/02/2010 - 30/06/2010
11) pertains to shares conditionally granted in 2008 , as recognised in accordance with IFRS 2

Option rights

No share options are held by members of the Executive Board.

Loans

No loans have been granted to members of the Executive Board.

Appointment

The members of the Executive Board are appointed by the Supervisory Board. Best practice provision II.1.1. of the Corporate Governance Code states that directors are to be appointed for four years. Under the Code, reappointment on each occasion can be for a maximum period of four years.

The General Meeting of Shareholders previously approved the proposal of USG People to deviate from the Code on this point. The possibility was also left open to deviate from this provision in future cases. The grounds for doing so lie in the fact that at USG People the members of the Executive Board often come from within the company's own ranks, and long-term employment relationships with the company are commonplace. By offering the members of the Executive Board a term of employment of only four years, the company incurs the risk that potential board members will decline to accept the position, which would not be in the company's best interests. The new members who were appointed to the Executive Board in December 2010 all come from within the company's own ranks but agreed to a term of employment of four years. In view of the wish to align the terms of employment of the Executive Board members as much as possible, the principle terms of employment applying to Rob Zandbergen will be harmonised with those of the other directors. Rob Zandbergen has agreed to be appointed for a period of four years so that best practice provision II.1.1 is no longer deviated from with effect from 1 January 2011.

Notice and dismissal

A notice period of three months has been agreed for the members of the Executive Board and six months for the company. The payment upon termination of the contract of employment for a reason not attributable to the person will not exceed the amount of one year's salary, calculated over the fixed component of the remuneration. The gross pension contribution is counted as part of the fixed component of the remuneration. USG People considers it desirable to reserve the right to make an additional payment equivalent to the six-month notice period. If the maximum of one year's salary for a member of the Executive Board dismissed during the first term of their employment is manifestly unreasonable, the person becomes eligible for a termination payment of not more than twice their annual salary, including pension contribution. If the company terminates the contract of employment for reasons attributable to the person, the company will not be obliged to make any payment whatsoever.
The previous remuneration policy did not stipulate a change-of-control provision. In the event the contract of employment is terminated as a result of an acquisition of the company, resulting in a change of control, the new remuneration policy stipulates the payment upon termination will amount to two times the fixed gross annual salary, including pension contribution, and one twelfth of this fixed gross annual salary, including pension contribution, for every year of employment with USG People. This payment upon termination will, however, not exceed three times the fixed annual gross salary, including pension contribution.

Termination arrangement for Herman van Campenhout

The parties agreed the following termination allowance for Herman van Campenhout:

The termination allowance of € 1,290,000 (excluding any additional costs) consists of:

1 x annual salary:	€ 700,000
1 x pension contribution:	€ 140,000
1 x six-month period of notice, including pension contribution:	€ 420,000
1 x payment in connection with missed opportunity variable bonus:	€ 30,000
Total:	€ 1,290,000

The remuneration and appointments committee is of the opinion that this termination allowance is reasonable in its entirety, taking into account the short period of employment, the fact that various rights with his former employer were waived and the sudden loss of income.

In connection with the final taxation on the termination arrangement USG People paid an amount of € 177,000, bringing the entire amount paid by USG People to € 1,467,000. The amount of € 177,000 was paid to the tax authorities.

REMUNERATION OF THE SUPERVISORY BOARD IN 2010

The remuneration of the chairman and members of the Supervisory Board is set at € 50,000 and € 35,000 per year, respectively. From 1 January 2010 all members of the internal committees receive € 5,000 per year for their involvement in these committees. In 2009 the persons chairing the internal committees received € 5,000 per year while members of the internal committees received € 3,000 per year, but in view of the time involved it was decided to harmonise these amounts. All members of the Supervisory Board also receive an annual expense allowance of € 2,000.

In 2010 the individual remuneration of the members of the Supervisory Board was as follows:

	2010	2009
Cees Veerman 1)	€ 57,000	€ 4,583
Christian Dumolin	€ 42,000	€ 42,000
Joost van Heyningen Nanninga	€ 42,000	€ 42,000
Rinse de Jong 2)	€ 14,000	-
Marike van Lier Lels	€ 42,000	€ 40,000
Alex Mulder	€ 42,000	€ 40,000

1) chairman from 02/03/2010, joined on 01/12/2009 **2)** member since 20/12/2010, joined on 01/09/2010

No share options are held by members of the Supervisory Board.

No loans, advances or related guarantees have been granted to members of the Supervisory Board.

PRINCIPAL FEATURES OF THE REMUNERATION POLICY FOR 2010 AND BEYOND

During 2010 we discussed the remuneration policy and what it what it should look like from 1 January 2011. Provisions will apply to all directors with regard to their term of employment, the claw back clause and the ultimum remedium provision, in accordance with the provisions of the Dutch Corporate Governance Code. Furthermore, part of the variable remuneration of the Executive Board will be based on non-financial indicators which are relevant to the creation of long-term value for the company.

The remuneration policy as from 1 January 2011 will be submitted to the General Meeting of Shareholders for approval. More details of this remuneration policy can be found in the remuneration report.

APPROVAL OF ANNUAL ACCOUNTS, DIVIDEND PROPOSAL AND DISCHARGE

As stipulated in the Articles of Association, the Supervisory Board submits the annual accounts as drawn up by the Executive Board to the General Meeting of Shareholders for adoption. The annual accounts have been audited and received an unqualified auditor's report. To read the report from PricewaterhouseCoopers Accountants N.V. please refer to page 138.

In view of the results achieved in 2010 the Executive Board proposes to distribute a dividend of € 0.16 per share, in cash or in shares. This proposal is explained in more detail on page 48. We, the Supervisory Board, support this proposal.

We propose that the General Meeting of Shareholders adopt the annual accounts, approve the dividend proposal, and approve the discharge of the members of the Executive Board in respect of their management activities as well as the discharge of the Supervisory Board in respect of its supervision of these management activities.

IN CONCLUSION

2010 was a year in which a great deal of time and effort was dedicated to the internal organisation. The introduction of the new management structure gives us every confidence that USG People will be able to continue the positive trends in 2011. A great deal of attention will be paid to new developments, changing markets, our role in society and innovation. In 2011 we will also focus even more on the world around us – without losing sight of what our organisation is all about: people.

We would like to take this opportunity to thank Rob Zandbergen for his willingness to fulfil the positions of CEO and CFO for a large part of the year, as well as for the highly successful way he was able to combine the positions. This was no easy feat in a year in which USG People was faced with many challenges and we are truly grateful to him.

We are pleased that the new composition of the Executive Board brings a great deal of knowledge and know-how about flexible employment in general, and about USG People in particular. We are convinced that the Executive Board will perform its duties with the enthusiasm and drive needed to make it a wonderful and successful year. We wish them all the best.

In conclusion we would like to thank all employees for their exceptional contribution to USG People in 2010. Turbulent times call for that extra bit of effort and flexibility and our employees have shown that they possess these qualities. So we would like to take this opportunity to thank them for this exceptional contribution.

Almere, 3 March 2011

The Supervisory Board
Cees Veerman (chairman)
Christian Dumolin
Joost van Heyningen Nanninga
Rinse de Jong
Marike van Lier Lels
Alex Mulder

SUPERVISORY BOARD

CEES VEERMAN

(1949) joined the Supervisory Board of USG People on 1 December 2009 and became chairman on 1 March 2010. From 2002 to 2007 Veerman was the Dutch minister of Agriculture, Nature and Food Quality. He currently holds professorships at the universities of both Tilburg and Wageningen and is CEO of Bracamonte B.V. In addition, he sits on the supervisory boards of companies including Barenbrug Holding B.V., Rabobank Nederland, Koninklijke Reesink N.V. and Ikazia Ziekenhuis Rotterdam, and is a member of the supervisory committee of research institute Deltares and Kennis voor Klimaat (the Knowledge for Climate research programme). He is also a member of the executive committee of the Netherlands Organisation for Scientific Research (NWO) and chairman of organisations including Vereniging Natuurmonumenten (nature conservation), Commissie Toekomstbestendig Hoger Onderwijs Stelsel (future-proof higher education) and the Dutch Delta Academy advisory council. His term of office ends in 2014. Cees Veerman holds Dutch nationality.

CHRISTIAN DUMOLIN

(1945) was an independent member of the Supervisory Board of Solvus N.V. from 1998 up until the acquisition of Solvus by USG People N.V. in 2005. Christian Dumolin is chairman and CEO of Koramic Investment Group. He also holds a number of supervisory and advisory positions, including deputy chairman of the supervisory board of Wienerberger AG in Vienna, member of the supervisory board of the Belgian Banking, Finance and Insurance Commission (CBFA), member of the General Council of Vlerick Leuven Gent Management School, member of the management committee of the Federation of Enterprises in Belgium (VBO), member of the board of the Flemish young enterprise organisation VLAJO and member of the Board of Trustees of the Corporate Governance Institute. He also holds directorships with various companies including De Steeg Investments, E&L Real Estate, Vitalo Industries and Lamifil. Christian Dumolin is also honorary governor of the National Bank of Belgium. His term of office was extended on 29 April 2008 and will now end in 2012. Christian Dumolin holds Belgian nationality.

JOOST VAN HEYNINGEN NANNINGA

(1946) joined the USG People N.V. Supervisory Board in April 2001. He is a senior partner in Egon Zehnder International with his broad expertise in the field of personnel and organisation. Joost Van Heyningen Nanninga sits on the supervisory boards of various companies including Z.B.G. Capital B.V. and Breevast B.V. He is also an active member of several foundations and associations, including the United World College Foundation and the Rembrandt Association. His term of office ends in 2013. Joost van Heyningen Nanninga holds Dutch nationality.

RINSE DE JONG

(1948) joined the USG People Supervisory Board on 20 December 2010. A registered accountant, Rinse de Jong was most recently employed as Chief Financial Officer of Essent, where he was also responsible for risk management and IT. He is a member of the supervisory board and audit committee of APX-ENDEX and Enexis Holding NV, and chairman of the supervisory board of EAH Holding B.V. Rinse de Jong is a member of the Board of Supervision of Waarborgfonds voor de Zorgsector. His term of office ends in 2014. Rinse de Jong holds Dutch nationality.

MARIKE VAN LIER LELS

(1959) has been a member of the USG People N.V. Supervisory Board since December 2002. She graduated from Dordrecht technical college in 1983 and from Delft Technical University in 1986. She subsequently held a number of management positions with Royal Nedlloyd, Van Gend & Loos, Deutsche Post Euro Express and Schiphol Group. Van Lier Lels is a member of the supervisory boards of various companies including KPN, Reed Elsevier, TKH Group and Maersk Nederland. She is chairman of the Board of Supervision of the Netherlands Society for Nature and Environment and is also a member of the Audit Committee of the Netherlands Court of Audit (until January 2011), a member of the Advisory Council for Transport, Public Works and Water Management, a member of the Dutch Advisory Council for Science and Technology Policy (AWT) and a member of the Central Planning Committee of the Dutch Central Planning Bureau. Her term of office ends in 2012. Marike van Lier Lels holds Dutch nationality.

ALEX MULDER

(1946) founded Unique Uitzendbureau in 1972, which by consequence makes him the founder of USG People N.V., of which he was chairman and CEO up to 2006. At the General Meeting of Shareholders in 2006 Mulder was appointed to the USG People Supervisory Board. Alex Mulder is also managing director of Amerborgh International N.V., a management company whose activities include investing and acquiring stakes in (young) promising companies as well as in art and culture. He is also chairman of Stichting AM Foundation. His term of office on the Supervisory Board of USG People was extended on 3 March 2010 and will now end in 2014. Alex Mulder holds Dutch nationality.

REPORT OF THE EXECUTIVE BOARD

EXECUTIVE BOARD

ROB ZANDBERGEN

(1958) was Chief Financial Officer of Solvus N.V. from early 2003 and Chief Financial Officer of USG People N.V. following the takeover of Solvus in 2005. He was appointed Chief Executive Officer of USG People N.V. on 1 July 2010.

LEEN GEIRNAERDT

(1974) joined the Executive Board of USG People N.V. as Chief Financial Officer on 1 November 2010.

ERIC DE JONG

(1963) was a member of the Board of Management of USG People N.V. from 1 October 2007. Eric de Jong joined the Executive Board as Chief Operational Officer following a change in the senior management structure mid-2010. As Chief Operational Officer he is responsible for all activities in Belgium, France, Italy, Luxembourg, Austria, Poland, Spain and Switzerland.

From left to right:
Eric de Jong
Leen Geirnaerdt
Hans Coffeng
Albert Jan Jongsma
Rob Zandbergen

HANS COFFENG

(1967) was a member of the Board of Management of USG People N.V. from 1 October 2007. Hans Coffeng joined the Executive Board as Chief Operational Officer following a change in the senior management structure mid-2010. As Chief Operational Officer he is responsible for all activities in Germany and the Netherlands.

ALBERT JAN JONGSMA

(1968) was a member of the Executive Committee of USG People N.V. from 2006. Albert Jan joined the Executive Board as Chief Corporate Officer following a change in the senior management structure mid-2010. In this capacity he is responsible for the areas of Legal, M&A, Corporate Governance, Compliance, HRM and Internal Audit. Albert Jan also holds the position of secretary of the Supervisory Board and of Stichting Preferente Aandelen USG People N.V., as well as being the company's Compliance Officer.

For detailed CVs visit: http://annualreport.usgpeople.com

FINANCIAL SECTION

FINANCIAL DEVELOPMENTS

In 2010 our organisation was once again able to fully focus on growth and profitability. The sharp contraction in 2008 and 2009 gradually made way for robust recovery.

The first cautious signs of recovery which we witnessed at the end of 2009 got stronger and more wide-spread in the course of 2010. Exports were a particularly important driver of growth in the industrial and transport sectors. The recovery of staffing markets was somewhat fragmented in Europe. Industrial countries like Germany, Austria and France led the way while recovery in the Netherlands was slower to get underway. The Dutch staffing market consists largely of administrative staff employed in the services sector. Employment in the services sector tends to pick up at a later stage in the cycle and recovery is more gradual than, for example, in the manufacturing sector. The positive trend continued throughout the year and growth was posted in all the countries in which USG People operates in the final months of the year.

In 2010 no acquisitions were made and no material business units were divested. A number of companies were merged in the course of the year. In the Netherlands Content and Unique merged and the StarJob operations were combined with Secretary Plus. In Germany all existing local brands were transferred to Unique and Technicum. Consolidations reduced our branch network by 82 branches. The headcount was cut by 120 FTEs in 2010. At the end of 2010 total group headcount was 7,228 FTEs and there were 1,354 branches.

In 2010 USG People generated revenue of € 3.1 billion, up 3% compared to 2009. The rise in revenue was organic and primarily driven by a recovery in demand for temporary employees. When production starts to grow following a period of crisis, companies tend to be cautious about attracting permanent staff and temporary staffing is the first to pick up when economic recovery sets in.

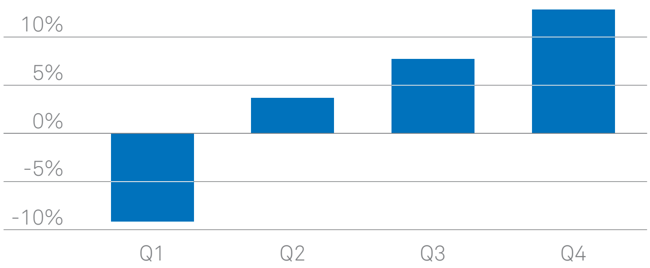
Consolidated results

in millions of euros	2010	2009	GROWTH
Revenue	3,099	3,001	3%
Gross profit	676	674	0%
Operating costs	573	618	-7%
Depreciation	27	29	-7%
EBITA	76	27	181%
Amortisation	33	26	27%
EBIT (operating result)	43	1	4,200%
Financial results	-28	-37	-24%
Corporate tax	0	5	100%
Minority interests	0	0	
Net income	15	-31	148%
Gross margin	21.8%	22.5%	
EBITA margin	2.5%	0.9%	

REVENUE TRENDS

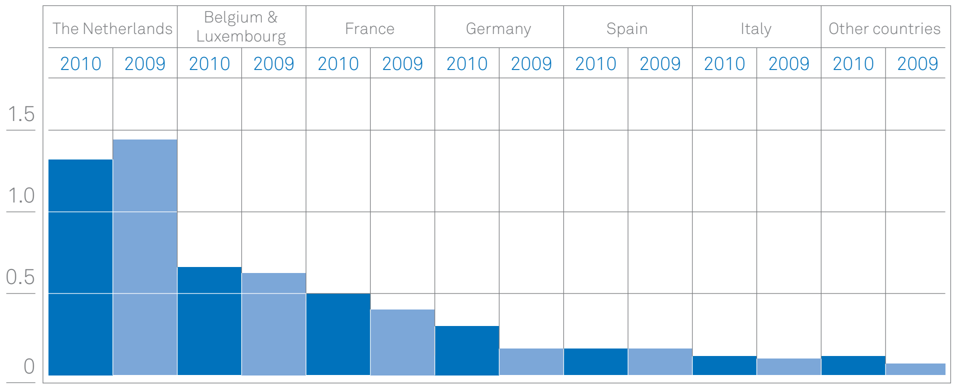
Revenue started to grow again at the start of the second quarter compared to a year earlier. Growth continued to rise in the quarters that followed and was even double-digit in the final quarter. For the whole of 2010 revenue grew in every country, except in the Netherlands. Due to the late-cyclical nature of the Dutch market the Netherlands lags somewhat behind other countries and recovery is more gradual. The Netherlands started posting growth again in the final quarter of 2010. Recovery was exceptionally strong in countries where temporary staffing is predominantly focused on the industrial sector.

Revenue trends in 2010 compared with 2009



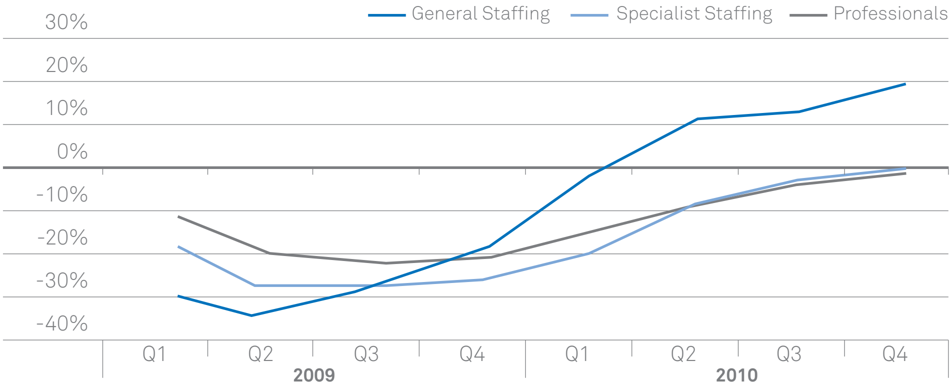
Austria and Poland performed best with a year-on-year growth of 57%, followed by Germany where revenue was up 28%. Growth was even around 40% in Germany in the second half of the year. France – the third-largest country for USG People in terms of revenue – achieved a growth of 17%, while revenue in Italy and Switzerland was up more than 20%. Recovery was more subdued in the more mature markets of the Netherlands and Belgium, due in part to the fact that a large part of the activities are focused on the services sector and small and medium-sized enterprises. As a result USG People's activities in these countries react somewhat slower to cyclical developments. Belgium achieved growth of 3% and in the Netherlands revenue for the year was still 8% below the year-earlier level. Spain is the only exception to these positive developments and its employment market showed no material improvement yet again in 2010.

Revenue in billions of euros



A breakdown of activity shows that recovery was most pronounced in General Staffing, completely in line with the traditional pattern in times of recovery. The cyclical development of these activities was the greatest due to their ties to the industrial sector. The General Staffing activities are strongly linked to industrial production, particularly in countries outside the Benelux. This results in greater volatility in the cycle. In 2010 General Staffing revenue was up 10% compared to 2009. Specialist Staffing and Professionals posted a drop in revenue of 8% for the year. The turning point to growth was reached in the final few months of the year. These activities started recovering later in the Netherlands while in Belgium growth was achieved earlier in the year.

Quarterly revenue development year-on-year

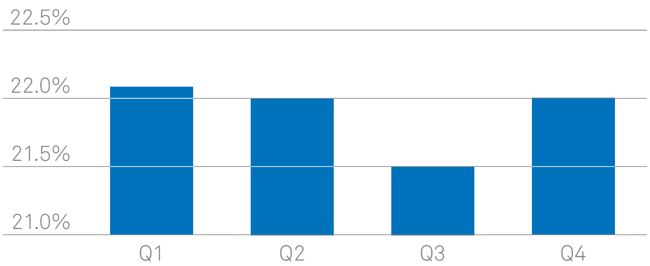


GROSS PROFIT

In 2010 gross profit equalled € 676 million compared to € 674 million in 2009. Underlying gross profit amounted to € 680 million as a non-recurring amount of € 4 million was recognised as cost in 2010.

The underlying gross margin as a percentage of revenue was virtually stable at around 22% in 2010 with a somewhat lower margin in the third quarter due to traditional seasonal effects in the summer holidays.

Underlying gross margin



The gross margin as a percentage of revenue was slightly lower than the year before as a result of mix effects. The fact that General Staffing is the growth leader is resulting in a lower gross profit margin as gross margins at Specialist Staffing and Professionals are generally higher than at General Staffing. This will have a positive effect on these activities once recovery sets in.

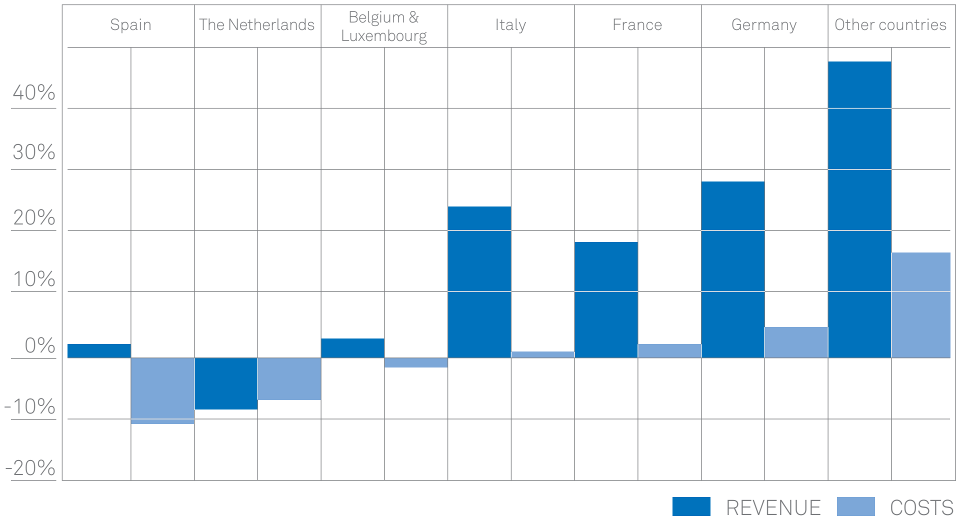
Another factor determining the gross margin is revenue from recruitment and selection. This was 1% of revenue in 2010, virtually the same as in 2009. Revenue from recruitment and selection generally accounts for between 1% and 2% of total group revenue. This revenue has a disproportionately large impact on the gross margin of the group because there are no direct costs associated with it.

OPERATING COSTS

Operating costs including depreciation amounted to € 600 million in 2010 compared to € 647 million in 2009. The figures for both 2010 and 2009 include non-recurring costs relating mainly to reorganisations. A non-recurring charge of € 13 million was included in 2010 and € 38 million in 2009. Excluding these non-recurring amounts underlying costs totalled € 587 million in 2010 compared to € 609 million in 2009. That meant that underlying costs were € 22 million lower in 2010, a drop of 4%.

In Spain, the Netherlands and Belgium costs fell further compared to 2009, while costs in Italy, France and Germany showed a relatively small increase in comparison with the strong rise in revenue. In Austria, Switzerland and Poland (Other countries) costs rose a combined 16%, the highest overall increase due to the exceptionally strong recovery. The combined revenue of these countries was up 47%. Costs remained low in Germany and Italy as overcapacity was utilised effectively with Germany also benefiting from the brand integration which improved the cost structure.

Change in revenue and underlying costs 2010 compared with 2009



EBITA

Underlying EBITA totalled € 93 million in 2010, up 37% compared to 2009. Non-recurring costs were reported in both 2010 and 2009. In 2009 these non-recurring costs were mainly associated with reorganisations and restructurings in response to the crisis, while the costs incurred in 2010 were largely focused on further improving efficiency within the organisation. Reported EBITA amounted to € 76 million in 2010 compared to € 27 million in 2009.

in millions of euros	2010	2009	GROWTH
Underlying EBITA	93.1	68.2	37%
Non-recurring gross profit	-3.6	-2.8	
One-off costs	-13.0	-38.3	
Reported EBITA	76.5	27.1	182%

AMORTISATION OF ACQUISITION-RELATED INTANGIBLE ASSETS

Amortisation amounted to € 33 million in 2010, up from € 26 million in 2009. Due to the merger of brands in the Netherlands and Germany an additional sum of € 12 million was amortised in 2010 for brand rights. Regular amortisation amounted to € 21 million in 2010 compared to € 26 million in 2009. The amortisation relates to brand rights, client portfolios and candidate databases which are valued at the moment of acquisition and amortised over a fixed period of time.

FINANCIAL EXPENSES

In 2010 financial expenses fell due to a lower debt burden. Financial expenses amounted to € 28 million in 2010 compared to € 37 million in 2009 and include unrealised changes to interest rate derivatives. These valuation changes had a positive impact of € 3 million on financial results in 2010 and a negative effect of € 5 million in 2009. Financial expenses excluding these unrealised changes amounted to € 31 million in 2010 against € 32 million in 2009.

TAXATION

The tax burden was virtually zero in 2010 compared to a gain of € 5 million in 2009. A negative pre-tax result of € 36 million was reported in 2009 compared to a positive result of € 15 million in 2010. Consequently, result before tax was € 51 million higher than in 2009. A legislative amendment in France resulted in a change in reporting. In previous years tax on the value of assets was recognised as an operating expense in the result. Under new legislation tax is levied on the added value and as corporation tax. This increased both gross profit and the reported tax burden by € 6 million. On balance this change had no effect on net profit. In addition in 2010 a tax gain of € 9 million was recognised for the valuation of previously unrealised losses in Belgium. This was a result of a change in the legal structure in Belgium. The tax rate on the income statement was 3.4% in 2010.

This percentage presents a somewhat distorted picture because absolute gross profit is relativelylow. That means that adjustments and permanent differences have a large impact on the percentage, as does the combination of profit and losses in the various countries at the various rates. The percentage therefore deviates from the average effective rates that apply in the countries in which USG People operates. The effective rates range from 19% (Poland) to 35% (Belgium).

NET RESULT

The net result was affected by non-recurring costs and gains in both 2010 and 2009. Underlying net profit adjusted for these non-recurring results amounted to € 23 million in 2010. Reported net profit equalled € 15 million. In 2009 a net loss of € 31 million was reported. In 2010 net profit per share amounted to € 0.20.

Summary of net result

in millions of euros	2010	2009
Underlying net result	23	8
Non-recurring EBITA results	-17	-41
Accelerated amortisation of brand rights	-12	-
Unrealised value adjustments on derivatives	3	-5
Non-recurring tax effects	18	7
Reported net result	15	-31

CASH FLOW

Cash and cash equivalents fell by € 9 million in 2010 after declining € 57 million in 2009. The operating cash flow amounted to € 106 million and was lower than the year before when it equalled € 226 million. In 2009 the operating cash flow was exceptionally high due to a € 190 million drop in working capital. This drop was supported by the sale of trade receivables. At the end of 2009 an amount of € 110 million of outstanding trade receivables was sold (2010: € 125 million). In 2010 the operating cash flow was driven more by the operating result. Working capital was reduced by a further € 52 million in 2010 and the contribution from gross profit was € 96 million. Investments were up in 2010 after a period of extremely cautious investment policy in 2008 and 2009 in response to uncertain market conditions during the crisis. The proceeds from the equity offering in March reduced the debt position by € 85 million. A total debt repayment of € 147 million was made in 2010.

Condensed cash flow statement

in millions of euros	2010	2009	DIFFERENCE
Operating cash flow	106	226	-120
Investments	-30	-20	-10
Equity offering	85	-	85
Interest expenses paid	-23	-26	3
Loan repayments	-147	-237	90
Change in cash and cash equivalents	-9	-57	48

BALANCE SHEET

In 2010 the balance sheet total rose by € 33 million due to an increase in trade receivables and short-term liabilities as a result of higher revenue. Adversely, the value of the fixed assets fell due to depreciation and amortisation, including accelerated depreciation relating to integration in 2010. Shareholders' equity increased due to the inclusion of the 2010 result and the equity offering in March. The positive results and equity offering brought down the net bank debt to € 93 million.

Condensed balance sheet

in millions of euros	31 DECEMBER 2010	31 DECEMBER 2009	DIFFERENCE
Goodwill	919	920	-1
Other non-current assets	160	190	-30
Deferred tax assets and liabilities	22	-22	44
Working capital	-71	-20	-51
Balance sheet total	1,677	1,644	33
Shareholders' equity	741	639	102
Subordinated borrowings	155	153	2
Net debt to financial institutions	93	223	-130
Derivative financial instruments	18	20	-2
Provisions	24	33	-9

In 2010 the capital structure improved compared to 2009. The net balance sheet value of the debt amounted to € 248 million at the end of 2010 compared to € 376 million at the end of 2009. Shareholders' equity increased to € 741 million in 2010. The rise in shareholders' equity led to an improvement in the solvency ratio to 44% from 39% in 2009.

Capital structure

in millions of euros	2010	2009	DIFFERENCE
Shareholders' equity	741	639	102
Subordinated convertible bond	107	103	4
Subordinated private loan	48	50	-2
Net debt to financial institutions	93	223	-130
Total net debt	248	376	-128
Total capital employed	**989**	**1,015**	**-26**
Net debt as % of total capital	25%	37%	

GOODWILL

Goodwill on the balance sheet remained virtually unchanged in 2010. No material acquisitions were made in 2010 and no business units were divested or discontinued.

INVESTMENTS

In 2010 investments totalled € 30 million in 2010 compared to € 20 million in 2009. The level of investment was exceptionally low in 2009 as a result of a cautious investment policy in light of uncertain market conditions. In 2010 the level of investment had returned to a normal level of around 1% of revenue.

SHAREHOLDERS' EQUITY

Shareholders' equity increased by € 102 million to € 741 million in 2010. The rise was the result of an equity offering in March, which increased shareholders' equity by € 85 million, and the inclusion of profit for the 2010 financial year. No dividend was distributed in 2010.

FINANCING

No bonds were offered for conversion out of the subordinated convertible bond in 2010, meaning that the nominal value of the loan remained unchanged at € 115 million. The balance sheet value of the bond rose by € 4 million as a result of credited amortised costs. The subordinated private loan decreased by € 2 million as a € 6 million repayment offset credited interest of € 4 million. The terms and conditions of the loan stipulate that this interest is paid at the end of the term of the loan. The remaining balance of the loan is € 48 million. The net debt to financial institutions declined by € 130 million, from € 223 million to € 93 million at the end of 2010.

Net debt stayed well within the permissible limits set by the banking covenants. The senior leverage ratio (net bank debt / underlying EBITDA) was 0.8 (maximum limit: 2.5) at the end of 2010 and the interest coverage ratio (underlying EBITDA / interest expenses) was 5.1 (minimum requirement: 4.0).

PROVISIONS

Provisions fell by € 9 million in 2010, from € 33 million to € 24 million. The greatest changes were in the reorganisation provision. The reorganisation provision fell by € 5 million on balance, while € 7 million was added during the year. The other provisions were reduced by € 4 million. These mainly concern a pension provision and a provision to cover legal claims.

DIVIDEND

The multi-year dividend policy is based on a dividend distribution equalling one-third of the net result before amortisation and adjusted for the effects of unrealised value adjustments on interest rate derivatives. As this result was € 37 million in 2010 it is proposed that a dividend of € 0.16 per share be distributed either in cash or ordinary shares, in accordance with the multi-year policy.

DEVELOPMENTS BY COUNTRY

THE NETHERLANDS

USG People holds the number two position in the Netherlands with a market share of around 20%. We offer a wide array of services with our strong, well-established brands. Start People is active in the field of general staffing while other brands, such as Secretary Plus and Unique, are focused on specific target groups and/or market segments. We hold a strong position in the office segment but also have leading positions in the technical market with USG Innotiv, Technicum and USG Energy. Furthermore, we have a strong position in the student segment with ASA Student and Ad Rem Young Professionals. In 2010 the activities of Content and Unique were combined and StarJob merged with Secretary Plus. Joining forces strengthened the market position of the office specialists, while the number of branches was trimmed as a result of network consolidation. Our brand policy provides strong brand recognition and attracts both candidates and clients. It also ensures a wide spread and high degree of specialisation in the mature Dutch market.

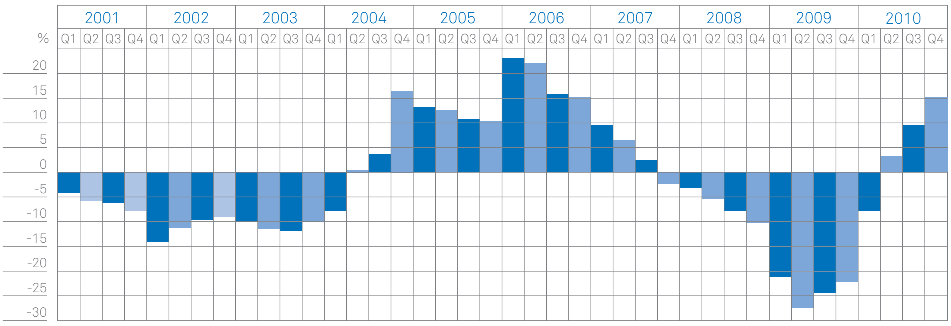
In 2010 the Dutch market showed signs of recovery that became more and more widespread throughout the year. Demand for temporary employees gradually picked up. On the whole, recovery in the Netherlands lagged somewhat behind neighbouring countries due to the particular features of the Dutch market. While staffing services in other countries are predominantly focused on the industrial sector, the more mature Dutch staffing market has a large share in the administrative sector. Demand in the industrial and transport sector also picked up in the Netherlands early in the year and was at first primarily driven by an upturn in exports. The services sector – where recovery is more gradual – showed signs of upturn later. Recovery in this sector was delayed somewhat by lower public sector demand in view of government austerity measures. For the full year market volume expressed in terms of hours was up 5% compared to 2009.

In April Start People started reporting revenue growth compared to a year earlier, while most specialist and professional brands were not able to exceed 2009 levels until the final months of the year. September marked the turning point for us in the Netherlands as a whole as growth was reported after 27 consecutive months of contraction. In the final months of the year our revenue in the Netherlands grew again compared to the previous year.

For us, recovery started setting in somewhat later than the market due to our different mix with its larger share in the services sector and focus on SMEs. These market segments pick up later in the economic cycle than the large industrial companies and the transport sector.

USG People in the Netherlands posted revenue of € 1.217 million for 2010, down 8% compared to 2009 (€ 1.330 million). The drop in revenue resulted in a drop in EBITA. EBITA totaled € 33 million in 2010 (2009: € 50 million). Profitability improved in the course of the year due to the recovery and cost savings. In the second half of the year the EBITA result equaled that of last year.

Growth in number of hours in Dutch market (ABU/NIPO)



BELGIUM AND LUXEMBOURG

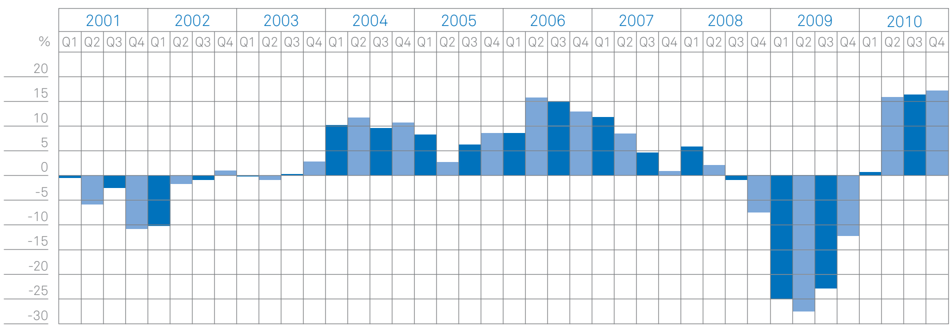
USG People is the second-largest player in Belgium and Luxembourg with a market share of just under 20%. Start People and Unique are mainly focused on temporary staffing in the industrial, transport and services sectors. In addition USG People has compiled a strong portfolio in the office segment over the years. This segment is characterised by highly attractive structural growth potential. Through our specialist (staffing) brands, we provide highly qualified office staff in the field of finance, management support, legal, human resources and reception services. USG Innotiv also provides us with a strong position in the technical professionals segment in Belgium, focusing mainly on engineers and IT professionals. Furthermore our specialist Express Medical is a well-established name in the healthcare sector. USG People's portfolio consists of an effective mix of volume and specialisation which ensures healthy growth potential and above-average profitability in the mature Belgian and Luxembourg markets.

The Belgian staffing market grew 12% expressed in terms of hours in 2010. The number of staffing hours in the industrial sector started growing from January compared to 2009 after nine consecutive quarters of contraction as lower volumes had been posted in the sector since October 2007. Staffing volume in the services sector showed positive growth for the first time in May 2010, reversing twenty months of negative volume growth. Compared to the industrial sector this was a relatively short period of time and the amplitude of the cycle was also much less pronounced in the services sector. At its low point in 2009 the industrial sector posted a drop in terms of staffing hours of 39%, while the drop was just 19% in the services sector.

In April USG People's revenue in Belgium exceeded the year-earlier level. Slight revenue growth was posted in the second quarter compared to 2009. Contrary to the situation in the Netherlands, recovery was immediately visible nearly across the board. Start People, Unique and the other specialist brands recovered surprisingly fast. Professionals followed suit slightly later in the year due to the nature of the activities. Demand for IT and financial professionals, as well as for construction-related services initially lagged behind. In the course of the year many of USG People's Specialist Staffing and Professionals brands, including Secretary Plus, USG Legal Forces and Express Medical, exceeded their pre-crisis highs.

USG People's revenue in Belgium and Luxembourg totalled € 676 million in 2010, up 3% compared to 2009 (€ 655 million). Profitability improved as underlying EBITA increased by 15% from € 46 million in 2009 to € 53 million in 2010. EBITA as a percentage of revenue was 7.8% compared to 7.0% in 2009.

Growth in number of hours in Belgian market (Federgon data)



FRANCE

In positioning its network in France USG People opted for dominant positions in most active economic regions, often located in the vicinity of large cities and in the north and east of the country. In 2008 and 2009 this focus resulted in the closure of many branches in locations elsewhere, where the level of economic activity is generally lower. Many branches were also combined, thus creating branches that are generally bigger. This creates the additional efficiency and flexibility needed in cyclical movements in demand for temporary staffing services. This concentration has given USG People an effective position that sets itself apart from its main rivals in theFrench market. USG People's portfolio in France consists of three brands: Start People provides general staffing services and USG Financial Forces and Secretary Plus are specialised in qualified office staff. Start People's activities are largely focused on local companies, often small and medium-sized, with the large client segment being served by separate teams. This makes it possible to fully utilise the expertise of the different disciplines. USG People wants to focus more on specialist services in France too. In 2010 Secretary Plus was represented by five branches in large cities like Paris and Lyon, while USG Financial Forces currently has 10 branches.

The industrial-oriented French staffing market was one of the first to recover after the crisis period in 2008 and 2009. The staffing market grew by 15% in 2010 compared to year before. USG People's revenue equalled € 494 million, 17% higher than in 2009. Within the specialist activities revenue at Secretary Plus in 2010 increased to € 2.5 million (up 40% compared to 2009). After an exceptionally difficult period in the financial sector USG Financial Forces still managed to achieve a slight 3% rise for the year. Revenue amounted to € 8.4 million in 2010.

GERMANY

In 2010 USG People took a key follow-up step on its strategic roadmap for Germany. A sizeable restructuring saw to it that the fragmented position of USG People in Germany was turned around from 14 to three brands: Unique, Secretary Plus and Technicum. The brands that emerged from the acquisition of GeKo Zeitarbeit in 2007 and the former Allgeier DL in 2008 were combined and integrated into USG People's international brands. This strengthened the position in Germany and laid a solid foundation for the further expansion of the activities and for efficient growth.

The German staffing market bounced back strongly after the crisis in 2008 and 2009, posting the strongest rise of all European countries. The German staffing market was the first to exceed the peak level reached before the crisis. The economic climate improved substantially in the course of 2010 and the number of flexible employees in the country is approaching the one-million mark for the first time ever. USG People generated revenue of € 271 million, a rise of 28% compared to the year before and we outperformed the market from the second quarter of the year onwards. The market grew around 30% in the second half of the year while USG People achieved growth of around 40%. The results show that the commercial clout has clearly improved as a result of the integration. Revenue was up 26% at Unique and 32% at Technicum. Revenue at Secretary Plus was even up 60% compared to 2009, far exceeding pre-crisis levels.

SPAIN

USG People's network and portfolio in Spain were thoroughly restructured in the past years. Branches were combined and closed, particularly in secluded areas where there is little economic activity, and brands were merged. In addition the activities of Start People and Unique were merged. The combination will continue operating under the name Unique and focus more and more on regional small and medium-sized enterprises. Unique operates in segments including services, industrial, transport and logistics, agriculture and catering. Furthermore our SYS Outsourcing brand is active in the outsourcing of reception and logistic services and of commercial and administrative projects. We are also focused on specific markets in Spain, including HR and secretarial services.

In 2010 the Spanish government took its first tentative steps towards lifting restrictions on temporary staffing in the construction sector and for the government. The European directive on temporary agency work, which entered into force in 2009, requires for restrictions to be lifted by the end of 2011. This provides attractive long-term growth opportunities for the Spanish market.

The Spanish employment market showed few signs of recovery in 2010. Problems with government financing and low demand in the construction and catering sectors had a tight hold on the economy. Unemployment stabilised but stayed at a very high level compared to other European countries. USG People's revenue in Spain equalled € 195 million, up 2% compared to 2009. The result improved from the year before but remained negative due to the low level of revenue.

ITALY

Italy is one of the growth markets for USG People, both as regards general staffing and for the further introduction and growth of specialist services. In 2008 we introduced our first specialist brand in Italy when we rolled out Unique. Since then Unique has been operating in Italy from its four branches in Milan, Rome, Turin and Bologna. Unique is predominantly focused on the higher end of the services sector. Specialist brand Secretary Plus will open its first branch in 2011.

In 2010 USG People's revenue rose 24% to € 132 million (2009: € 106 million). Unique, which commenced operations in 2008, posted revenue of € 2.4 million in 2010, up 53%. Italy offers extremely good long-term perspectives for USG People's growth strategy.

AUSTRIA, SWITZERLAND AND POLAND

USG People provides general staffing services throughout the countries of Austria, Switzerland and Poland. These countries are now also taking the initial steps towards a more specialist portfolio. Secretary Plus was launched in Austria in 2009 and in 2011 the brand will also be rolled out in Switzerland, where activities were launched in the medical sector in 2010. This way these countries too are creating a more profitable mix and better growth perspectives.

The total contribution of these countries equalled 3.7% of group revenue (2009: 2.5%). Combined revenue increased 47% in 2010 to € 115 million. Austria and Poland posted the strongest growth, up 57% in each country compared to 2009. In Poland there were even a few months when growth exceeded 100%. Revenue in Austria was 18% higher than the pre-crisis peak level seen in 2008 and Poland also was once again near pre-crisis levels, despite sharp drops in 2009. The staffing market in Switzerland also picked up in 2010 after a long period of slowdown.

RISK SECTION

PRINCIPLES UNDERLYING RISK MANAGEMENT

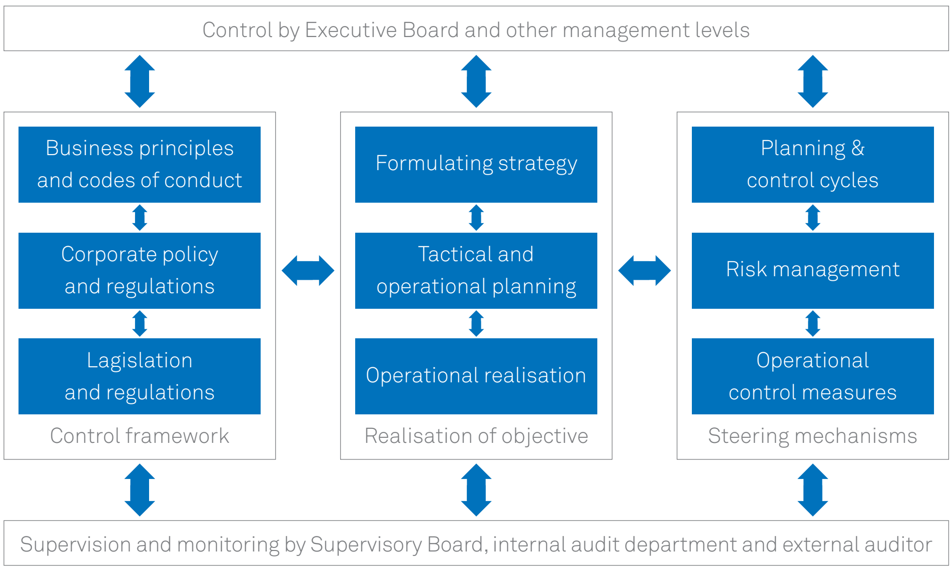
USG People is exposed to risks in the performance of its business activities. Our success as an organisation is partly dependent on our ability to cash in on opportunities and to manage risks. This means that risk management, as well as taking advantage of opportunities, is an integral part of the day-to-day conduct of business at all management levels.

USG People's policy is to safeguard the continuity of its business activities whilst maintaining a healthy balance between risks and returns. Internal risk management systems can help to achieve this balance. A properly functioning risk management system allows both opportunities and threats to be identified at an early stage, enabling us to take advantage of opportunities whilst limiting the associated risks. Responsibility for setting up internal risk management systems and for guaranteeing and monitoring their operation and effectiveness lies with the Executive Board and the management of USG People.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

The internal risk management and control systems at USG People are focused on identifying events which could have an impact on realising our objectives. In addition the purpose of these systems is to control the risks identified within our risk appetite.

These systems allow us to achieve our objectives without losing sight of the associated risks. In other words: errors are identified and corrected, and maximum precaution is taken to ensure that unexpected situations do not lead to surprises. It goes without saying that completeness cannot be guaranteed for such systems and that no internal control system is able to provide absolute certainty. The internal risk and control systems at USG People, which consist of a combination of instruments based on the COSO ERM model, are shown in the following diagram.



The various elements of the risk management and control systems are explained in more detail below.

Control frameworks

The criteria for our functioning are set out in documents such as our Code of Conduct, Business Principles, the Model Code and the Corporate Delegation of Authorities Scheme. In addition to these internal guidelines it goes without saying that the framework for USG People is also defined by external legislation and regulations. Together they form the control frameworks within which USG People seeks to realise its objectives.

Objectives and realising them

The management of USG People develops its strategy whilst taking into account the associated risks and risk appetite. The objectives and strategy form the basis for policy formulation, tactical and operational planning and the operating activities through which we seek to realise our objectives.

Steering mechanisms

Steering mechanisms are needed to achieve the objectives within the control frameworks. These mechanisms include the following:

- the financial and operational planning and control cycles at corporate, regional, country and operating company level. These are supported by manuals, procedures and a detailed accounting manual outlining the principles of valuation and determination of results;
- IT management which safeguards the integrity and continuity of our information using back-up and recovery systems, network and system redundancy and security systems;
- insurance policies to cover the impact of company risks, debtor risks and liability risks;
- risk management aimed at supporting the management in identifying and analysing risks, allowing them to choose the most appropriate measures. Examples include risk workshops organised for the Executive Board and country managers, the issue of a quarterly Letter of Representation and the quarterly risk reviews in which line managers outline the principal risks and how they are being dealt with.

Control by the Executive Board and management

The risk management and control model described above is controlled by the Executive Board and other senior management levels.

Supervision and monitoring

The entire risk management and control system is supervised by the audit committee. The Executive Board and the Supervisory Board receive information from the internal and external audit function. USG People's centrally organised internal audit function conducts audits and reviews of the various countries and entities. It is supported in its activities by a network of local specialists.

The Executive Board reports to and is accountable to the Supervisory Board with respect to the design and organisation of the risk management and control system.

Assessments identify areas for improvement in our risk management and control systems, which are subsequently implemented and assessed again. This regular assessment process allows USG People to continue to control risks in a constantly changing environment.

MAIN RISKS IDENTIFIED

The main risks relating to our objectives and strategy have been identified and are listed below. They must be borne in mind when assessing other (forward-looking) information in this annual report.

Strategic risks

RISKS	CONTROL MEASURES
Failure to take full advantage of strategic changes	
• There is a risk that mergers involving our operating companies will not produce the desired results.	• USG People has defined a number of post-merger activities focusing on process and systems integration and on aspects of culture and leadership. • These post-merger activities are assessed and monitored.
Lower-than-expected growth of revenue and margins due to limited economic recovery	
• Delay in realising the strategy due to limited economic recovery in some countries.	• Revenue diversification (general / specialist / professionals). • Increase the scale of the branch offices in order to achieve greater flexibility throughout the cycle. • Strict control and monitoring of costs. • Acquisition processes have been set in motion in various countries in the interests of realising strategy.
• Competitors are being forced to lower margins due to continuing tightness on the demand side of the market. This creates the risk of us having to lower our margins as well in order to maintain our competitive position.	• Innovation is allowing us to maintain or improve on gross margin levels. • Further diversification of the client portfolio enables better margin control. • Adjustments to the automated margin authorisation system and more training for the sales force have further curbed margin erosion.
Relatively high dependence on the Netherlands and Belgium for revenue and EBITA	
• As in previous years the Netherlands and Belgium made a relatively large contribution to revenue and EBITA in 2010. Lower-than-expected profitability in these countries has implications for our company.	• The processes aimed at integrating operating companies and Shared Service Centers outside the Netherlands and Belgium have been intensified and this has increased operating efficiency. This will allow for example Germany to eventually account for a larger share of the portfolio. • Continued margin growth and indirect costs for each individual operating company. • Acquisition processes have been set in motion in various countries in the interests of realising strategy.
Pressure on returns due to limited scale in some countries	
• In a number of countries our operating companies are limited in scale. A possible dependence on a limited number of clients and/or on certain market developments may have a relatively high impact as a result. This in turn can put pressure on revenue and margins.	• Take further advantage of the synergy effects deriving from merged operating companies. • Further optimising and integrating IT applications at international level. • Focusing on organic growth and where necessary realising growth through acquisitions. • Broadening the client portfolio.

Operational risks

RISKS	CONTROL MEASURES
Too much internal focus	
• The integration of brands can temporarily result in internal focus, which in turn can put pressure on revenue and/or margins.	• Thorough preparation and monitoring of the integration process so that integration can take place quickly and the desired external focus remains possible.
Dependence on IT systems	
• In 2010 USG People continued the partial outsourcing of IT in a number of countries, including the Netherlands, Italy, Germany and Spain. This creates a risk of dependency on external providers for the quality of parts of our primary process.	• The service and supply management built up over the past years continued to undergo further improvement in 2010.
• The failure of IT systems which could lead to a disruption of the primary processes.	• The presence of back-up and recovery procedures, including mirrored IT systems at different locations.
Great diversity of IT systems	
• Excessive diversity of IT systems means there is a danger of uncontrollability and the absence of a platform for further (international) integration.	• In 2010 the integration of back office systems took shape with the SAP implementation. • SAP has been developed in such a way that further integration – both of the front office and internationally – will be possible in the years ahead.
Shortage of staff	
• Difficulty attracting and retaining temporary staff for our clients (when the economy recovers).	• Through marketing activities and by keeping our name recognition and image up to standard we are able to find staff and keep them. • Further enhancement of our online activities and our branch office policy help to mitigate this risk.
• Inability to find, develop and retain sufficient own employees of the highest calibre.	• USG People offers its staff good training and learning opportunities. Our existing management development and leadership programmes, as well as our onboard programmes and procedures surrounding succession planning help us to retain staff.

Financial risks

For information on financial risks please refer to the explanatory notes on the annual accounts.

RISKS	CONTROL MEASURES
Changes to the creditworthiness and liquidity of debtors	
• In the course of the cycle the creditworthiness and therefore the possibilities for insuring debtor risks fluctuate. This can lead to costs as a result of provisioning for/ writing off bad debts.	• The credit management systems implemented have been further optimised. • Regular monitoring of the quality of debtors and changes in creditworthiness.
Greater demands on working capital	
• Increased financing requirement as a result of an increase in the total debtor amount in the working capital due to increased economic activity.	• The presence of local credit management procedures, based on the corporate credit management policy. • Frequent monitoring and active management of important ratios, such as DSO, and debtor ageing trends at each operating company. • Continuation of additional commercial control of and focus on working capital in the commercial area of operations. • Use of factoring.
Goodwill impairment	
• Depending on market conditions it may be necessary to write down goodwill, which can have a negative effect on both the result and on equity.	• Regular monitoring of the profitability and added value of activities, so that potential goodwill impairment is identified in good time. • Continuous attention to analysis and assessment of recognised goodwill.
Dependence on government subsidies	
• In two major countries we receive government subsidies. Changes to subsidy legislation can have a negative effect. For example in France subsidy legislation changed at the end of 2010 which may affect margins.	• Devising a commercial plan to realise price compensation and to reduce the dependency on government subsidies (by diversifying the client portfolio).
Liquidity	
• To ensure we have sufficient means at our disposal to fulfill our direct commitments, it is of the utmost importance that we have direct access to cash and cash equivalents.	• The Treasury department monitors group liquidity by means of budgets, forecasts and strategic plans. • Compliance with the conditions of the syndicated loan and other loans are actively monitored at all times.

Risks related to compliance with legislation and regulations

RISKS	CONTROL MEASURES
Compliance with labour law obligations	
• The countries in which USG People operates have different collective labour agreements and complex local labour laws.	• Operational quality management ensures that collective labour agreements and local labour laws are correctly applied. • Internal controllers assess whether regulations are complied with.
Frequent changes to legislation and regulations	
• Legislation and regulations (such as labour and safety laws) are subject to frequent changes in some countries. This creates the risk of USG People not complying with or being late in complying with new regulations, which may have financial and other implications and could damage our image.	• Specialists at both local and central level are responsible for anticipating legislative changes. These specialists also develop and implement internal rules and guidelines to ensure that employees are aware of the prevailing legislation and regulations and comply with them. • Workshops on integrity, fraud and competition legislation contribute to increased awareness and knowledge of applicable regulations.
Legislative changes with business implications	
• Legislative changes (for example to the minimum wage or equal pay) can have business implications which are difficult to estimate.	• Initiating and participating in lobbying activities through industry and sector organisations. • Communicating and coordinating in good time with clients in the event of a statutory increase in labour costs, so that that the increases can be passed on. • Further strengthening of internal control measures with regard to the introduction of and compliance with changes.

The risk profile has been discussed with the Supervisory Board. However, it cannot be ruled out that this summary may prove to be incomplete in the future. There may be additional risks of which we are currently unaware or risks which are currently classified as limited but which may turn out to have implications in the future.

STATEMENT REGARDING THE EVALUATION OF RISK MANAGEMENT AND INTERNAL CONTROL

The Executive Board is aware that risk management and control systems, however extensive they may be, are unable to provide absolute certainty that all material inaccuracies, losses, fraud and breaches of laws and regulations can be prevented entirely. The policy of the Executive Board remains focused on constantly monitoring and improving the internal risk management and control systems in order to make the processes as reliable and effective as possible. The Supervisory Board and audit committee are informed on the structure and operation of the internal risk management and control systems. It is the opinion of the Executive Board that the risk management and control systems functioned properly in the year under review with respect to the financial reporting risks. These systems provide a reasonable level of certainty that no material inaccuracies are contained in the financial reporting in the current year.

The Executive Board also declares that to the best of its knowledge:

- the annual accounts of USG People give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuing institution and companies jointly included in the consolidation;
- the annual report of USG People gives a true and fair view of the position at the balance sheet date, the course of events during the financial year of USG People and the companies associated with it, the results of which are included in the annual accounts;
- the main risks facing USG People are outlined in the annual report.

CORPORATE GOVERNANCE STATEMENT

ORGANISATION

USG People N.V. is a limited liability company listed on the stock exchange and governed by the Dutch large company regime. The large company regime provides a legal framework which helps to determine the corporate management structure as well as the powers and duties of the Executive Board and Supervisory Board.

USG People is governed by its Articles of Association, which were most recently amended with effect from 1 February 2011. The amendment of the Articles of Association was approved by the Extraordinary General Meeting of Shareholders on 20 December 2010. The amendment of the Articles of Association was prompted by two amendments of the law which came into force on 1 July 2010, namely the Wet implementatie EU-richtlijn Aandeelhoudersrechten (act implementing the EU directive on shareholders' rights) and the Wet standpuntbepaling en spreekrecht OR (definition of position and right to speak of works councils act). In addition we took advantage of the opportunity to make various amendments to the Articles of Association separately from the aforementioned changes to the law. For example, the new Articles of Association stipulate that directors of the company are jointly authorised – with no fewer than two individuals – to represent the company, rather than each being independently authorised.

The General Meeting of Shareholders

The annual accounts are undersigned by the Supervisory Board and submitted annually to the General Meeting of Shareholders for adoption.

The General Meeting of Shareholders has control of important matters including:

- adopting the annual accounts;
- profit appropriation;
- the reserves and dividend policy;
- adopting amendments to the Articles of Association;
- deciding on the remuneration policy of the Executive Board;
- approving the remuneration of the Supervisory Board;
- transferring the company or a part thereof to a third party;
- authorising the purchase, issue or sale of shares in the capital of USG People;
- appointing the external auditor;
- the discharge of the Executive Board and Supervisory Board.

THE SUPERVISORY BOARD

Composition

Following the death of Cor Brakel in October 2009 the Supervisory Board consisted of four members, namely Christian Dumolin, Joost van Heyningen Nanninga, Marike van Lier Lels and Alex Mulder. Marike van Lier Lels held the chairmanship on an interim basis.

At the Extraordinary General Meeting of Shareholders on 2 March 2010 Cees Veerman was appointed to the Supervisory Board and has since held the chairmanship. Pending his appointment, Cees Veerman had become a member of the Supervisory Board with effect from 1 December 2009.

In the course of 2010 the Supervisory Board indicated its wish to strengthen its ranks with a financial specialist. Ahead of his formal appointment Rinse de Jong joined the Supervisory Board with effect from 1 September 2010. Prior to his appointment the Central Works Council spoke at length with Rinse de Jong and issued a positive opinion with regard to his proposed appointment. The formal appointment of Rinse de Jong took place at the Extraordinary General Meeting of Shareholders on 20 December 2010, thus satisfying the board's wish to boost its ranks with a financial specialist.

The Supervisory Board has two internal committees: the audit committee and the remuneration and appointments committee. The composition of both internal committees as well as a detailed account of their activities can be found on pages 31 and 32.

Duties

It is the duty of the Supervisory Board to supervise the policy of the Executive Board and the way it manages the company. In doing so, the Supervisory Board takes into account the interests of all the company's stakeholders, including shareholders, employees, customers and suppliers.

The Supervisory Board advises the Executive Board, both on request and at its own initiative, on topics including financial policy, risk management and control systems and the corporate structure. The Supervisory Board also discusses and assesses the corporate strategy on a regular basis.

The Supervisory Board must approve decisions pertaining to the following matters:
- setting and altering the operational and financial targets of USG People;
- setting and altering the strategy aimed at realising the corporate objectives;
- setting and altering the parameters applying to the strategy, for example with respect to the financial ratios;
- setting and altering the relevant aspects of social responsibility;
- all transactions between USG People and natural persons or legal entities in possession of at least 10% of the shares in USG People which are of material importance to USG People and/or such persons or entities;
- all transactions between USG People and natural persons or legal entities in possession of at least 10% of the shares in USG People which are of material importance to USG People;
- all transactions for which a conflict of interest may exist for the members of the Executive Board and which are of material importance to USG People and/or the members of the Executive Board involved;
- all transactions for which a conflict of interest may exist for the members of the Supervisory Board and which are of material importance to USG People and/or the members of the Supervisory Board involved;
- the appointment and dismissal of the secretary of USG People;
- the appointment of a member of the Executive Board;
- the allocation of tasks of the Executive Board to individual members of the Executive Board;
- any other acts that require approval by law or as stipulated in the Articles of Association, the Executive Board regulations, the Supervisory Board regulations, the Dutch Corporate Governance Code or any other applicable regulations.

As well as the regulatory and statutory provisions and requirements, the Supervisory Board is subject to the Supervisory Board regulations. In addition, the two internal committees each have their own regulations, to which the members of the Supervisory Board who sit on these committees are also subject.

Independence

Until 9 May 2006 Alex Mulder was chairman of the Executive Board. In addition as at 31 December 2010 he held 20.02% of the company's stock. This means that not all members of the Supervisory Board can be considered to be independent.

Joost van Heyningen Nanninga is a senior partner in Egon Zehnder International. In 2010 Egon Zehnder was involved in a search assignment for a new member of the Supervisory Board. However, this search assignment was not carried out by Joost van Heyningen Nanninga himself, but by other partners and colleagues at Egon Zehnder, so that there was no question of personal involvement on this occasion.

THE EXECUTIVE BOARD

Composition

In 2010 the two-member Executive Board was expanded to five members. The reasons for this expansion lay mainly in the fact that there was a need for greater continuity within the highest corporate body and furthermore to create support for future decisions and decisions already taken.

In addition to his position as CFO, from July 2009 to 3 March 2010 Rob Zandbergen was also acting CEO. The Supervisory Board had appointed Herman van Campenhout as CEO of USG People with effect from 3 March 2010. Owing to a lack of chemistry between Herman van Campenhout and USG People, Herman van Campenhout left the company with effect from 30 June 2010. Rob Zandbergen was appointed CEO effective 1 July 2010. From 1 July to 1 November 2010 he was also acting CFO.

With effect from 1 July 2010 Hans Coffeng, Eric de Jong and Albert Jan Jongsma were appointed as Chief Operational Officer (COO) for the Netherlands and Germany, Chief Operational Officer (COO) for Southwest and Central Europe and Chief Corporate Officer (CCO), respectively. Since 1 November 2010 the position of CFO has been held by Leen Geirnaerdt.

On 20 December 2010 the Extraordinary General Meeting of Shareholders was formally informed of the Supervisory Board's intention to appoint Hans Coffeng, Leen Geirnaerdt, Eric de Jong and Albert Jan Jongsma to the company's Executive Board. Having informed the Extraordinary General Meeting of Shareholders the Supervisory Board formally appointed them with effect from 20 December 2010.

Duties

The Executive Board manages the business on a day-to-day basis and is responsible for strategy, for setting and realising targets and for achieving results. The Executive Board is also responsible for the quality and completeness of the financial reports as published by the company, for risk management and control mechanisms, for compliance with legislation and regulations and for the financing of USG People.

As well as the regulatory requirements and the related provisions as stipulated in the Articles of Association, the Executive Board is subject to the Executive Board regulations, which include a clear description of the division of responsibilities between the individual board members.

THE DUTCH CORPORATE GOVERNANCE CODE

Integrity, transparency and clear communication are the vanguards of sound corporate governance at USG People. Strict compliance with these basic principles is high on our list of priorities. Our internal processes have been devised as carefully and transparently as possible, ensuring that these values are adhered to throughout the organisation. One of the main purposes of good corporate governance is to gain the trust of all stakeholders – trust in the way business is managed and supervised, trust in risk management, trust in the financial reporting. All of which add up to trust in the company as a whole.

USG People applies a corporate governance policy in line with the Dutch Corporate Governance Code (hereinafter referred to as 'the Code') (see the Government Gazette no. 18499 of 3 December 2009 for the text of the Code). The Code is based on the 'comply or explain' principle. That means that companies listed on the stock exchange are required to explain in their annual report how they complied with the Code and to give a motivated account of the principles pertaining to the Executive Board and Supervisory Board as well as of any best practices which have not been applied.

Deviations from the Code

At the General Meeting of Shareholders held on 9 May 2006 the corporate governance structure of USG People and the (limited) deviations from the Code were discussed at length with the shareholders. All deviations existing at the time were approved by the shareholders, meaning that USG People was in full compliance with the old Code.

The remuneration policy for the Executive Board of USG People expired on 31 December 2010. The old remuneration policy was at variance with best practice provisions II.1.1. (term of office), II.2.5. (period for which shares are held) and II.2.8. (maximum severance pay). In addition, the old remuneration policy included no provisions with respect to the clawback clause (II.2.11) and the ultimum remedium provision (II.2.10).

Explanation of deviations:
- Best practice provision II.1.1.: An Executive Board member is appointed for a maximum period of four years. In view of the fact that this best practice provision was not entirely in keeping with USG People's corporate culture and core values, USG People wished to reserve the right to appoint board members for an indefinite period. This was prompted in part by the fact that in the past board members had often risen up through the company's own ranks, in which case a four-year appointment was perceived as inopportune. USG People wanted to reserve the right to appoint board members for a period longer than four years if there were compelling reasons for doing so.
- Best practice provision II.2.5. (previously II.2.3): Shares granted to Executive Board members without the stipulation of a certain financial consideration in return must be retained for a period of at least five years or at least until the end of the period of employment if this period is shorter.
  Under USG People's Unique Share Plan for 2008, 2009 and 2010 holders were required to retain these shares for a minimum of three years.
- Best practice provision II.2.8 (previously II.2.7.): Severance pay may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for an Executive Board member who is dismissed during his first term, such board member shall be eligible for severance pay not exceeding twice the annual salary.
- In addition to the stipulated maximum payment of one year's salary in the event of involuntary dismissal of an Executive Board member, USG People considers it desirable to reserve the right to make an additional payment equivalent to the six-month notice period. One of the reasons for this is the inclusion of this stipulation in the terms of employment of the former Solvus NV board member.
- Best practice provisions II.2.10 and II.2.11, the ultimum remedium provision and the clawback clause. Up until 1 January 2011 these provisions were not included in Rob Zandbergen's terms of employment, which was at variance with the Code.

During the course of 2010 the Supervisory Board deliberated about the remuneration policy which came into force on 1 January 2011. The new remuneration policy for the Executive Board complies with the new Code on all counts, except with regard to the payment upon termination of the contract of employment of a board member as a result of an acquisition of the company, resulting in a change of control.

The existing contract of employment with Rob Zandbergen was amended with effect from 1 January 2011 to bring it into line with the new requirements of the Code. Provisions were incorporated in his contract – as well as in the new board members' contracts – regarding term of office, the clawback clause and the ultimum remedium provision. For more details about our remuneration policy please refer to the remuneration report.

In line with best practice provision III.6.5. (II.2.6 and III.7.3 in the old Code) USG People drew up rules applicable to Executive Board and Supervisory Board members regarding the possession of and transactions involving securities other than those issued by USG People. On 1 January 2006 USG People introduced a regulation stipulating that members of the Supervisory Board and Executive Board are obliged to provide advance notification of any transaction involving securities of direct competitors (the so-called 'Peer Group'). The General Meeting of Shareholders approved the new regulation on 9 May 2006, meaning that board members are obliged to seek permission from the Compliance Officer prior to any transaction involving Peer Group stocks. Transactions involving non-Peer Group stocks do not require prior permission, nor is there a regular reporting obligation for these. This regulation is called the Tracking Compliance Program and can be found on the company's website.

On page 58 of this annual report the Executive Board of USG People has issued a statement to the effect that with regard to financial reporting risks the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems functioned properly in the year under review. The Executive Board of USG People provides clear evidence in support of this, meaning that USG People is in full compliance with best practice provision II.1.5.

Under best practice provision IV.3.12 of the new Code voting proxies and voting instructions are supplied to an independent third party. Until now it was customary at USG People for the company secretary to represent and cast such instructions and proxies at meetings. However, from 1 January 2011 this will be delegated to an independent third party.

CAPITAL STRUCTURE AND PROTECTIVE MEASURE

At 31 December 2010 the authorised share capital of USG People stood at € 100,000,000, consisting of 200,000,000 shares with a nominal value of € 0.50 each. The shares are divided into 100,000,000 ordinary shares and 100,000,000 preference shares. The issued capital at that date was 77,702,427 ordinary shares.

Stichting Preferente Aandelen USG People

The foundation 'Stichting Preferente Aandelen USG People' (hereinafter referred to as: 'the Foundation') was established in 2009. In accordance with its Articles of Association, the Foundation shall endeavour to serve the best interests of USG People, its associated businesses and all parties connected to it, warding off as much as possible any influences that could conflict with the continuity, independence and identity of the company. These influences may result from a (considerable) interest in USG People being built up by a third party, the announcement of a public offer or other concentration of control, or any other form of unreasonable pressure exercised on the company to change the (strategic) policies of USG People.

The Articles of Association of USG People provide for the possibility of issuing preference shares as a temporary protective measure. USG People considers it undesirable for preference shares to remain outstanding for any longer than is strictly necessary. Accordingly, article 7.8 of the Articles of Association of USG People stipulates that in the event of the issue of preference shares a General Meeting of Shareholders shall be held no later than 18 months after the initial issuance of these shares. A decision concerning the buyback or cancellation of the preference shares must be put on the agenda for that meeting.

USG People has granted the Foundation a call option to take up preference shares. The call option is divided into two parts: the first call option entitles the Foundation to take 30% (minus one share) of the voting rights. The second call option grants the Foundation the right to take 100% (minus one share) of the total issued capital, i.e. shares other than preference shares, issued at that time. This second call option can only be exercised, in whole or in part, after the announcement of a public offer for all shares in USG People, as referred to in article 5:71 sub 1 part c of the Financial Supervision Act. The call option agreement means that the decision to issue preference shares lies with the Foundation and not with the Executive Board, nor the Supervisory Board of USG People.

In addition to the aforementioned call options, the Foundation also has the right of inquiry. The Foundation can make use of this right in situations where it may not wish to exercise its right to take preference shares but which, in the opinion of the Foundation, justify the need for legal intervention in view of the definition of its objects in the Articles of Association.

The Foundation will operate independently from USG People. In doing so, it is in compliance with the requirements stipulated in the Financial Supervision Act with respect to a foundation of this type. In 2010 the board of the Foundation consisted of Messrs R. Pieterse (chairman), J.F. van Duijne and Professor M.W. den Boogert. The board members have drawn up a retirement schedule aimed at ensuring the continuity, knowledge and expertise of the Foundation.

Issue of shares and preferential rights

The Executive Board is designated as the body authorised to take decisions regarding the issue of shares – subject to the approval of the Supervisory Board and in accordance with the stipulations of the Articles of Association and legal provisions. This authority relates to a maximum of 10% of all shares of the issued capital of USG People as at the time of issue. Each year the General Meeting of Shareholders is requested to extend this period for a period of 18 months from the date of General Meeting of Shareholders.

Every year the General Meeting of Shareholders is customarily requested to extend the period for which the Executive Board is designated as the body authorised to limit or exclude legal preferential rights. The extension applies to the same period for which the Executive Board is authorised to issue shares. The Executive Board will only exercise this authority if it is in the best interests of USG People to do so.

Buyback of own shares

At the General Meeting of Shareholders on 21 April 2010 shareholders authorised the Executive Board – with the approval of the Supervisory Board – to buy back USG People shares for a period of 18 months as from 21 April 2010. Shares may be purchased under any agreement subject to the following conditions:

- the buyback must not exceed 10% of the outstanding share capital; and
- the price must be between the nominal value and 110% of the stock market value.

At the General Meeting of Shareholders held on 21 April 2010 shareholders also granted the Executive Board a mandate for a period of 18 months from 21 April 2010 to purchase – with the approval of the Supervisory Board – any preference shares placed with the Foundation. This buyback of preference shares may only take place at a price equal to the nominal value plus the current dividend and any dividend in arrears.

Major holdings

Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies, shareholders are required to report holdings that exceed certain set percentages to the Netherlands Authority for the Financial Markets (AFM).

At 31 December 2010 USG People Alex Mulder held 15,556,025 shares, representing a 20.02% stake in USG People.

At 22 March 2010 BlackRock Inc. disclosed the fact that as at that date it held voting rights on a total of 4,152,898 shares, equal to a voting right of 5.3%.

Dividend policy

The objective of the dividend policy is a dividend payout of approximately one-third of net profit before amortisation, adjusted for tax. It is determined each year whether the dividend will be offered in cash or fully in ordinary shares and whether it will be charged to the share premium reserve or to other reserves.

Risk management and control systems

A description of the internal risk management and control systems can be found in the risk section on pages 53 to 59.

Auditor

PricewaterhouseCoopers Accountants N.V. was appointed at the General Meeting of Shareholders in April 2010 to audit the annual accounts for the 2010 financial year. The auditor's report is included elsewhere in the annual report.

Securities transactions

Members of the Executive Board and Supervisory Board must comply with the so-called Model Code. This regulation sets out how transactions involving securities of USG People should be conducted and prohibits trading during closed periods. Responsibility for Model Code compliance checks lies with the USG People Compliance Officer.

In addition to the Model Code, members of the Executive Board and Supervisory Board are bound to the Tracking Compliance Program, which sets out the rules for monitoring transactions involving the securities of direct competitors, the so-called Peer Group. Any transactions involving securities in these companies must be reported in advance to the USG People Compliance Officer. Transactions involving securities of companies outside the Peer Group do not require prior permission; nor is there a regular reporting obligation for these.

Conflicts of interest

Any transactions where conflicts of interest for Executive Board or Supervisory Board members can play a role must be published in the annual report. Under the Corporate Governance Code, any such transactions are subject to agreement under the conditions which are customary for the sector. During the 2010 financial year no transactions took place which could be qualified as representing a conflict of interest. Provisions aimed at preventing conflicts of interest with respect to such transactions are included in the Executive Board and Supervisory Board regulations.

INTERNAL HR ORGANISATION

HR POLICY

As in 2009, the economic crisis continued to have an impact on our HR agenda in 2010. In 2009 USG People's focus was already on cutting costs, maintaining productivity and reducing staff, and this process needed to continue in 2010. People are at the heart of USG People's activities and that is why it was important – particularly in this period – for our HR staff to pay the necessary attention to all those employees who put their heart and soul into the organisation. Particularly in an organisation like ours, human capital is a key factor that determines whether or not we achieve our ambitious objectives. It is this belief that prompts us to constantly invest in training, talent management, management development and succession planning.

In the second half of 2010 we witnessed some signs of recovery in certain markets. Sharp competition continues to be an overriding feature in the current market, however, and this demands the utmost of our people. We are proud that our employees have continued to perform outstandingly so that we are in a good position to further improve our results in 2011.

USG People wants to remain an attractive employer who employees are willing to commit to. One of the spearheads of the organisation's HR policy is to retain the necessary quality and skills of our employees and offer them the chance to develop. In view of this, numerous programmes were also launched in 2010 aimed not only at improving the quality of new employees but also at reducing staff turnover and therefore increasing productivity. We will go full steam ahead with these programmes in 2011.

Developing talent is another key way for us to maintain and increase the quality and deployment of our employees. Talent development is another important element of adequate career and succession planning and that is why it has been embedded even deeper in our HR policy.

We strive to make the best possible use of all the potential at USG People. In a job market that is getting tighter and tighter it is paramount to be a valued and attractive employer. These are attributes that are increasingly important to new generations entering the job market.

Finally we believe it is important – now more than ever – to manage not only financial targets but also HR performance. That is why our leadership programmes are strongly focused on inspiration and coaching as well as personal career management. HR performance parameters include staff turnaround, absenteeism and advancement.

LEADERSHIP AND CULTURE

Effective leadership has been viewed as a crucial factor in the success of USG People for some time now. By leading the right way, we further strengthen the social coherence and bonds within the organisation. That is one of the reasons why it is embedded even more in our policy. The principle expressed in 2010 as 'next level leadership' will be shaped further in 2011. Contemporary leadership that matches our cultural values and supports USG People's business and strategy. In 2007 our cultural values were put into words in the business principles. These will be reviewed and serve as our compass for the future. Stable, recognisable values ensure the necessary balance between attitudes, rules and behaviour, particularly if there is an overlap of personal values and those of the organisation. The Executive Board and senior management serve as an important example and the moral compass for employees within the organisation.

In 2010 the Executive Board took a major step in reaffirming the direction it is taking in the area of leadership development. The basis that has been laid will be used to further shape the skills needed for new, value-driven leadership and incorporate these in leadership training courses. Our key players will subsequently become familiar with this process on training course days.

2010 also marked the start of a process aimed at creating a more effective culture. This is another important parameter in existing HR policy. By strengthening social coherence and the awareness and details of our corporate identity and corporate branding – both within and outside the organisation – the focus is clearly on our culture. An effective corporate culture will contribute to high employee satisfaction and financial success, while at the same time giving the organisation a distinct identity. This is crucial in a competitive market when it comes to recruiting and retaining talent, performing well and building up the necessary resilience and flexibility with employees. All these things will be worked out in more detail in 2011. It goes without saying that we are embracing everything that is already adequate.

EMPLOYEE PARTICIPATION

The Central Works Council in the Netherlands met ten times in 2010, of which nine times with the Executive Board and twice with a delegation from the Supervisory Board. Items on the agenda included:

- the restructuring of USG People (brand policy);
- the harmonisation of HR policy;
- the appointment of new Executive Board members;
- a new management structure;
- the appointment of a new member to the Supervisory Board;
- the privacy statement;
- the duties of the prevention officer;
- the health and safety policy and risk analysis and assessment.

INTERNAL IT ORGANISATION

IT POLICY AND OBJECTIVES

USG People operates an organisational strategy whereby relatively autonomous operating companies are positioned as close as possible to the client in order to provide the best possible service. To support this strategy, USG People uses specific, decentralised applications so that clients can be targeted as effectively and efficiently as possible. These local applications are specially developed to take into account the differences between countries and brands. Differences in legislation and social systems, for example, mean that it is not feasible to use the same standardised applications for all countries.
This applies primarily to mid-office operations such as payroll processing and invoicing. The front-office applications used at the offices are better suited to standardisation. Parts of the front office applications are also being updated to make them more flexible and modular. This will guarantee a more rapid and better response to the future requirements of clients, temping staff and countries.

We have launched and are launching application landscape studies at both country and holding company level in order to update, integrate and standardise. This IT policy will enable us to respond quickly to changes in the market and to take optimum advantage of opportunities arising. In the context of this policy we have implemented SAP for the back office in the Netherlands.

There are strict quality requirements for the functioning of these applications. To maximise efficiency, modular development is used wherever possible and the company encourages the use of application components in various countries within the organisation.

Our IT strategy is aimed at supporting the business activities as much as possible by:
- applying new IT architecture, technologies and developments, with the emphasis on e-applications;
- implementing uniform IT programme & project management;
- transforming data into accessible information with the aim of supporting business decisions;
- guaranteeing the safety of data and information;
- being able to rapidly process any changes to services, products and legislation thanks to a modular and standardised applications architecture;
- increasing the efficiency of business processes by adapting IT applications to suit clients and temping staff;
- providing high availability to ensure maximum speed and continuity of processes;
- increasing the availability of business applications;
- guaranteeing that important applications are made available in all countries.

INTERNAL ORGANISATION: STRATEGY2IMPLEMENTATION

The Strategy2Implementation department was recently established to help us respond better to market developments. To do so, the department coordinates and oversees all cross-border and cross-departmental initiatives with regard to innovation, strategy and business development up to the implementation.

The Strategy2Implementation department responds to rapidly changing market conditions. The flexible employment sector is facing interesting challenges. New internet solutions and social media have a large impact on traditional business models and existing distribution channels. And generations are entering the job market which view employment in a different way. People no longer choose jobs for life but to fit a certain stage in their lives. Instead of actively looking for a suitable job, many people count on jobs finding them. Furthermore various demographic developments are posing challenges to the sector, including population ageing, dejuvenation, and the impact of multicultural society on the job market. These developments have a large impact on the way jobs are offered.

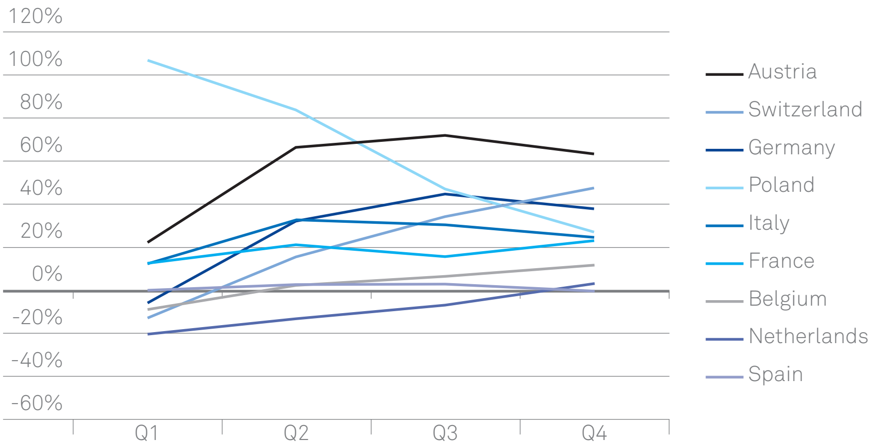
USG People set up the Strategy2Implementation department to manage the way the company deals with these changing circumstances. The department works for all our operating companies in all countries in which we are active. Using our multibrand strategy we stimulate entrepreneurship within the operating companies. To prevent a situation where different operating companies are undertaking similar projects on their own, Strategy2Implementation channels cross-border projects with respect to innovation, strategy and business development. This not only prevents doubling up, but speeds up and strengthens the exchange of ideas, initiatives and best practices. Importantly, this reduces the time needed to get innovations ready for market and creating value. This, in turn, helps translate USG People's entrepreneurial culture quicker into commercial strength.

Strategy2Implementation consists of four different clusters which together stand up to the challenges posed by the job placement market. The clusters are made up of employees with a wealth of experience in the areas they are responsibility for, both within and outside USG People. The first cluster deals with subjects including the internet, social media, e-commerce, revenue management and dynamic pricing. The second cluster is responsible for the delivery models, service models and distribution channels used to provide services to clients. This involves in-house branches, outsourcing services and online services. Strategy2Implementation also has a cluster that deals with strategy development and analysis. This includes drafting and assessing the strategies of our operating companies. The final cluster is focused on integration management, temporary and turnaround management and subjects that require additional management attention.

OUTLOOK

The trends in our markets are showing a positive development and over the course of 2010 our later-cyclical activities also joined in with the recovery. With no signals pointing towards a slowdown, we expect this positive trend to continue in 2011.

Trends in USG People revenue growth in 2010 compared to 2009



During 2010 we saw a further broadening and strengthening of the recovery in our markets. The industrial segment was the first to show a recovery and later on in the year we also saw a clear improvement in the services segment which is of great importance to USG People. This classic pattern is visible across the board and trends are positive in all the countries where we operate. Recovery in the Netherlands and Belgium has been gradual as a result of the relatively large contribution from the services segment in these mature markets. It currently appears that the recovery in the Netherlands and Belgium is set to continue across the board in these markets. This is a positive development for USG People in view of our large and diversified positions in these countries.

We are in good shape, are well positioned and sharply focused. Over the past few years we have sharpened our existing positioning in the various countries. The further roll-out of our international formulas will make our positions more effective and profitable, especially in the less mature markets. In addition, we have identified some attractive possibilities for strengthening our positions through suitable acquisitions. We are optimistic about our future.

FINANCIAL STATEMENTS

CORPORATE FINANCIAL STATEMENTS

OTHER DATA

CONSOLIDATED INCOME STATEMENT

Note:	amounts in thousands of euros	2010	2009
5	Revenue	3,098,630	3,001,134
7	Cost of sales	2,422,289	2,326,898
	Gross profit	**676,341**	**674,236**
8	Selling expenses	-491,092	-539,159
8	Amortisation of acquistion-related intangible assets	-33,367	-26,351
	Total selling expenses	-524,459	-565,510
8	General and administrative expenses	-109,294	-104,699
9	Other income and expenses	506	-3,267
	Total operating expenses	-633,247	-673,476
	Operating income	**43,094**	**760**
10	Financing expenses	-32,197	-38,560
11	Financial income	3,998	2,047
	Income before taxes	**14,895**	**-35,753**
12	Income tax expenses	501	4,927
	NET INCOME	**15,396**	**-30,826**
	ATTRIBUTABLE TO:		
	Equity holders of the company	15,293	-30,965
	Minority interests	103	139
		15,396	**-30,826**
	EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
	(in euros, per share of € 0.50 nominal)		
22	Basic	€ 0.20	€ -0.44
22	Diluted	€ 0.20	€ -0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note:	amounts in thousands of euros	2010	2009
	Net income	15,396	-30,826
	Other comprehensive income after taxes:		
	Currency translation differences	290	-88
	Other comprehensive income after taxes	290	-88
	TOTAL COMPREHENSIVE INCOME	**15,686**	**-30,914**
	ATTRIBUTABLE TO:		
	Equity holders of the company	15,583	-31,053
	Minority interests	103	139
		15,686	**-30,914**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

Note:	amounts in thousands of euros	2010	2009
	NON-CURRENT ASSETS		
13	Property, plant and equipment	44,516	56,675
14	Goodwill	919,115	919,570
15	Other intangible assets	100,918	119,546
17	Financial fixed assets	8,645	7,911
18	Deferred income tax assets	69,117	61,650
24	Other non-current assets	6,048	7,082
		1,148,359	**1,172,434**
	CURRENT ASSETS		
19	Trade and other receivables	477,875	424,037
	Current income tax receivables	8,187	5,640
20	Cash and cash equivalents	42,140	41,519
		528,202	**471,196**
	TOTAL ASSETS	**1,676,561**	**1,643,630**
21	CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS		
	Share capital	406,300	321,515
	Other reserves	16,332	14,978
	Retained earnings	317,612	302,319
		740,244	**638,812**
	Minority interests	554	529
	TOTAL EQUITY	**740,798**	**639,341**
	NON-CURRENT LIABILITIES		
23	Borrowings	229,532	339,038
24	Pension-related provisions	204	1,376
25	Other provisions	8,605	10,055
18	Deferred income tax liabilities	31,248	43,704
		269,589	**394,173**
	CURRENT LIABILITIES		
26	Bank overdrafts and borrowings	60,325	78,334
27	Trade and other payables	548,618	444,078
	Income tax liabilities	24,514	45,392
28	Derivative financial instruments	17,795	20,431
25	Other provisions	14,922	21,881
		666,174	**610,116**
	Total liabilities	**935,763**	**1,004,289**
	TOTAL EQUITY AND LIABILITIES	**1,676,561**	**1,643,630**

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

Note:	amounts in thousands of euros	SHARE CAPITAL	OTHER RESERVES	RETAINED EARNINGS	SUB-TOTAL	MINORITY INTERESTS	TOTAL EQUITY
		Attributable to equity holders of the company					
	BALANCE AS AT 1 JANUARY 2009	**321,244**	**16,071**	**332,462**	**669,777**	**1,402**	**671,179**
	Net income for 2009	-	-	-30,965	-30,965	139	-30,826
	Currency translation differences	-	-88	-	-88	-	-88
	Total income	**-**	**-88**	**-30,965**	**-31,053**	**139**	**-30,914**
8	Share plan	-	-183	-	-183	-	-183
8	Exercised option rights	271	-	-	271	-	271
6	Change resulting from settlement of share plan	-	-822	822	-	-	-
	Acquisition of minority interest	-	-	-	-	-865	-865
	Dividend paid to holders of minority interests	-	-	-	-	-147	-147
		271	-1,005	822	88	-1,012	-924
	BALANCE AS AT 31 DECEMBER 2009	**321,515**	**14,978**	**302,319**	**638,812**	**529**	**639,341**
	Balance as at 1 January 2010	**321,515**	**14,978**	**302,319**	**638,812**	**529**	**639,341**
	Net income for 2010	-	-	15,293	15,293	103	15,396
	Currency translation differences	-	290	-	290	-	290
	Total income	**-**	**290**	**15,293**	**15,583**	**103**	**15,686**
8	Share plan	-	1,064	-	1,064	-	1,064
21	Proceeds from issuance of new shares	84,785	-	-	84,785	-	84,785
	Dividend paid to holders of minority interests	-	-	-	-	-78	-78
		84,785	1,064	-	85,849	-78	85,771
	BALANCE AS AT 31 DECEMBER 2010	**406,300**	**16,332**	**317,612**	**740,244**	**554**	**740,798**

CONSOLIDATED STATEMENT OF CASH FLOWS

Note:	amounts in thousands of euros	2010	2009
	CASH FLOW FROM OPERATING ACTIVITIES		
	Income before taxes	14,895	-35,753
	Adjusted for:		
13, 15	Depreciation and impairment of tangible and intangible assets	60,084	55,079
13, 15	Result on sale of tangible and intangible assets	668	141
6	Result on disposal of subsidiary	-400	4,339
10	Financing expenses	32,197	38,560
11	Financial income	-3,998	-2,047
8	Share plan expenses processed via capital and reserves attributable to equity holders	1,064	-183
	Currency translation differences	205	-91
24, 25	Change in pension-related liabilities and other provisions	-9,581	-8,492
24	Change in non-current assets	1,034	-1,548
	Changes in working capital:		
	- trade and other receivables	-53,838	253,061
	- trade and other payables	106,084	-63,104
	Cash flow from operating activities	148,414	239,962
	Income tax paid	-42,845	-13,645
	Net cash flow from operating activities	**105,569**	**226,317**
	CASH FLOW FROM INVESTMENT ACTIVITIES		
6	Acquisition of subsidiaries	-	-9
13	Net investments in property, plant and equipment	-7,417	-5,249
15	Net investments in intangible assets	-22,463	-13,553
6	From disposal of subsidiary	-	-1,309
6	From disposal of associates	900	-
17	Payments on / proceeds from borrowings and guarantee deposits	-779	116
	Net cash flow from investment activities	**-29,759**	**-20,004**
	CASH FLOW FROM FINANCING ACTIVITIES		
21	Proceeds from issuance of shares	84,785	271
28	Payments on derivatives	-10,512	-9,008
23	Proceeds from borrowings	120	169
23	Repayments of borrowings	-146,646	-237,940
	Interest paid	-14,173	-19,108
	Interest received	1,357	2,135
	Dividends paid to minority interest holders	-78	-147
	Net cash flow from financing activities	**-85,147**	**-263,628**
	DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS	**-9,337**	**-57,315**
	CHANGE IN CASH AND CASH EQUIVALENTS		
	Bank overdrafts and cash and cash equivalents as at 1 January	24,404	81,719
	Decrease / increase in cash and cash equivalents	-9,337	-57,315
20	**BANK OVERDRAFTS AND CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER**	**15,067**	**24,404**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

The corporate structure of USG People N.V. is a legal entity with limited liability (public limited company). USG People N.V. has its registered office in Almere, the Netherlands. The shares of the company are listed on the NYSE Euronext Amsterdam stock exchange. The address of the company is:
Landdrostdreef 124
1314 SK Almere
The Netherlands
USG People provides all types of flexible employment services and a range of other services in the area of human resources, education & training and customer care. The group operates in 10 countries.

The consolidated IFRS financial statements of the company for the year ended 31 December 2010 comprise the company and its subsidiaries (together referred to as 'the group'). An overview of the main subsidiaries can be found in section 32.

The financial statements were prepared by the Executive Board. The financial statements were signed by the Supervisory Board on 3 March 2011 and will be submitted to the General Meeting of Shareholders on 26 May 2011 for adoption.
In the preparation of the financial statements of USG People N.V. the exemption contained in article 402 Book 2 of the Dutch Civil Code was applied with respect to the corporate income statement.

2 SIGNIFICANT PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

2.1 PRINCIPLES OF PREPARATION AND VALUATION

The consolidated financial statements for 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as accepted within the European Union.
The financial statements are presented in euros (€). Amounts are shown in thousands of euros unless otherwise indicated. The euro is the functional and presentation currency of the group.
Preparing the financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses. The estimates made and the related assumptions are based on historical experience and various other factors which are considered to be reasonable under the given circumstances. Financial assets and financial liabilities (including derivative instruments) are initially recognised at fair value. Subsequent valuations of receivables and monetary financial liabilities are based on amortised cost. Subsequent valuations of derivatives are based on fair value. The estimates and assumptions serve as the basis for assessing the value of recognised assets and liabilities whose amounts cannot currently be determined from other sources. However, actual results may differ from the estimates.
Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognised either in the period in which the estimates are revised (if the revision relates exclusively to the period in question), or in the period of revision and in future periods (if the revision affects both the current and future periods). In the course of 2009 estimates were altered with regard to the amortisation of trademarks. These changes in estimates had a significant impact on net income in 2010 (note 15).
Assessments made by management under IFRS that have a significant impact on the financial statements and estimates that carry the risk of a possible material inaccuracy in the following year are stated in note 4.

The principles of valuation and determination of results have been applied consistently by the group companies during the periods presented in these consolidated financial statements.

Standards, amendments and interpretations effective from financial year 2010

IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements'. The amendment relates to the recognition of earn-outs, acquisition-related costs other than the acquisition price, obtaining non-controlling interests held by third parties, and changing a controlling interest into a non-controlling interest and vice versa. The above transactions have consequences for the result and equity in the year they take place. No acquisition took place if the 2010 financial year.

IAS 1 (amendment) 'Presentation of Financial Statements'. The amendment relates to the reporting of changes in equity, with changes in equity not relating to transactions with shareholders being presented in an overview of comprehensive income. The change does not affect the amount of either result or equity.

IAS 36 (amendment) 'Impairment of Assets'. The amendment outlines that the largest cash-generating unit to which goodwill must be allocated for the purpose of impairment testing must be an operating segment as defined in paragraph 5 of IFRS 8 'Operating Segments'. The amendment does not affect the way that goodwill is allocated to the operating segment for the purpose of impairment testing as it was already allocated in the manner described.

IFRS 2 (amendment) 'Group Cash-settled Share-based Payment Transactions' concerns amendments in the treatment and reporting of all share-based payment transactions in group situations. Interpretation of IFRIC 8, 'Scope of IFRS 2' and IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions' are also included in the amendment. The amendment does not affect the amount of either result or equity.

IFRS 5 (amendment) 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment outlines further requirements to the notes with regard to non-current assets held for sale and discontinued operations. As the group does not intend to divest assets or operations, there is no need for further disclosure.

Standards, amendments and interpretations effective from financial year 2010, but not applicable to the group

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'. As the group does not hedge the exchange rate risks of investments in non-euro activities, this interpretation is not relevant to the group.

IFRIC 17 'Distributions of Non-cash Assets to Owners'. As the group does not distribute non-cash assets to its owners, this interpretation is not relevant to the group.

IFRIC 18 'Transfers of Assets from Customers'. As no assets are transferred from customers in the fulfilment of group activities, this interpretation is not relevant to the group.

IFRIC 9 'Reassessment of Embedded Derivatives' . As the group does not have any financial instruments with embedded derivatives, this interpretation is not relevant to the group.

Standards, amendments and interpretations not effective in the 2010 financial year, but applicable to the group

IFRS 9 'Financial Instruments'. This standard determines the conditions for the classification and valuation of financial assets initially set out in IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is mandatory for financial years starting on or after 1 January 2013. The impact of the implementation of this standard is currently being examined by the group.

IAS 24 'Related Party Disclosures' (revised). This revised standard clarifies and simplifies the definition of a related party. The group will apply the revised standard with effect from 1 January 2011. The effect of the changes on the notes on related parties is expected to be limited.

Standards, amendments and interpretations not effective in the 2010 financial year and not relevant to the group

IAS 32 'Classification of Rights Issues' (amendment). The amendment provides further instructions for the disclosure of rights issues offered in another currency other than the functional currency of the issuer. The group does not intend to offer rights issues in a foreign currency.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'. As the group has no intention of extinguishing financial liabilities with equity instruments, this interpretation is not relevant to the group.

IFRIC 14 'Prepayments of a Minimum Funding Requirement' (amendment). The amendment corrects an unintended consequence of IFRIC 14 whereby voluntary prepayments were not treated as pension assets. The amendment will not affect the treatment of defined benefit pension schemes undertaken by the group as the group does not intend to make voluntary prepayments to defined benefit schemes.

2.2 CONSOLIDATION OF SUBSIDIARIES

Subsidiaries are all entities over which the group has direct or indirect control, either through possession of a majority of the voting rights or through any other means of controlling their financial and operating activities.

Subsidiaries are fully consolidated from the date on which the group gains decision-making control and are deconsolidated from the date on which that control ends.

The acquisition method applies to the acquisition of subsidiaries by the group.

The price paid for the acquired company is based on the fair value of the assets ceded, the equity instruments issued and liabilities incurred or assumed at the transaction date, including earn-out payments. Earn-out payments are owed if pre-determined conditions laid down in a contract have been met. The likeliness of an earn-out payment is considered in the valuation on the transaction date and is reconsidered at each balance sheet date. Changes in the value of earn-out payments are recognised in the income statement along with the transaction costs.

Identifiable assets, contingent liabilities and liabilities assumed in a business combination are initially stated in the financial statements at their fair value on the date of acquisition. The group recognises any minority interest in the acquired entity at fair value or at the proportional stake of the minority interest in the acquired net assets.

The positive difference between the price paid for the acquired entity and the fair value of assets and liabilities that are identifiable and attributable to the group is recognised as goodwill. In the event of the price paid for the acquired entity being lower than the fair value of assets and liabilities that are identifiable and attributable to the group in case of an advantageous acquisition, the difference is recognised directly in other comprehensive income (see 2.5).

Transactions with minority shareholders are recognised as third-party transactions. In the event of purchases of interests held by minority shareholders, the difference between the amount paid and the acquired share of the net asset value (recognised as minority interests under shareholders' equity) is recognised as goodwill.

Intercompany transactions, balance sheet items and unrealised results on transactions between group companies are eliminated. Where necessary, the accounting policies of subsidiaries are brought into line with those applied by the group.

2.3 FOREIGN CURRENCY

2.3.1 General

Items in the financial statements of the various group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being the Company's functional and presentation currency.

2.3.2 Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency at the exchange rate applicable at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate applicable at the balance sheet date. Currency translation differences are recognised in the income statement.

2.3.3 Financial statements of foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at rates approximate to the exchange rates applicable at the date of the transaction. Currency translation differences are added or charged directly to the currency translation reserve in group equity

In the event of the complete or partial sale of foreign subsidiaries, translation differences are recognised in the income statement as income from disposal of subsidiaries.

2.4 PROPERTY, PLANT AND EQUIPMENT

2.4.1 Owned assets

Property, plant and equipment are carried at historic cost less depreciation, determined on the basis of the estimated useful life, and impairment losses.

2.4.2 Leased assets

Lease contracts whereby all risks and benefits actually lie with the group, are classified as financial leases. Property, plant and equipment acquired via a financial lease are carried at the lower of fair value and the cash value of the minimum required lease payments at the start of the lease, less the cumulative depreciation (see 2.4.4) and impairment (see 2.11). Lease payments are recognised in accordance with sections 2.20.1 and 2.20.2.

2.4.3 Assets under construction

Assets under construction, in the event the period of construction is longer than a year, includes attributable financing expenses for which an interest rate is applied equal to the average rate of interest paid by the group.

2.4.4 Depreciation

Depreciation expenses are charged to the income statement using the straight-line method based on the estimated useful life of an asset. There is no depreciation on land. The estimated useful life of property, plant and equipment varies according to category, as shown below:

CATEGORY	YEARS
Buildings	40
Furnishings and conversions	5-10
Computers and peripherals	3-5
Other fixed assets	5

The residual value, method of depreciation and depreciation period (component accounting) are reviewed annually at the balance sheet date and adjusted if necessary by a change in the estimate for the financial year and subsequent periods.

2.5 GOODWILL

All acquisitions are recognised using the acquisition method. Goodwill arises from the acquisition of subsidiaries. Goodwill is calculated as the difference between the consideration transferred and the net fair value at acquisition date of the identifiable assets, liabilities and contingent liabilities acquired. For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units expected to benefit from the acquisition.

Goodwill is not amortised but is subject to annual impairment testing (2.11). Impairment losses are irreversible.

In the event of the consideration transferred for the acquired entity being lower than the fair value of the assets and liabilities of the acquired entity that are identifiable and attributable to the group, the difference is recognised directly in other comprehensive income.

If an entity is divested, the carrying amount of its goodwill is recognised in income. If the divestment concerns part of a group of cash-generating units, the amount of goodwill written off and recognised in income is determined on the basis of the relative value of the part divested compared to the value of the group of cash-generating units. Goodwill directly attributable to the divested unit is written off and recognised in income.

2.6 OTHER INTANGIBLE ASSETS

2.6.1 Trademarks and licences

Trademarks and licences which are registered or protected by law and which are obtained through an acquisition are initially recognised at fair value and subsequently at cost. Trademarks and licences have a finite useful life and are carried at cost less amortisation and impairment (see 2.11). Amortisation costs are charged to the income statement using the straight-line method based on an estimated useful life of no more than 10 years for trademarks owned. Licensed trademarks are charged to the income statement using the straight-line method, based on the duration of the licensing agreement.

2.6.2 Customer relationships

Customer relationships arising from acquisitions are initially recognised at fair value and subsequently at cost. Customer relationships have a finite useful life and are carried at cost price less amortisation and impairment (see 2.11). Amortisation costs on customer relationships are charged to the income statement using the straight-line method, based on an estimated useful life of no more than eight years.

2.6.3 Candidate databases

Candidate databases obtained through acquisitions are initially recognised at fair value and subsequently at cost. Candidate databases have a finite useful life and are carried at cost price less amortisation and impairment (see 2.11). Amortisation costs on candidate databases are charged to the income statement using the straight-line method, based on an estimated useful life of no more than six years.

2.6.4 Software

Software licences are capitalised on the basis of the costs incurred to acquire the software and make it ready for use.

Software developed in-house is capitalised insofar as its cost price arises from the development phase of an in-house project and insofar as it can be demonstrated that the project is technically feasible, that it is the intention to complete the project and to use the asset, that it will generate economic benefits in the future, that technical, financial and other means are in place to complete and use the asset, and that it is possible to determine the expenses attributable to the asset developed. Financial expenses are attributed to the software developed in-house, insofar as the development phase is longer than one year, using an interest rate equal to the average interest rate paid by the group.

Amortisation costs are charged to the income statement using the straight-line method, based on an estimated useful life of five years.

2.6.5 Other intangible assets

Other intangible assets acquired by the group are carried at cost less cumulative amortisation and impairments (see 2.11).

Amortisation costs are charged to the income statement using the straight-line method, based on an estimated useful life of five years.

2.6.6 Depreciation of intangible assets

The aforementioned intangible assets are assessed annually to check that their residual useful life and the amortisation methods used are still correct. If the outcome of the test results in a new estimate of the remaining useful life or amortisation methods, future amortisation is adjusted accordingly.

2.7 FINANCIAL FIXED ASSETS

2.7.1 Loans and receivables

Loans and receivables are financial assets (not being derivative financial instruments) that are not quoted in an active market and have fixed or determinable repayment terms. These assets are recognised in accordance with 2.8. They are included under current assets, except if the maturity date is more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are recognised under 'trade and other receivables' on the balance sheet.

2.7.2 Guarantee deposits

Guarantee deposits (mainly lease guarantees and guarantees connected with the running of a temporary employment business) that do not have a fixed maturity date are recognised at cost. Guarantee deposits that do have a fixed maturity date are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

2.7.3 Associates

Interests held in associates over which the group has significant influence (not being subsidiaries over which the group may exercise decision-making control) are recognised using the equity method. They are initially recognised at cost in the financial statements. Changes in valuation as a result of attributable results from the associated subsidiaries are recognised in the income statement.

2.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method (often nominal value) less impairment for bad debts. Reasons for creating a bad-debt provision include major financial problems on the part of the debtor, likelihood of bankruptcy or financial restructuring, or the passing of more than 180 days after the payment due date. Experience shows that if a receivable has not yet been collected more than 180 days after the agreed payment date, it is unlikely that it will be collected. The provision amount is the difference between the carrying amount of the receivable and the present value of expected future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced by the amount of the bad-debt provision and the associated expenses are included in selling expenses. If a trade receivable or other receivable is uncollectible, it is charged in full to the bad-debt reserve. Collection of any amounts previously written off goes towards reducing the amount of selling expenses in the income statement.
Services supplied but not yet billed to the client are also recognised under trade receivables.

2.8.1 Factoring

Trade receivables are not recognised in the balance sheet if they are sold to a factoring company and the contractual rights to these receivables have been transferred. The criterion applicable in this context is the substantial transfer of risks and rewards. Factoring fees are recognised as selling expenses.

2.9 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised in the financial statements at fair value on the date the contract is concluded and are subsequently recognised at fair value at each reporting date. Changes in the fair value of derivative financial instruments are recognised directly in the income statement. The group does not apply hedge accounting as set out in IAS 39.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including cash in hand, bank balances and readily available deposits, are recognised at nominal value. Bank overdrafts are recognised as borrowings on the balance sheet under current liabilities.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation but to annual impairment testing. Assets subject to amortisation are assessed annually as to whether they are subject to impairment. An impairment loss is the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use and its fair value less selling expenses. For the purpose of impairment testing on goodwill, assets of cash-generating units are grouped at the lowest level within the group at which goodwill is monitored for internal purposes. Non-financial assets other than goodwill that have been subject to impairment are assessed at each reporting date for possible reversal of the impairment charge.

2.11.1 Calculation of recoverable amount

The recoverable amount of assets is the higher of their fair value less selling expenses and their value in use. In determining the value in use, the present value of estimated future cash flows is calculated using a pretax discount factor which reflects both the current market assessment of the time value of money and the specific risk connected with the asset. For assets that do not generate cash flows and are largely independent of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.12 SHARE CAPITAL

2.12.1 Share capital

Share capital is defined as equity attributable to shareholders. Costs directly connected to the issuance of new shares or option rights are deducted from the proceeds recognised in equity.

If any entity belonging to the group purchases USG People N.V. shares, the amount paid, including any associated costs and taxes, is charged to equity attributable to shareholders until such a time as the shares are cancelled or reissued. The amount received or to be received on the issue of shares previously purchased, less any associated costs and taxes, is added to the equity attributable to shareholders.

2.12.2 Dividends

Dividends are recognised as a liability for the period in which they become payable.

2.13 NON-CURRENT INTEREST-BEARING BORROWINGS AND LIABILITIES

Borrowings are initially recognised in the financial statements at fair value, net of transaction costs incurred, and are subsequently recognised at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

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

2.14 SUBORDINATED CONVERTIBLE BOND

The fair value of that part of the convertible bond considered to be a liability is determined using the market interest rate on a comparable, non-convertible bond. The amortised cost is recognised as a liability up to the conversion date or to the end of the term of the bond. The remaining proceeds are attributable to the conversion option, which is recognised in equity net of taxes.

2.15 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax is recognised in the consolidated financial statements for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If a deferral were to occur when an asset or liability arising from a transaction (other than a business combination) is initially recognised in the financial statements, the deferral is not recognised if it affects neither the accounting nor the taxable profit or loss. Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the deferred income tax asset concerned is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised insofar as it is likely that future taxable profit will be available to offset the temporary differences and available tax losses.

Deferred income tax liabilities are recognised for temporary differences occurring on investments in subsidiaries and associates and which arise from a difference in group valuation rules and valuation for tax purposes, unless the group is able to determine the moment the temporary difference will end and it is unlikely that the temporary difference will be settled in the foreseeable future.

Deferred income tax assets are recognised for temporary differences occurring on investments in subsidiaries and associates and which arise from a difference in group valuation rules and valuation for tax purposes, and only insofar as it is likely that the temporary difference will be settled in the foreseeable future and that taxable profit will be available to offset the temporary difference.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to do so and if the taxes are levied by the same authority.

2.16 PENSION-RELATED PROVISIONS

2.16.1 Defined contribution pension schemes

A defined contribution scheme is a pension scheme whereby the group makes fixed contributions to a pension insurer or pension fund.

Liabilities regarding contributions to pension and pension-related schemes based on defined contributions are recognised as expenses in the income statement in the period to which they pertain. The group has no obligations other than the payment of premiums.

2.16.2 Defined benefit pension schemes

A defined benefit scheme is a pension scheme whereby the employee receives a fixed amount in pension benefits on retirement, usually dependent on factors such as age, years of service and remuneration.

The group's net liability in regard to allocated pension rights is determined separately in each case, on the basis of the present value of the liability under the defined benefit pension scheme at balance sheet date, less the fair value of the plan assets (defined as the cash value of the related liability as described in IAS 19.104). The discount factor is the return at balance sheet date on solid corporate or government bonds with a maturity similar to the term of the group's liabilities. The calculations are performed by certified actuaries using the projected unit credit method.

Actuarial gains and losses arising from changes in actuarial assumptions which are greater than 10% of the greater of the value of the plan assets or liabilities are added or charged to the result during the expected average remaining years of service of the employees concerned. Unrecognised pension costs for years of service completed are recognised directly in the income statement, unless the changes in the pension scheme are conditional on employees remaining in service for a certain period of time (the vesting period). In this case the past-service costs are amortised on a straight-line basis over the vesting period.

2.17 OTHER PROVISIONS

2.17.1 General

A provision is recognised on the balance sheet where the group has a legally enforceable or constructive obligation relating to an event in the past and where it is probable that settlement of that obligation will involve an outflow of funds. Where the effect of this is material, provisions are determined by calculating the present value of estimated future cash flows using a pretax discount factor which reflects the current market assessment of the time value of money and, if necessary, specific risks connected with the commitment.

2.17.2 Restructuring provisions

Provisions are made for restructuring if the group has finalised a detailed restructuring plan and the restructuring has been either started or announced publicly. The restructuring provision does not include costs relating to future operations.

2.17.3 Personnel-related provisions

The group recognises provisions for future benefit payments to employees. These provisions take into account any future wage increases and staff turnover. The provisions include long-service awards, continuation of wage payment during extended periods of sickness and payments on termination of service.

2.17.4 Exit-payment schemes

The net liability of the group for deferred employee remuneration equals the amount of future payments due to employees for services rendered in current and past periods. The net liability of the group in regard to the exit scheme (not being pension provisions) equals the amount for future payments based on accrued years of service. The liability is calculated using the projected unit credit method. The discount factor is the return at balance sheet date on solid corporate or government bonds with a maturity similar to the term of the group's liabilities.

2.18 TRADE AND OTHER RECEIVABLES

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

2.19 INCOME

2.19.1 Net revenue

Income is recognised insofar as it is probable that the economic benefits will flow to the group and insofar as the income can be measured reliably. The group's income mainly derives from the provision of services to third parties (not including group services), after deduction of sales tax and discounts granted to clients. These services mainly concern:

- Temporary employment and secondment services: provision of temporary staff whereby hours worked at agreed rates during the financial reporting period are recognised as revenue.
- Recruitment and selection services: recruitment and selection of employees for third parties whereby revenue is booked once the service has been completed as agreed;
- Call centre services: handling of telephone operations for third parties. The revenue consists of units (call units or conversations) relating to the reporting period and at an agreed rate.
- Reintegration services: supporting of reintegration services for third parties based on an hourly rate, for hours worked during the reporting period;
- Fees for IT and engineering projects based on a set price are recognised as revenue based on the number of hours worked during the reporting period compared to the estimated total number of hours needed for the project.
- Outplacement: provision of coaching to jobseekers. Revenue is determined on the basis of the amount of time to be declared during the reporting period for each person being coached compared to the estimated total amount of time to be spent on each person being coached.

No revenue is recognised if there is major uncertainty as to whether the funds owing can be collected.

2.19.2 Other income and expenses

Other income and expenses arise from activities other than regular business activities, such as the disposal of non-monetary assets or associated interests.

2.20 COSTS

2.20.1 Operating leases

Lease contracts whereby the risks and rewards associated with ownership lie wholly or primarily with the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement for the duration of the lease using the straight-line method.

2.20.2 Financial leases

Lease contracts whereby the risks and rewards associated with the ownership lie wholly or primarily with the lessee are classified as financial leases. The minimum lease payments are recognised partly as borrowing costs and partly as settlement of the outstanding liability. The financial expenses are charged to each period in the total lease period in such a way that this results in a constant, regular interest rate on the outstanding balance of the liability.

2.20.3 Share-based remuneration

USG People N.V. granted option rights up to and including 2004. These option rights could be exercised fully and unconditionally. Under IFRS 1 valuation of option plans that could be fully and unconditionally exercised before 1 January 2005 is not mandatory, nor is recognising a result in the income statement. Income resulting from the exercise of option rights is recognised at that time as share capital (at nominal value) and share premium, net of transaction costs.

Share-based remuneration other than that relating to the option plan set out above is recognised as follows.
The fair value of shares granted conditionally (settled in shares) under the group's share plan ('Unique Share Plan'), including the company-paid wage tax and social security premiums relating to these shares (settled in cash), is recognised as an expense in the income statement. The total amount recognised as an expense in the income statement during the vesting period is determined on the basis of the fair value of the (conditionally) granted shares on the date of allocation and any tax commitments for the employees which are payable by the company, as determined on the reporting date and the time of settlement. Non-market related performance conditions such as revenue growth, profitability and expected staff turnover are included in the estimate of the ultimate total number of shares to be granted. The estimate of the ultimate total number of shares to be granted is revised at balance sheet date on the basis of performance conditions. The actual performance conditions and staff turnover are determined at the end of the performance period and on the date that the allocation becomes unconditional. Any effect of this revision and final determination is recognised in the income statement. The expenses are recognised on a time-weighted basis over the period to which the performances pertain. In the event of cancellation, either at the initiative of the staff member or of the employer, unrealised expenses pertaining to the period between the cancellation and the end of the performance period are charged against the result at once.

A reserve is maintained in equity for the expected expense based on fair value of the shares to be granted, as determined on the day of allocation. The expenses relating to the tax commitments for participants in the share plan payable by the group are recognised in the financial statements under the provisions, as determined on the reporting date and at the time of settlement.

In addition to the aforementioned share plan, the group has issued Stock Appreciation Rights (SARs). The fair value of the granted SARs (settled in cash) is recognised as an expense in the income statement. The total amount recognised as an expense in the income statement during the vesting period is determined by the fair value of the (conditionally) granted SARs. The USG People share price is a market-related condition. Expected staff turnover is included in the estimate of the ultimate amount to be paid. The estimate of the ultimate amount to be paid is revised at balance sheet date. Actual staff turnover is determined on the date on which allocation becomes unconditional. The effect of this revision and final determination is recognised in the income statement. Expenses are recognised on a time-weighted basis over the conditional period of the SARs.

A reserve is maintained for the fair value of the SARs, as determined on the reporting date and date of allocation.

2.20.4 Financial expenses

Financial expenses comprise interest due on funds drawn, calculated using the effective interest method, downward adjustments to the fair value and realised value of derivative financial instruments and other interest paid.

2.20.5 Financial income

Financial income comprises interest received on outstanding monies and upward adjustments to the fair value and realised value of derivative financial instruments.

2.21 TAXATION

Profit-based tax on the income for the financial year comprises taxes due for the period under review together with recoverable and deferred income tax. Profit-based tax is recognised in the income statement, except where it relates to items booked directly to equity. In the latter case, the associated tax is also booked to equity.
Tax due and recoverable in the period under review comprises profit-based tax on the taxable income calculated on the basis of legally determined tax rates and adjustments to taxes for previous financial years.
Additional profit-based tax for dividend payments is recognised together with the obligation to pay the relevant dividend.

2.22 NET EARNINGS PER SHARE

Net earnings per ordinary share is calculated as the net income attributable to ordinary shareholders divided by the weighted average number of outstanding shares for the relevant period. The diluted profit per ordinary share is calculated as the profit divided by the weighted average number of outstanding shares, including the number of ordinary shares that would be issued on the exercise of outstanding share option rights and the conversion of the convertible bond (only insofar as this conversion or exercise will lead to dilution).
Dividend distributed in shares whereby there is no option for a cash settlement is recognised as allocation of bonus shares. Net earnings per share are adjusted accordingly in the comparative figures.

2.23 PRINCIPLES FOR THE STATEMENT OF CASH FLOWS

The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investment and financing activities. Cash flows in foreign currencies are translated at the rate at the transaction date. Income and expenditure before income tax on profit is recognised as cash flows from operating activities. Interest paid and received is included under cash flow from financing activities. Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and associates) are recognised as cash flows from investment activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognised as cash flows from financing activities.
Cash and cash equivalents in the statement of cash flows equals cash and cash equivalents on the balance sheet minus bank overdrafts.

2.24 OPERATING SEGMENTS

The Executive Board is regarded as the ‘chief operating decision maker’ responsible for the allocation of funds to and the assessment of the operating segments. The group is organised and managed by the Executive Board on a geographical basis and reporting to the Executive Board is based on this. Operating segment reporting is based on internal reporting to the Executive Board, i.e. reporting on a geographical basis. A number of countries have been combined due to the size of USG People in these countries, in accordance with IFRS 8:13.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Because of the nature of its activities, the group is exposed to various financial risks: market risks (including exchange rate risks, interest rate risks in determining fair values, cash flow interest rate risks and other price risks), credit risks and liquidity risks.

While the financial and economic crisis of the past few years has led to greater focus on financial risks, it did not have to result in a substantial change in the group's financial risk policy. The group is more focused on cost containment. Specific attention is being paid to credit management, both in terms of managing credit risks and reducing the number of days sales outstanding. Risks were further reduced by selling trade receivables to factoring companies.

Liquidity risk was further reduced in 2010 due to the issuance of new shares, with the proceeds raised being used for the repayment of amounts taken up under tranche B of the syndicated loan and bank overdrafts.

Group risk management focuses on minimising the potential negative effects of developments on the financial markets on the group's performance. Where deemed necessary, the group uses financial instruments to hedge certain risks.

The treasury department identifies and assesses financial risks and hedges them subject to approval by the Executive Board.

The group recognises the following categories of financial instruments:

2010	LOANS AND RECEIVABLES	ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE IN THE INCOME STATEMENT	FAIR VALUE	MAXIMUM CREDIT RISK
Financial fixed assets	8,645	-	5,597	13,011
Trade receivables	444,994	-	444,994	453,530
Other receivables, being financial instruments	4,700	-	4,700	4,700
Cash and cash equivalents	42,140	-	42,140	42,140
	500,479	**-**	**497,431**	**513,381**
Subordinated convertible bond	107,492	-	118,736	
Start subordinated loan	47,474	-	46,113	
Syndicated loan tranche A	105,051	-	106,018	
Financial lease commitments	184	-	177	
Other non-current credit facilities	665	-	862	
Bank overdrafts and borrowings	28,991	-	28,991	
Trade and other payables, being financial instruments	152,739	-	152,739	
Derivatives	-	17,795	17,795	
	442,596	**17,795**	**471,431**	

2009	LOANS AND RECEIVABLES	ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE IN THE INCOME STATEMENT	FAIR VALUE	MAXIMUM CREDIT RISK
Financial fixed assets	7,911	-	5,109	12,156
Trade receivables	392,529	-	392,529	406,248
Other receivables, being financial instruments	14,469	-	14,469	14,469
Cash and cash equivalents	41,519	-	41,519	41,519
	456,428	**-**	**453,626**	**474,392**
Subordinated convertible bond	103,681	-	114,999	
Start subordinated loan	50,000	-	47,762	
Syndicated loan tranche A	159,513	-	159,940	
Syndicated loan tranche B	80,000	-	71,319	
Financial lease commitments	506	-	506	
Other non-current credit facilities	543	-	544	
Bank overdrafts and borrowings	23,108	-	23,108	
Trade and other payables, being financial instruments	128,724	-	128,724	
Derivatives	-	20,431	20,431	
	546,075	**20,431**	**567,333**	

3.1.1 Market risks

Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, group income is largely unaffected by interest rate fluctuations.

The group's cash flow and fair value interest rate risk is mainly connected with its non-current and current borrowings. To limit the cash flow and fair value interest rate risk, some borrowings have been concluded for a longer term and at a fixed interest rate. Funds drawn from borrowings granted at variable interest rates expose the group to cash flow and fair value interest rate risks. It is the group's policy to hedge part of the cash flow and fair value interest rate risk with financial derivatives, depending on market forecasts for interest rate developments. All hedging of cash flow and fair value interest rate risks is subject to approval by the Executive Board.
In 2009 and 2010 all borrowings obtained were denominated in euros.

The group regularly uses various simulated scenarios to ascertain whether existing measures to hedge the cash flow and fair value interest rate risk remain adequate.
The analysis focuses on the effects of interest rate changes on income, due to the fact that some of the loans were granted at a variable interest rate, with the risk partly hedged by financial derivatives.
An increase of 50 basis points in the one-month EURIBOR rate has a positive impact of € 2.1 million on income before taxes (2009 positive impact of € 2.0 million), taking hedging measures into account and with all other factors being equal, and based on the financial instruments at the end of the financial year. A decrease of 50 basis points in the one-month EURIBOR rate has a negative impact of € 2.2 million (2009: negative impact of € 2.2 million) on income before taxes, taking hedging measures into account and with all other factors being equal.

Section 28 describes which financial derivatives the group uses to hedge the cash flow and fair value interest rate risk.

Exchange rate risks

Given the limited volume of group activities in currencies other than euro (revenue less than 2.5% of total revenue and assets less than 1.5% of total assets), exchange rate risks are not hedged. Fluctuations which can reasonably be expected in relevant currency exchange rates versus the euro do not have a significant impact on group results or equity.

3.1.2 Credit risks

Credit risks arise from cash and cash equivalents, financial derivatives en deposits held at banks, as well as trade receivables. The group only uses the banks which issued the syndicated loan for its deposits and derivatives business.

Trade receivables are generally insured by insurance companies with an 'A' rating (S&P). Trade with governments and financial institutions in the Netherlands is not insured. Where a trade receivable is not insured, the client's creditworthiness is assessed prior to the trade, taking past experiences and other considerations into account.
Credit limits are assigned to clients based on information supplied by insurance companies or internal guidelines approved by the Executive Board. Credit limits are assessed regularly. In order to be able to make an accurate assessment of credit risks the Executive Board receives information regarding the age of receivables (age analysis and receivables turnover ratio) for each operating company and separately for each key account, as well as information on the number of disputes and amounts received. Section 19 'Trade and other receivables' provides a further analysis of the credit risks on trade receivables.

3.1.3 Liquidity risk

To manage liquidity risks the treasury department makes sure that there are sufficient cash and cash equivalents and credit facilities available. Treasury monitors the group's liquidity based on budgets, forecasts and strategic plans. In addition, the group's liquidity is safeguarded by compliance with the terms and conditions of the syndicated loan and other borrowings.
The Executive Board uses cash flow and forecast reports to assess the liquidity risk.
The principal conditions of the syndicated loan concern the senior leverage ratio (which in principle needed to be kept equal to or below 3.0 up to and including the third quarter of 2010 and which should subsequently remain equal to or below 2.5) and the interest coverage ratio (which in principle had to be equal to or above 3.0 up to and including the third quarter of 2010 and which should subsequently remain equal to or above 4.0). Both ratios are reported to the banks on a quarterly basis. At end-2010 an amount of € 297 million (2009: € 207 million) had not yet been used in the syndicated loan.

Senior leverage ratio

The senior leverage ratio according to banking covenant was as follows:

	2010	2009
Total net debt position in accordance with terms and conditions of covenant as at 31 December	247,717	381,533
Minus: subordinate convertible bond and Start subordinated loan	-154,966	-153,681
Plus: adjustments in accordance with terms and conditions of covenant	946	-
	93,697	**227,852**
Operating income	43,094	760
Plus: depreciation, amortisation and impairment	60,084	55,079
Plus: adjustments in accordance with terms and conditions of covenant	14,799	38,374
	117,977	**94,213**
Senior leverage ratio (net debt position / EBITDA)	0.8	2.4

Evolution of senior leverage ratio in recent years:

	COVENANT	ACTUAL
31 December 2007	≤ 2.5	1.4
31 March 2008	≤ 2.5	1.6
30 June 2008	≤ 2.5	1.8
30 September 2008	≤ 2.5	1.6
31 December 2008	≤ 2.5	1.6
31 March 2009	≤ 2.5	1.7
30 June 2009	≤ 2.5	2.1
30 September 2009	≤ 3.0	2.2
31 December 2009	≤ 3.0	2.4
31 March 2010	≤ 3.0	1.8
30 June 2010	≤ 3.0	1.7
30 September 2010	≤ 3.0	1.4
31 December 2010	≤ 2.5	0.8

Interest cover ratio

The interest cover ratio as defined in the covenant agreed with the banks was as follows:

	2010	2009
Net financing expenses	28,199	36,513
Minus: amortisation of costs of syndicated loan and convertible bond	-5,329	-5,425
Plus / minus: adjustments concerning terms of covenant	189	-5,040
	23,059	**26,048**
Interest cover ratio (EBITDA / interest)	5.1	3.6

Evolution of interest cover ratio in recent years:

	COVENANT	ACTUAL
31 December 2007	≥ 4.0	9.1
31 March 2008	≥ 4.0	9.1
30 June 2008	≥ 4.0	8.9
30 September 2008	≥ 4.0	10.2
31 December 2008	≥ 4.0	7.1
31 March 2009	≥ 4.0	6.8
30 June 2009	≥ 4.0	5.7
30 September 2009	≥ 3.0	4.2
31 December 2009	≥ 3.0	3.6
31 March 2010	≥ 3.0	3.5
30 June 2010	≥ 3.0	3.9
30 September 2010	≥ 3.0	4.6
31 December 2010	≥ 4.0	5.1

The adjustments resulting from the terms and conditions of the covenant in the calculation of both the interest cover ratio and the senior leverage ratio concern adjustments ensuing from the agreements made with the banks in the covenant with respect to the valuation of companies consolidated and deconsolidated in the course of the year, the impact of defined benefit pension schemes, non-operating expenses and the unrealised valuation of derivatives.

Conditions and repayment terms

The table below states the repayment terms of the group's financial commitments. The amounts listed in the table are contractually agreed cash flows which have not been discounted. Amounts payable within one year have not been discounted in view of their limited importance and therefore the amounts payable within one year in notes 23, 26, 27 and 28 match the amounts shown below for this period.

Conditions and repayment terms in 2010 based on nominal value including interest due

	TOTAL	0-3 MTH	3-6 MTH	6-12 MTH	1-2 YEARS	2-5 YEARS	> 5 YEARS
Subordinated convertible bond	121,899	-	-	3,450	118,449	-	-
Start subordinated loan	49,640	18,750	-	-	12,500	18,390	-
Syndicated loan, tranche A	110,530	-	7,938	7,442	95,150	-	-
Other credit facilities	977	-	-	-	-	-	977
Financial lease commitments	184	43	43	87	11	-	-
Trade and other payables	152,739	152,739	-	-	-	-	-
Derivatives (28.1)	17,977	2,343	2,650	3,884	6,444	2,656	-
	453,946	**173,875**	**10,631**	**14,863**	**232,554**	**21,046**	**977**

Conditions and repayment terms in 2009 based on nominal value including interest due

	TOTAL	0-3 MTH	3-6 MTH	6-12 MTH	1-2 YEARS	2-5 YEARS
Subordinated convertible bond	125,349	-	-	3,450	3,450	118,449
Start subordinated loan	56,000	14,500	-	-	14,000	27,500
Syndicated loan, tranche A	168,354	5,997	20,858	20,604	40,447	80,448
Syndicated loan, tranche B	87,762	-	1,294	1,294	2,587	82,587
Other credit facilities	588	-	588	-	-	-
Financial lease commitments	544	84	84	169	197	10
Trade and other payables	128,724	128,724	-	-	-	-
Derivatives (28.1)	18,337	2,741	2,586	4,009	5,407	3,594
	585,658	**152,046**	**25,410**	**29,526**	**66,088**	**312,588**

3.2 CAPITAL RISK MANAGEMENT

Capital risk management is aimed at safeguarding the continuity of the group, making proceeds available for shareholders and commitments to other stakeholders, and maintaining an optimum capital structure in order to reduce the costs of capital.

To maintain or amend the capital structure, the group can adjust the dividend, pay back capital to shareholders, issue new shares or divest assets to reduce liabilities.

The group uses instruments including a gearing ratio to manage its capital. This ratio is calculated as net debt divided by total capital. Net debt equals total debt (including borrowings and trade payables as stated in the consolidated balance sheet) less cash and cash equivalents. Total capital equals total equity plus net debt.

During 2010 (as in 2009) the group's objective was to maintain its gearing ratio at a level that complies with the terms and conditions of the syndicated loan (23.1). The gearing ratios for 2010 and for 2009 were as follows:

	2010	2009
Total debt	935,763	1,004,289
Minus: start subordinated loan and convertible bond	-154,966	-153,681
Minus: cash and cash equivalents	-42,140	-41,519
Net debt	**738,657**	**809,089**
Total shareholders' equity including Start subordinated loan and convertible bond	895,764	793,020
Total equity	**1,634,421**	**1,602,109**
Gearing ratio	0.45	0.51

3.3 ESTIMATING FAIR VALUE

The group implements IFRS 7 'Financial instruments, disclosures' for financial instruments recognised at fair value. This requires a breakdown of fair value in the following hierarchy:
Level 1: fair value of financial instruments traded on an active market is based on market prices at the balance sheet date.
Level 2: fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The group uses various methods and makes assumptions based on market conditions at the balance sheet date. For non-current debt it uses market prices or market prices given by traders for comparable instruments.
Level 3: other methods, including estimated present value calculations, are used to determine the valuation of other financial instruments.
Only derivative instruments (note 28) are carried in the balance sheet at fair value at the balance sheet date. Derivative instruments fall under level 2.

The principal methods and assumptions used to estimate the fair values as stated in 3.1 are summarised below.

- Interest-bearing borrowings and debts: fair value is calculated using the present value of expected future cash flows arising from repayments and interest payments.
- Subordinated convertible bond: fair value is based on listed trading prices.
- Lease commitments: fair value is estimated using the present value of expected future cash flows, discounted at the interest rate applicable to comparable lease contracts.
- Guarantee deposits: fair value of non-interest bearing guarantee deposits with no fixed maturity is equal to nil. The fair value of interest-bearing guarantee deposits with a fixed maturity is estimated using the discounted cash flow method.
- Trade receivables, trade payables, other receivables and payables being financial instruments: for current receivables and payables with a maturity of less than a year the fair value is equal to the nominal value. The fair value of all other receivables and payables is calculated using the discounted cash flow method.
- Derivatives: the fair value of derivatives is determined using reports from the banks with whom the derivatives have been agreed. The derivates are valuated using Black-Scholes for i-rates.

The group discounts its financial instruments using the effective return appropriate to its risk profile and the maturity of the financial instrument at the balance sheet date. The following rates are used:

	2010	2009
Non-current receivables	4.8%	4.5%
Non-current borrowings and debts	2.5%	3.5%
Subordinated loans	6.6%	9.4%

The fair value is determined using either the market value (stock market value) at the balance sheet date or by discounting the relevant cash flows using the present discount rate (see above) applicable to comparable instruments.

4 ESTIMATES AND JUDGEMENTS BY MANAGEMENT

The Executive Board has discussed with the Supervisory Board the development and choice of the significant principles of financial reporting and estimates, as well as how these principles should be applied and information pertaining to them should be provided.

4.1 PRINCIPLE SOURCE OF ESTIMATION UNCERTAINTY

Note 16 contains information on assumptions and associated risk factors surrounding the impairment of goodwill. Note 3.1.1 indicates that the group's sensitivity to exchange rate fluctuations is limited.

4.2 CRITICAL VALUATION ESTIMATES IN THE APPLICATION OF GROUP REPORTING RULES

The group makes estimates and assumptions regarding future developments. An estimate is by definition rarely identical to the actual outcome. Estimates and assumptions which could lead to material adjustments in the carrying amount of assets and liabilities in the coming financial year are detailed below.

Estimated impairment of goodwill

The group tests annually whether its goodwill is subject to impairment, as described in notes 2.5 and 2.11. The recoverable value of cash-generating units is determined according to value in use, which is calculated by discounting expected future cash flows using a discount factor derived from the weighted average cost of capital.

Taxes

The group has income tax liability in several countries. The ultimate tax consequences of many transactions and calculations are uncertain, partly because of uncertainty concerning their timing. The group makes provisions for possible extra tax liabilities arising from tax audits. Where actual tax sums differ from the amounts initially recognised this will have consequences for the (deferred) income tax receivables and (deferred) income tax provisions in the period in which the differences become apparent.

Intangible assets

When a company is acquired, a value is assigned to intangible assets such as trademarks, customer relationships and candidate databases. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. One of the calculations used to determine the value is the discounting of expected future results of existing brands, customer relationships and candidate databases at the time of the acquisition. Useful life is estimated using past experience and the useful life period as broadly accepted in the temporary employment sector.

Trade receivables

The group endeavours to limit the risks on trade receivables through factoring and by insuring the trade receivables. Uncertainty always remains, however, about the recoverability of trade receivables. A provision has been established for receivables that are deemed irrecoverable. This provision is an estimate at the time of reporting. The amount actually received may differ from the estimate at the time of reporting.

Provisions

Provisions are taken for future outgoing cash flows if it is not certain whether there will actually be a cash flow in the future or what the size and timing of the cash flow will be.

5 OPERATING SEGMENTS

The classification of operating segments is based on the information reported monthly to the Executive Board.
The Executive Board assesses the results for the countries in which USG People operates. Due to their size compared to the other segments, the results of Poland, Austria and Switzerland are combined. The segments generate their income primarily from staffing and secondment activities (including recruitment and selection).
The segments are mainly assessed on their EBITA and revenue. Financial results are not attributed to the segments due to the fact that cash and cash equivalents are managed by the central treasury department.

5.1 BREAKDOWN OF INCOME

2010	REVENUE	DEPRECIATION	EBITA	AMORTISATION OF INTANGIBLE ASSETS VALUED AT ACQUISITION	TAXES	NET INCOME
The Netherlands	1,217,599	12,207	33,350	16,323	1,088	10,892
Belgium/Luxembourg	675,478	5,387	49,188	2,537	10,889	25,765
France	493,844	1,852	17,170	1,435	10,338	6,270
Germany	270,573	1,138	6,046	12,300	-2,855	-12,518
Spain/ Portugal	194,602	2,981	-2,592	722	1,012	-5,663
Italy	131,454	1,032	2,166	-	857	1,255
Other countries	115,080	483	1,292	50	-521	1,553
Corporate	-	1,637	-30,159	-	-21,309	-12,158
Total	**3,098,630**	**26,717**	**76,461**	**33,367**	**-501**	**15,396**

2009	REVENUE	DEPRECIATION	EBITA	AMORTISATION OF INTANGIBLE ASSETS VALUED AT ACQUISITION	TAXES	NET INCOME
The Netherlands	1,329,695	12,741	49,977	9,971	11,137	26,296
Belgium/Luxembourg	654,580	5,950	39,200	2,542	10,596	16,720
France	423,294	2,098	-5,617	681	-4,274	-3,516
Germany	212,506	1,448	-7,163	12,380	-4,185	-22,345
Spain/ Portugal	190,595	3,461	-15,541	727	-4,714	-13,206
Italy	105,840	924	-2,154	-	-203	-1,968
Other countries	84,624	640	-9,429	50	633	-10,614
Corporate	-	1,466	-22,162	-	-13,917	-22,193
Total	**3,001,134**	**28,728**	**27,111**	**26,351**	**-4,927**	**-30,826**

No clients have a material share of revenue.

Reconciliation of EBITA to net income

	2010	2009
EBITA	76,461	27,111
Amortisation and impairment of goodwill, customer relationships, trademarks and customer databases	-33,367	-26,351
Operating income	**43,094**	**760**
Financing expenses and financial income	-28,199	-36,513
Taxes	501	4,927
Net income	**15,396**	**-30,826**

5.2 BALANCE SHEET BREAKDOWN

	2010			2009		
	PROPERTY, PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
The Netherlands	24,750	413,157	48,504	31,581	413,157	50,240
Belgium/Luxembourg	5,586	191,463	14,758	7,380	191,463	15,930
France	3,302	63,335	1,546	4,752	63,790	3,115
Germany	3,451	187,722	27,681	4,119	187,722	40,116
Spain/ Portugal	4,470	14,699	5,338	5,172	14,699	5,910
Italy	1,761	35,816	851	2,008	35,816	1,012
Other countries	653	12,923	396	845	12,923	477
Corporate	543	-	1,844	818	-	2,746
Total	**44,516**	**919,115**	**100,918**	**56,675**	**919,570**	**119,546**

6 ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES

	2010	2009
Outflow of cash and cash equivalents as a result of acquisition	-	-
Consideration paid in cash and cash equivalents for non-consolidated subsidiaries	-	500
Acquisition of minority interests	-	-491
Acquisition of subsidiaries in cash flow statement	**-**	**9**
Outflow of cash and cash equivalents as a result of divestment	-	1,309
Divestment of subsidiaries in cash flow statement	**-**	**1,309**

6.1 ACQUISITIONS IN 2010

In 2010 there were no acquisitions in subsidiaries or associates.

6.2 DIVESTMENTS IN 2010

In 2010 an associate in France was divested.

The divested net assets and liabilities are as follows:	
Inflow of cash and cash equivalents	900
Carrying amount of net assets divested	500
Positive result on divested associate	**400**

The result on the disposal of the associate is recognised under other income and expenses in the income statement.

The assets and liabilities connected with the disposal are as follows:	
Goodwill	455
Net asset value of associate at time of divestment	45
Divested net assets	**500**
Inflow of cash and cash equivalents as a result of divestment	**900**

6.3 ACQUISITIONS IN 2009

During 2009 the group obtained non-controlling interests in associates, as well as a number of minority interests in consolidated subsidiaries.

6.4 DIVESTMENTS IN 2009

During 2009 the group divested the activities in Portugal (first quarter) as well as the activities in the Czech Republic and Slovakia (fourth quarter). The financial results of these activities are recognised in the income statement statement for 2009 for the period that the group had a controlling interest in the activities sold.

Divested net assets and liabilities are as follows:	
Outflow of cash and cash equivalents	1,309
Carrying amount of net assets and liabilities divested	3,030
Negative result on divested subsidiary	**4,339**

The result on the disposal of subsidiaries is recognised under Other income and expenses in the income statement.

The assets and liabilities connected with the disposal are as follows:	
Property, plant and equipment	445
Goodwill	2,343
Intangible assets	23
Financial fixed assets	17
Deferred income tax assets	713
Trade and other receivables	3,720
Income tax	122
Non-current debt	-55
Trade and other payables	-4,298
Divested net assets and liabilities	3,030
Consideration paid in cash and cash equivalents	-480
Minus: cash and cash equivalents and bank overdrafts at divested subsidiary	829
Outflow of cash and cash equivalents as a result of divestment	**-1,309**

7 COST OF SALES

	2010	2009
Wage and salary costs of direct employees	1,866,509	1,795,314
Social security contributions	419,716	397,463
Premiums for defined contribution pension schemes	16,716	17,555
Other costs relating to direct employees	119,348	116,566
	2,422,289	**2,326,898**

8 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
Employee costs	416,908	441,541
Depreciation and amortisation	60,084	55,079
Other expenses	156,761	173,589
	633,753	**670,209**
Recognised in the income statement under selling expenses	491,092	539,159
Recognised in the income statement under general and administrative expenses	109,294	104,699
Recognised in the income statement under amortisation of acquisition-related intangible assets	33,367	26,351
	633,753	**670,209**

8.1 BREAKDOWN OF EMPLOYEE COSTS

	2010	2009
Wages and salaries of indirect employees	287,012	307,124
Social security contributions	57,637	61,449
Premiums for defined contribution pension schemes	7,089	8,382
Costs of defined benefit pension schemes	2,870	2,669
Costs of share-based remuneration	2,537	602
Other employee costs	59,763	61,315
	416,908	**441,541**

8.2 SHARE-BASED REMUNERATION

The item wages and salaries includes an amount of € 2,537 (2009: € 602) in costs relating to the granting of shares to key management and other employees. The provisions include an amount of € 2,807 (2009: € 1,160) relating to share-based remunerations settled in cash and cash equivalents.
The shares relating to the Unique Share Plan for the 2005-2007 period were granted unconditionally for the year 2008 (234,409 shares). Provided the terms are met as stated below, the 23,659 shares granted conditionally for the year 2011 will be delivered unconditionally. The estimated granting of the shares relating to the Unique Share Plan 2008-2010 will be delivered unconditionally in 2011 (162,547 shares) and in 2014 (40,637 shares), provided the terms are met as stated below.

Unique Share Plan 2005-2007

The Unique Share Plan 2005-2007 covers the period from 1 January 2005 to 1 January 2011. The initial unconditional granting of shares took place in May 2008.
Additionally, 25% more shares will be granted in May 2011, provided the participant has retained the shares obtained in May 2008 until the General Meeting of Shareholders in 2011 and provided the participant is still in the group's employment at that time.
The fair value is based on the market price of USG People N.V. shares at the time the share plan was effectively granted, taking into account expected future dividends (as determined in the group's dividend policy). The wage tax and social security premiums of the members of the Executive Board are payable by the company.

The movements regarding the share plan were as follows:

2009	KEY MANAGEMENT	OTHER
Number of participants	5	37
Balance as at 1 January	28,500	16,865
Conditionally granted	-	-
Expired during the year	-15,000	-2,796
Balance as at 31 December 2009	13,500	14,069
Average price for determination of fair value	€ 31.93	€ 30.33

2010	KEY MANAGEMENT	OTHER
Number of participants	5	29
Balance as at 1 January	13,500	14,069
Conditionally granted	-	-
Reclassification	1,442	-1,442
Expired during the year	-2,250	-1,660
Balance as at 31 December 2010	12,692	10,967
Average price for determination of fair value	€ 31.93	€ 30.33

The reclassification of the number of conditionally granted shares between key management and other relates to the change in composition of the Executive Board and therefore also key management during 2010.

Unique Share Plan 2008-2010

The Unique Share Plan 2008-2010 covers the period from 1 January 2008 to 1 January 2014. The initial unconditional granting of shares will take place in May 2011.

In addition to the participant still being in the employment of the group at the time of unconditional allocation, the performance criteria are based on the extent to which targets for revenue and the operating result excluding amortisation (EBITA) as a percentage of revenue were in fact met in the years 2008, 2009 and 2010. A revenue and EBITA matrix applies to each year and can result in a maximum of 1.9 times and a minimum of zero times the norm number of shares being granted unconditionally. For 2010 the matrix indicated a revenue range from € 2.7 to € 3.3 billion (2009: € 3.1 to € 4.0 billion and 2008: € 3.9 to € 4.5 billion) and EBITA of 1.3% to 3.1% (2009: 3.3% to 5.1% and 2008: 5.0% to 8.0%). The line 'Conditionally granted' in 2010 in the table below is based on a factor of 1.4. In calculating the costs of the share plan, the performance criteria are based on a factor of 0.4 for 2008, a factor of 0.0 for the 2009 and 1.4 for 2010.

Additionally, 25% more shares will be granted in May 2014, provided the participant has retained the shares obtained in May 2011 until the date of the General Meeting of Shareholders in 2014 and provided the participant is still in USG People's employment at that time.

The fair value is determined using the Black-Scholes model, with expected volatility being based on historic volatility over a period equal to the remaining term of the share plan and the risk-free interest rate being based on the zero coupon interest rate applying to the remaining term of the share plan. The wage tax and social security premiums of the members of the Executive Board are payable by the company.

The movement of the parameters was as follows:

2009	Key management				Other	
	2011		2014		2011	2014
	Settled in shares	Settled in cash	Settled in shares	Settled in cash	Settled in shares	
Number of participants	5				97	
Balance as at 1 January	200,000		50,000		211,010	52,753
Conditionally granted	-		-		10,007	2,502
Expired during the year	-131,000		-32,750		-116,304	-29,077
Balance as at 31 December 2009	69,000		17,250		104,713	26,178
Fair value	€ 9.28 - € 11.14	€ 11.99	€ 7.52 - € 9.34	€ 11.99	€ 8.50	€ 6.78
Average price for determination of fair value	€ 11.18 - € 13.37	€ 12.70	€ 11.18 - € 13.37	€ 12.70	€ 10.40 - € 11.18	€ 10.40 - € 11.18
Dividend yield	5% - 9%	5% - 9%	5% - 9%	5% - 9%	5% - 9%	5% - 9%
Volatility	38% - 41%	63%	41% - 42%	63%	39% - 41%	41% - 42%
Risk-free rate	3.3% - 4.0%	1.0%	3.8% - 4.2%	1.0%	4.0% - 4.5%	4.2% - 4.6%

In determining fair value while taking into account a grossing up of the settlement, the net asset value of share-based remunerations settled in cash is equal to the share price.

2010	Key management				Other	
	2011		2014		2011	2014
	Settled in shares	Settled in cash	Settled in shares	Settled in cash	Settled in shares	
Number of participants	5				89	
Balance as at 1 January	69,000		17,250		104,713	26,178
Conditionally granted	25,666		6,417		20,608	5,152
Reclassification	6,144		1,536		-6,144	-1,536
Expired during the year	-24,000		-6,000		-33,440	-8,360
Balance as at 31 December 2010	76,810		19,203		85,737	21,434
Fair value	€ 9.28 - € 11.61	€ 15.10	€ 7.52 - € 10.08	€ 14.24	€ 6.30 - € 11.61	€ 4.99 - € 10.08
Average price for determination of fair value	€ 11.18 - € 13.37	€ 15.20	€ 11.18 - € 13.37	€ 15.20	€ 7.23 - € 12.07	€ 7.23 - € 12.07
Dividend yield	5% - 9%	2% - 3%	5% - 9%	2% - 3%	5% - 9%	5% - 9%
Volatility	38% - 43%	24%	41% - 50%	51%	38% - 60%	41% - 50%
Risk-free rate	0.3% - 4.0%	0.5%	1.4% - 4.2%	1.5%	0.3% - 4.5%	1.4% - 4.6%

In determining fair value while taking into account a grossing up of the settlement, the net asset value of share-based remunerations settled in cash is equal to the share price. The parameters for the remunerations settled in shares have changed compared to 2009 as a result of additional conditional grantings during 2010. The fair value of the additional grantings made during 2010 is € 11.61 for grantings in 2011 and € 10.08 for 2014. The reclassification of the number of conditionally granted shares between key management and other relates to the change in the composition of the Executive Board and therefore also key management during 2010.

USG People SAR plan 2008-2010

The USG People SAR plan covers the period from April 2008 up to April 2014. The first unconditional settlement can take place in the spring of 2011 (being three years after granting). The only criterion for unconditional settlement after three years is that the participant is still employed by the group at the time of settlement. The USG People 2008-2010 SAR plan is granted to the management that is not entitled to take part in the Unique Share Plan. Settlement will take place in cash and will equate to the difference between the share price in April 2008 (€ 14.83), April 2009 (€ 6.73) and April 2010 (€ 13.95), respectively, and the share price at the moment of unconditional settlement. Settlement after three years will be postponed by six months if the distributable amount for each SAR is less than € 1. If after this six-month period the distributable amount is still less than € 1, settlement will once again be postponed for six months. If the distributable amount is still less than € 1 after this period, no settlement will take place.

The fair value has been determined based on a Monte Carlo model, which provides a simulation of the market condition applied to the SAR plan. The method bases expected volatility on the historic volatility for a period equal to the remaining term of the SAR and the risk-free interest on the zero coupon applying to a period equal to the remaining term of the SAR.

The movements were as follows:

Granted in 2008, expiring in 2011

	2010	**2009**
Number of participants	356	406
Exercise price	€ 14.83	€ 14.83
Outstanding at January 1	153,339	173,278
Expired	-19,452	-19,939
Outstanding at end of financial year	**133,887**	**153,339**
Parameters		
Fair value at end of financial year	€2.11	€ 5.27
Net asset value	€ 0.37	€ 0.00
Price used to determine fair value	€ 15.20	€ 12.70
Risk-free interest rate	0.7%	1.5%
Volatility	36%	58%
Dividend yield	2%-3%	4%-5%

Granted in 2009, expiring in 2012

	2010	**2009**
Number of participants	404	460
Exercise price	€ 6.73	€ 6.73
Outstanding at 1 January	177,491	-
Conditionally granted	-	189,138
Expired	-22,083	-11,647
Outstanding at end of financial year	**155,408**	**177,491**
Parameters		
Fair value at end of financial year	€ 8.55	€ 6.05
Net asset value	€ 8.47	€ 5.97
Price used to determine fair value	€ 15.20	€ 12.70
Risk-free interest rate	1.1%	2.0%
Volatility	53%	52%
Dividend yield	2%-3%	4%-5%

Granted in 2010, expiring in 2013

	2010
Number of participants	468
Exercise price	€13.95
Outstanding at 1 January	-
Conditionally granted	187,667
Expired	-6,829
Outstanding at end of financial year	**180,838**
Parameters	
Fair value at end of financial year	€ 5.23
Net asset value	€ 1.25
Price used to determine fair value	€ 15.20
Risk-free interest rate	1.5%
Volatility	51%
Dividend yield	2%-3%

8.3 NUMBER OF INDIRECT EMPLOYEES (FTE)

	2010	2009
As at 31 December	7,228	7,348
Average for the financial year	7,156	7,951

9 OTHER INCOME AND EXPENSES

	2010	2009
Result on sale of subsidiaries	-	-4,338
Result on sale of associates	400	-
Result on earn-out arrangements	-	1,800
Result on associates	106	102
Other	-	-831
	506	**-3,267**

10 FINANCING EXPENSES

	2010	2009
Interest on borrowings	14,625	19,686
Realised and unrealised result on financial derivatives	10,512	14,054
Commitment fee on syndicated loan	2,567	1,223
Other interest expenses	4,756	3,520
Capitalised interest on software development	-263	-94
Currency translation differences	-	171
	32,197	**38,560**

The result on financial derivatives was fully realised in 2010 (€ 10,512). The change in unrealised result consists of a gain of € 2,636 and is recognised as financial income. The result on financial derivatives in 2009 consisted of a realised result of € 9,008 and an unrealised result of € 5,046.

For details of how the financial expenses are calculated, reference is made to note 23. For the valuation of financial derivatives, reference is made to note 28.
The other interest expenses item comprises interest on financial leases and interest on current accounts with the banks.

11 FINANCIAL INCOME

	2010	2009
Interest received	1,137	2,047
Unrealised result on financial derivatives	2,636	-
Currency translation differences	225	-
	3,998	**2,047**

12 TAXES

	2010	2009
Current taxes	19,422	13,502
Deferred taxes	-19,923	-18,429
Benefit in financial statement	**-501**	**-4,927**

Taxation on group profit before taxes differs as follows from the charge as calculated using the weighted average standard tax rate for consolidated entities:

	2010	2010 %	2009	2009 %
Operating income before taxes	14,895		-35,753	
Taxation based on weighted average tax rates	10,797	72.4%	-6,550	18.3%
Non tax-deductible costs and non-taxable revenue	5,861	39.3%	4,834	-13.5%
Change in losses not valued	-7,925	-53.2%	1,984	-5.5%
Reassessed income tax loss from previous financial years	-1,331	-8.9%	5,178	-14.5%
Tax-exempt revenue	-14,566	-97.8%	-10,373	29.0%
Change in tax rates	485	3.3%	-	-
Tax on added value	6,178	41.5%	-	-
Benefit in financial statements	**-501**	**-3.4%**	**-4,927**	**13.8%**

The weighted average nominal tax rate was 72.4% (2009: 18.3%). The increase in the nominal tax rate compared to the previous year was due to a change in the composition of the results of subsidiary companies in various countries and the combination of positive and negative results.

A change in tax legislation in France resulted in a different treatment of this income tax expense in the financial statements. In 2009 tax on the value of assets was recognised in the result as an operating expense. Under new legislation tax is levied on the added value and recognised in the financial statements as income tax. This increased the income tax expense in the result by € 6,178. For tax purposes this amount is deductable for the income tax. The expense is therefore recognised in the aforementioned table as non tax-deductible costs and non-taxable revenue. In Belgium a tax gain of € 9,208 was recognised for previously unrecognised losses as a result of a change in the legal structure.

13 PLANT, PROPERTY AND EQUIPMENT

	BUILDINGS AND LAND	FURNISHINGS AND CONVERSIONS	COMPUTERS AND PERIPHERALS	OTHER FIXED ASSETS	TOTAL
BREAKDOWN OF CARRYING AMOUNT AS AT 1 JANUARY 2009					
Cost	1,401	118,592	44,581	61,510	226,084
Cumulative depreciation and impairment	-375	-78,972	-35,356	-38,599	-153,302
Carrying amount as at 1 January 2009	**1,026**	**39,620**	**9,225**	**22,911**	**72,782**
CHANGES IN CARRYING AMOUNT					
Investments	-	3,271	1,147	1,846	6,264
Disposals	-81	-551	-18	-496	-1,146
Depreciation	-45	-11,290	-3,754	-5,692	-20,781
Currency translation differences	-	-1	-1	3	1
Disposal from sale of subsidiaries	-	-64	-20	-361	-445
Balance	-126	-8,635	-2,646	-4,700	-16,107
BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2009					
Cost	998	109,714	32,097	59,388	202,197
Cumulative depreciation and impairment	-98	-78,729	-25,518	-41,177	-145,522
Carrying amount as at 31 December 2009	**900**	**30,985**	**6,579**	**18,211**	**56,675**
CHANGES IN CARRYING AMOUNT					
Investments	-	4,121	2,698	1,245	8,064
Disposals	-41	-390	-560	-313	-1,304
Depreciation	-33	-10,397	-3,267	-5,270	-18,967
Currency translation differences	-	12	9	27	48
Balance	-74	-6,654	-1,120	-4,311	-12,159
BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2010					
Cost	928	100,279	28,068	56,802	186,077
Cumulative depreciation and impairment	-102	-75,948	-22,609	-42,902	-141,561
Carrying amount as at 31 December 2010	**826**	**24,331**	**5,459**	**13,900**	**44,516**

An amount of € 5,937 (2009: € 4,933) arising from the depreciation of property, plant and equipment has been included in the general and administrative expenses.
Lease payments totalling € 67,369 (2009: € 77,667) relating to cars and property leases are included in the income statement. An amount of € 184 (2009: € 598) of the carrying amount of computers and peripherals is financed through financial leases.

14 GOODWILL

	2010	2009
Cost	987,178	992,423
Impairment	-67,608	-69,610
Carrying amount as at 1 January	**919,570**	**922,813**
Acquisition of subsidiaries	-	456
Acquisition of interest held by minority shareholders	-	48
Revision of goodwill due to acquisition of interest held by minority shareholders	-	-1,404
Disposal of subsidiaries	-455	-2,343
Total change	-455	-3,243
Carrying amount as at 31 December	**919,115**	**919,570**
Cost	986,723	987,178
Impairment	-67,608	-67,608
Carrying amount as at 31 December	**919,115**	**919,570**

Goodwill is allocated to groups of cash flow-generating units. This allocation is based on the country-focused reporting structure used by the Executive Board to monitor goodwill.

Goodwill was attributed to the groups of cash-generating units as follows:

	2010	2009
Netherlands General Staffing	37,321	37,321
Netherlands Specialist Staffing	220,422	220,422
Netherlands Other	155,414	155,414
Belgium General Staffing	138,701	138,701
Belgium Other	48,106	48,106
Luxembourg	4,655	4,655
France	63,335	63,790
Germany	187,722	187,722
Spain	14,699	14,699
Italy	35,816	35,816
Poland	6,780	6,780
Austria	6,144	6,144
Switzerland	-	-
	919,115	**919,570**

Impairment testing (see note 16) has shown that there was no impairment of the cash-generating units and therefore of goodwill.

15 OTHER INTANGIBLE ASSETS

	TRADEMARKS AND LICENCES	CUSTOMER RELATIONSHIPS	CANDIDATE DATABASES	SOFTWARE	OTHER	TOTAL
BREAKDOWN OF CARRYING AMOUNT AS AT 1 JANUARY 2009						
Cost	41,216	118,173	7,765	63,747	549	231,450
Cumulative amortisation and impairment	-14,443	-34,906	-2,310	-39,069	-403	-91,131
Carrying amount as at 1 January 2009	**26,773**	**83,267**	**5,455**	**24,678**	**146**	**140,319**
CHANGES IN CARRYING AMOUNT						
Investments	43	-	-	13,699	-	13,742
Disposals	-	-	-	-196	-	-196
Amortisation	-7,961	-16,777	-1,613	-7,851	-96	-34,298
Currency translation differences	-	-	-	2	-	2
Disposal of subsidiaries	-	-	-	-23	-	-23
Balance	-7,918	-16,777	-1,613	5,631	-96	-20,773
BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2009						
Cost	40,759	117,368	7,765	66,184	549	232,625
Cumulative amortisation and impairment	-21,904	-50,878	-3,923	-35,875	-499	-113,079
Carrying amount as at 31 December 2009	**18,855**	**66,490**	**3,842**	**30,309**	**50**	**119,546**
CHANGES IN CARRYING AMOUNT						
Investments	-	-	-	22,563	-	22,563
Disposals	-	-	-	-61	-50	-111
Amortisation	-14,980	-16,774	-1,613	-7,750	-	-41,117
Currency translation differences	-	-	-	37	-	37
Balance	-14,980	-16,774	-1,613	14,789	-50	-18,628
BREAKDOWN OF CARRYING AMOUNT AS AT 31 DECEMBER 2010						
Cost	40,759	116,813	7,765	87,348	275	252,960
Cumulative depreciation and impairment	-36,884	-67,097	-5,536	-42,250	-275	-152,042
Carrying amount as at 31 December 2010	**3,875**	**49,716**	**2,229**	**45,098**	**-**	**100,918**

An amount of € 4,553 (2009: € 4,479) arising from the amortisation of intangible assets has been included in the general and administrative expenses. Investments in software include an amount of € 15,092 (including € 263 for capitalised interest) related to software in development (2009: € 6,494). The merging of brands in the Netherlands, France and Germany in 2010 is resulting in the accelerated amortisation of trademarks and licences. As a result of this change in estimate, an extra charge of € 11,466 (2009: € 1,100) was incurred in 2010 to fully amortise the trademarks and licences.

The remaining useful life of the intangible assets is between one and eight years.

16 IMPAIRMENT FOR CASH-GENERATING UNITS WHERE GOODWILL IS CAPITALISED

Cash-generating units are subject to annual impairment testing. Impairment testing involves comparing the carrying amount (goodwill, property, plant and equipment, intangible assets, and working capital) of the cash-generating units concerned with their recoverable value. The recoverable value of the various cash-generating units is determined by calculating their economic value. These calculations are based on future cash flows discounted using a pretax discount factor. For the group this resulted in a pretax discount factor between 9.3% and 13.1% (2009: between 9.9% and 13.1%). Future cash flows are calculated based on past performance, actual income from operations, budgets for 2011, a seven-year projection and internal and external market expectations. The divergence from the maximum five-year projection required under IAS 36 reflects past experience showing that a full market cycle in this sector lasts around seven years. The principal assumptions in determining the economic value concern estimates of revenue growth in the countries where the cash-generating units operate. The impairment test calculations take into account average annual revenue growth of 6%-14% during the seven years for the growth markets and average annual revenue growth of 4%-8% during the seven years for mature markets.

The growth projections are based on a cyclical pattern which provides a favourable medium-term growth outlook in most countries due to a low penetration of flexible labour and a low degree of specialisation (specialist staffing). The level of penetration is expected to rise in the future as a result of amendments in European legislation and regulations with regard to temporary staffing.

The residual value after the projected period of seven years is based on the present value of the cash flow which takes into account infinite growth equal to expected inflation.

Discount rate and average revenue growth of the groups of cash-generating units where a significant part of the goodwill is allocated on an annual basis:

2010	PROJECTED AVERAGE REVENUE GROWTH 2010-2017	PRETAX DISCOUNT RATE
Netherlands Specialist Staffing	8.1%	10.6%
Netherlands other	6.4%	10.8%
Belgium General Staffing	6.5%	12.7%
Germany	14.3%	11.8%

2009	PROJECTED AVERAGE REVENUE GROWTH 2010-2016	PRETAX DISCOUNT RATE
Netherlands Specialist Staffing	5.1%	10.4%
Netherlands other	4.9%	10.6%
Belgium General Staffing	6.3%	12.8%
Germany	13.4%	11.1%

Sensitivity analyses have been performed for possible scenarios which can lead to impairment. The results of the sensitivity analyses reveal the following:

- A 50 basis point rise in the pretax discount factor can lower the amount by which the value in use exceeds the carrying value by 10% and would not result in an impairment.
- If revenue projections for 2011 are lowered by 10% and therefore also revenue levels for the years that follow, this can lower the amount by which the value in use exceeds the carrying value by 17% and would not result in an impairment.

The other input variables used in sensitivity analysis calculations have been kept the same as the initial projections. In reality the various input variables will influence each other, meaning that the outcome of the analysis provides merely an indication of the impact of unilateral changes.

17 FINANCIAL FIXED ASSETS

	2010	2009
Guarantee deposits	8,050	7,165
Other non-current receivables	69	274
Associates	526	472
Balance as at 31 December	**8,645**	**7,911**

The payment period of the financial fixed assets has not expired and no provision for non-payment has been made with respect to the financial fixed assets.

The guarantee deposits are intended as guarantees for the lessors of leased premises and for payment of social security premiums and taxes.

In addition to a few small associates the group holds a 49% interest in HBO Services B.V. In 2010 the group divested its minority interest in C3 in France for € 900. The book profit of € 400 is recognised in other income and expenses in the income statement (note 9).

18 DEFERRED INCOME TAX ASSETS AND LIABILITIES

	2010	2009
Deferred income tax assets:		
- Deferred income tax assets for settlement after 12 months	60,144	58,261
- Deferred income tax assets for settlement within 12 months	8,973	3,389
	69,117	61,650
Deferred income tax liabilities:		
- Deferred income tax liabilities for settlement after 12 months	25,213	39,522
- Deferred income tax liabilities for settlement within 12 months	6,035	4,182
	31,248	43,704
Deferred asset (net)	**37,869**	**17,946**

GROSS CHANGE IN DEFERRED INCOME TAXES	2010	2009
Balance as at 1 January	17,946	230
Transfer to income statement	19,923	18,429
Disposal of subsidiaries	-	-713
Balance as at 31 December	**37,869**	**17,946**

The deferred income tax assets and liabilities consist of:

DEFERRED INCOME TAX ASSETS	2010	2009
Tax losses carried forward	54,673	45,133
Other	14,444	16,517
Balance as at 31 December	**69,117**	**61,650**

The asset connected with tax losses carried forward relates mainly to Belgium, Germany and Spain, with the entry in Belgium consisting of previously unrecognised losses. The other deferred income tax assets item includes temporary differences for tax-deductible goodwill and the valuation of derivative instruments. These are valued at the applicable nominal tax rates.

Based on earnings prognoses, the Executive Board has made an estimation of the probability of these assets being used in the coming years, taking into account country-specific settlement possibilities.

DEFERRED INCOME TAX LIABILITIES	2010	2009
Intangible assets	19,976	26,017
Subordinated convertible bond	1,877	2,886
Other	9,395	14,801
Balance as at 31 December	**31,248**	**43,704**

The other deferred income tax liabilities item includes temporary differences relating to the insurance reserve for tax purposes, tax-deductible goodwill and a liability connected with a defined benefit pension scheme.

Changes in non-capitalised balance sheet items relating to tax losses carried forward during the financial year are as follows:

TAXES ON UNRECOGNISED LOSSES	2010	2009
Balance as at 1 January	18,159	26,048
Additional taxes on unrecognised losses	2,988	1,984
Recognition of previously unrecognised losses	-10,913	-
Permanently unrecognisable losses	-2,116	-9,873
Balance as at 31 December	**8,118**	**18,159**

Additional taxes on unrecognised losses comprises losses that are not expected to be offset in the future. Of these unrecognised losses, an amount of € 1,919 will expire in 2011 and the remaining € 6,199 has an unlimited settlement period.

The recognition of previously unrecognised losses mainly relates to a tax gain resulting from a change in the legal structure in Belgium. Permanently unrecognisable losses relate to divested and liquidated shareholdings in Switzerland and Italy of which the settlement period has expired.

19 TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables invoiced	434,446	392,346
Trade receivables to be invoiced	19,084	13,902
Total trade receivables	453,530	406,248
Minus: bad debt provision	8,536	13,719
Trade receivables less bad debt provision	444,994	392,529
Other current receivables	7,570	14,492
Accrued income	25,311	17,016
Balance as at 31 December	**477,875**	**424,037**

Of the trade receivables of which the payment period has expired (€ 109.9 million), no bad debt provision had been made for € 37.3 million (2009: € 31.6 million), nor were these receivables covered by insurance. These receivables relate to clients who have no history of default.

The age analysis on these receivables is as follows:

	2010	2009
Trade receivables of which the payment period has not yet expired	335,106	319,129
Trade receivables of which the payment period has expired	109,888	73,400
Trade receivables of which the payment period has expired and for which a provision has been made	8,536	13,719
	453,530	**406,248**

Breakdown of trade receivables of which the payment period has not yet expired:

	2010	2009
Governments and financial institutions	42,250	40,378
Insured receivables	175,266	159,042
Uninsured receivables	70,733	76,681
VAT on trade receivables of which the payment period has not yet expired	46,857	43,028
Trade receivables of which the payment period has not yet expired	**335,106**	**319,129**

Receivables from governments are not insured as the risk of default is considered to be negligible. In addition, receivables from governments and financial institutions in the Netherlands in the amount of € 40,252 (2008: € 32,165) are not insured.

Insured receivables are insured with 'A' rated (S&P) insurance companies. Uninsured receivables include any own risk and receivables arising from sales whereby the insurance company has set no credit limit or whereby the sales exceeded the established credit limit. Uninsured receivables consist mainly of receivables from small parties operating in various sectors.

No bad debt provision has been made for receivables of which the payment period has not yet expired, nor for the other current receivables. The payment period on the other current receivables has not yet expired.

Breakdown of trade receivables of which the payment period has expired:

	2010	2009
Up to 90 days after end of payment period	36,029	26,945
91 - 180 days after end of payment period	1,219	1,462
181 - 360 days after end of payment period	67	590
361 days or more after end of payment period	-	279
Balance as at 31 December	37,315	29,276
VAT on receivables of which the payment period has expired	17,029	11,819
Insured receivables	55,544	32,305
	109,888	**73,400**

In 2010 an amount of € 2.8 million (2009: € 4.9 million) was received from the insurance company as compensation for damages.

From 2009 trade receivables were sold in Belgium and France. The risks and rewards related to the receivables were transferred to factoring companies. The group may sell up to € 150 million (2009: € 125 million) in trade receivables at any given time. At the end of 2010 trade receivables totalling € 124.7 million were sold (2009: € 109.5 million).

Movement of the bad debt provision is as follows:

	2010	2009
Balance as at 1 January	13,719	19,861
Provisions made during the year	7,940	9,211
Trade receivables written off	-5,650	-10,760
Release during the year	-7,452	-3,467
Currency translation differences	-21	-4
Change resulting from sale of subsidiaries	-	-1,122
Balance as at 31 December	**8,536**	**13,719**

The creation of bad debt provisions and releases from such provisions are recognised as selling expenses in the income statement.

20 CASH AND CASH EQUIVALENTS

	2010	2009
Cash and cash equivalents as at 31 December as stated on the balance sheet	42,140	41,519
Bank overdrafts	-27,073	-17,115
Cash and cash equivalents as stated in the cash flow statement	**15,067**	**24,404**

An amount of € 2,466 (2009: € 1,260) is not freely available to the group and is intended exclusively to cover social security contributions. Cash and cash equivalents are lodged exclusively with financial institutions rated no lower than 'A' (S&P or Moody's).

21 EQUITY

21.1 SHARE CAPITAL

PAID-UP AND CALLED-UP CAPITAL	NUMBER OF SHARES (X 1,000)	PAID-UP AND CALLED-UP	SHARE PREMIUM	TOTAL
Balance as at 1 January 2009	64,980	32,490	288,754	321,244
Issuance resulting from exercise of option rights	48	24	247	271
Stock dividend	5,654	2,827	-2,827	-
Balance as at 31 December 2009	70,682	35,341	286,174	321,515
Balance as at 1 January 2010	70,682	35,341	286,174	321,515
Issuance of new shares	7,020	3,510	81,275	84,785
Balance as at 31 December 2010	**77,702**	**38,851**	**367,449**	**406,300**

The authorised share capital as at 31 December 2010 (and 2009) comprised 200 million shares with a nominal value of € 0.50.

The new ordinary shares were issued at a price of € 12.25 and, taking into account the costs incurred of € 1,210, resulted in a rise in share capital of € 84,785.

No dividend was distributed in 2010. The shares issued for the 2009 stock dividend were issued at a conversion ratio of 2 for 23.

Holders of ordinary shares are entitled to the distribution of dividends as approved periodically by the General Meeting of Shareholders. Holders are also entitled to one vote per share at the company's shareholders' meetings. The Executive Board proposes to distribute a dividend for 2010 equal to € 0.16 per share, chargeable to the reserves.

21.2 LEGAL RESERVES

Legal reserves can be broken down as follows:

	2010	2009
Equity component of subordinated convertible bond	14,716	14,716
Share plan	2,135	1,071
Currency translation differences	-519	-809
	16,332	**14,978**

21.3 RETAINED EARNINGS

The legal reserve currency translation differences can be classified as a statutory reserve. As the reserve was negative at the end of 2010, an amount equal to the reserve currency translation differences may not be distributed from the free reserve.

22 EARNINGS PER SHARE

Average earnings per share in 2010 amounted to € 0.20 (2009: € -0.44) and average earnings per share after dilution in 2010 amounted to € 0.20 (2008: € -0.44).
The calculation of average earnings per share at 31 December 2010 is based on net income available to ordinary shareholders, equalling € 15,293 (2009: € -30,965) and the weighted average number of outstanding shares in 2010, equalling 76,337 (2009: 70,668).

22.1 NET EARNINGS PER SHARE

The entire net income of € 15,293 (2009: € -30,965) is available to ordinary shareholders.

Weighted average number of shares

in thousands of shares	2010	2009
Issued at 1 January	70,682	70,633
Issuance resulting from exercise of option rights	-	35
Issuance of new shares	5,655	-
Weighted average number of shares during the year	**76,337**	**70,668**

22.2 NET EARNINGS PER SHARE ADJUSTED FOR DILUTION

Average earnings per share after dilution at 31 December 2010, equalling € 0.20 (2009: € -0.44), is based on net income available to ordinary shareholders, equalling € 15,293 (2009: € -30,965) plus the interest on the subordinated convertible bond and the weighted average number of outstanding shares in 2010 after dilution, equalling 82,946 (2009: 77,277), and is calculated as follows:

Net income available to ordinary shareholders (after dilution)

	2010	2009
Net income available to ordinary shareholders	15,293	-30,965
Net interest effect on convertible bonds	2,570	2,570
Net income available to ordinary shareholders (after dilution)	**17,863**	**-28,395**

Weighted average number of ordinary shares (after dilution)

in thousands of shares	2010	2009
Weighted average number of shares	76,337	70,668
Effect of outstanding convertible bonds	6,609	6,609
Weighted average number of shares (after dilution) as at 31 December	**82,946**	**77,277**

Calculations show diluted earnings per share of € 0.22. Diluted earnings per share are equal to ordinary earnings per share if diluted earnings per share exceed the amount of ordinary earnings per share.

22.3 DIVIDEND PER SHARE

No dividend was made available in view of the negative result achieved for 2009. At the General Meeting of Shareholders on 26 May 2011 a dividend of € 0.16 per share will be proposed for 2010 (total dividend distribution: € 12,432). The amount of this dividend proposal has not been recognised in these financial statements.

23 NON-CURRENT INTEREST-BEARING BORROWINGS AND LIABILITIES

This note contains information on the contractual terms of the non-current interest-bearing borrowings and liabilities. For more information on the interest risk exposure, reference is made to note 28.

	2010	2009
Carrying amount of non-current interest-bearing borrowings and liabilities	260,866	394,243
Current portion of the borrowings	-31,334	-55,205
	229,532	**339,038**

Conditions and repayment terms for 2010 based on carrying amount

	TOTAL	< 1 YEAR	1-2 YEARS	2-5 YEARS	> 5 YEARS
Subordinated convertible bond	107,492	-	107,492	-	-
Start subordinated loan	47,474	18,750	12,500	16,224	-
Syndicated loan, tranche A	105,051	12,411	92,640	-	-
Other non-current credit facilities	665	-	-	-	665
Financial lease commitments	184	173	11	-	-
	260,866	**31,334**	**212,643**	**16,224**	**665**

Conditions and repayment terms for 2009 based on carrying amount

	TOTAL	< 1 YEAR	1-2 YEARS	2-5 YEARS
Subordinated convertible bond	103,681	-	-	103,681
Start subordinated loan	50,000	12,500	12,500	25,000
Syndicated loan, tranche A	159,513	41,978	37,114	80,421
Syndicated loan, tranche B	80,000	-	-	80,000
Other non-current credit facilities	543	414	-	129
Financial lease commitments	506	313	184	9
	394,243	**55,205**	**49,798**	**289,240**

23.1 SYNDICATED LOAN

	2010	2009
Carrying amount of tranche A liability as at 1 January	159,513	297,571
Waiver fee	-	-1,578
Interest expenses	5,236	8,179
Interest paid	-3,718	-6,315
Repaid	-55,980	-138,344
Carrying amount of tranche A liability as at 31 December	**105,051**	**159,513**

The interest expenses on the syndicated loan were calculated using the effective interest method, whereby an effective interest rate of 4.97% applied to the liability component.
The waiver fee paid relates to a fee for adapting the terms and conditions of the loan. The waiver fee is recognised as an expense in earnings using the effective interest method during the period to which the waiver pertains.

On 17 November 2005, a syndicated credit facility totalling € 700 million was agreed for a period of five years. The facility was renegotiated in May 2007 to take advantage of the attractive conditions (including lower interest rates) at that time. The repayment term of the syndicated credit facility was extended until 17 November 2012. The facility comprises three different tranches:

- Tranche A: a term loan (initially € 300 million; as at 31 December 2010 € 106 million). The term loan was taken up in full and has partially been repaid. The repayment scheme was altered in 2010. Initially € 18.75 million was payable on a semi-annual basis and the remaining € 150 million in November 2012. With effect from 2010 6.25% of the remaining principal is payable on a semi-annual basis. The remainder (€ 87 million) will be repaid on 17 November 2012. In addition to this scheduled repayment, an extra repayment of € 13 million was made in the first half of the year and another repayment of € 25 million was made in the second half of 2010. Not only the early repayments but also the associated handling fees that are amortised over the term of the loan have been recognised accelerated as expenses.
- Tranche B: revolving credit facility (initially € 210 million; at 31 December 2010 € 214 million), of which € 80 million had been taken up as a loan at the end of 2009. This loan was completely repaid in 2010. Furthermore, € 100 million of this credit facility has been reserved as a backstop facility for the commercial paper programme (see note 26), of which € 2 million was taken up at 31 December 2010 (2009: € 6 million).
- Tranche C: ancillary facilities (initially € 190 million; as at 31 December 2010 € 175 million) available in the form of short-term credits and bank guarantees from the syndicate banks.

This loan is subject to covenant agreements with the banks under which the senior leverage ratio is not permitted to exceed and the interest coverage ratio is not allowed to fall under a certain level (see 3.1.3). Also a maximum annual value has been set for acquisitions for the entire duration of the loan. The group fulfilled these conditions in both 2010 and 2009.

Interest expenses and commitment fee

Interest expenses on that portion of the syndicated credit facility drawn on are calculated using the one-month to six-month EURIBOR rate (depending on the interest period selected), increased by an interest margin. In 2010 this interest margin was between 175 basis points and 225 basis points (2009: between 60 and 225 basis points). The average interest rate in 2010 for tranche A equalled 2.7% (2009: 2.3%). In 2010, a sum of € 2,567 (2009: € 1,223) was paid as commitment fees and charged to the result as a financial expense.

23.2 SUBORDINATED CONVERTIBLE BOND

	2010	2009
Carrying amount as at 1 January	103,681	100,120
Interest expenses	7,261	7,011
Interest paid	-3,450	-3,450
Carrying amount as at 31 December	**107,492**	**103,681**

On 28 September 2005 the group issued a seven-year, subordinated convertible bond worth € 115 million. The bond can be redeemed by the group within five years at the earliest, if the share price exceeds 130% of the conversion price for at least 20 working days within a period of 30 working days. Conversion can take place at any time at the request of the bond holders at a conversion price of € 17.40. The allocation of bonus shares and stock dividend in 2009 resulted in an amendment in the conversion price from € 17.91 to € 17.40. No bonds were offered for conversion in 2010 and 2009. The coupon rate equals 3.0% and is payable annually on 18 October.

Interest expenses on the subordinated convertible bond are calculated using the effective interest method, whereby an effective interest rate of 7.0% applies to the liability component.

23.3 OTHER CREDIT FACILITIES

'Start' subordinated loan

In March 2003 a subordinated loan of € 100 million was agreed with the former shareholder of Start Holding BV (a subsidiary of USG People). The repayment scheme of the loan was adjusted in 2010 and it was agreed that interest payments would be deferred and added to the principal. The loan is repayable in instalments of € 18.75 million in 2011, € 12.5 million in 2012 and € 18.4 million (including deferred interest) in 2013. This term loan has a fixed interest rate of 4.0% and a rate of 4.5%-5.5% on deferred payments.

23.4 FINANCIAL LEASE COMMITMENTS

The financial lease commitments fall due as follows:

2010	PAYMENTS	INTEREST	PRINCIPAL
2-5 years			-
1-2 years	12	1	11
Within 1 year	185	12	173
	197	**13**	**184**

2009	PAYMENTS	INTEREST	PRINCIPAL
2-5 years	10	1	9
1-2 years	196	12	184
Within 1 year	338	25	313
	544	**38**	**506**

No conditional lease payments are due under the terms of the lease contracts. In 2010, the interest rate applicable to financial lease commitments was 7.5% (2009: 7.5%). Interest expenses on the financial lease commitments are calculated using the effective interest method, whereby an effective interest rate of 5.0% applies to the liability component.

24 PENSION-RELATED RECEIVABLES AND PROVISIONS

The group contributes to a number of defined benefit pension schemes which provide for pensions for employees when they reach retirement age. These schemes apply to a part of the workforce in the Netherlands, Switzerland and Germany. Other countries where the group operates have defined contribution schemes and/or retirement provisions that comply with the national regulations and customs in those countries.

The determination of annual costs for the year takes into account the nature of the scheme, which provides for indexation of pension entitlements insofar as the separate pension trusts' investment proceeds exceed the actuarially required interest and insofar as surplus interest is available.

PENSION-RELATED PROVISIONS	2010	2009
Present value of fully funded obligations	1,103	2,196
Minus: fair value of fund investments	690	820
Net liability	413	1,376
Unrealised actuarial gains and losses	-209	-
Liability on the balance sheet	**204**	**1,376**

The pension liability relates to the settlement of the early-retirement scheme liability for employees of Start People in the Netherlands with the foundation Stichting Pre-Start.

ASSET ARISING FROM PENSION SCHEMES	2010	2009	2008	2007	2006
Present value of fully funded obligations	124,736	91,345	85,151	80,552	77,309
Minus: fair value of fund investments	121,269	88,714	95,776	83,554	89,115
Net liability	3,467	2,631	-10,625	-3,002	-11,806
Unrealised actuarial gains and losses	-9,515	-9,713	5,091	-1,990	1,242
Pension asset on the balance sheet	**6,048**	**7,082**	**5,534**	**4,992**	**10,564**

The pension asset of € 6,048 (2009: € 7,082) at end-2010, which has been recognised under other fixed assets, relates to the surplus of the pension schemes in the Netherlands (including of Start People), Switzerland and Germany. The Call-IT pension scheme, which was still included in 2009, was transformed into a contribution scheme in 2010.

Unrealised actuarial gains and losses pertaining to the pension scheme of Start People Netherlands amount to more than 10% of the present value of funded obligations or, if higher, 10% of the fair value of the fund investments. The surplus will be amortised from 2010 and charged to the income statement during a term equal to the average time that active participants are expected to remain active. This resulted in an amortisation of € 215 in 2010.

24.1 MOVEMENT IN PENSION LIABILITIES AND INVESTMENTS

	2010	2009
LIABILITIES		
Balance as at 1 January	91,345	85,151
First recognition	13,142	-
Removal of previously recognised scheme	-2,034	-
Current service costs	1,437	1,495
Interest costs	4,385	4,800
Actuarial gains and losses	17,688	2,038
Benefits paid	-1,227	-2,079
Expenses paid	-	-60
Balance as at 31 December	**124,736**	**91,345**
INVESTMENTS		
Balance as at 1 January	88,714	95,776
First recognition	12,859	-
Removal of previously recognised scheme	-2,410	-
Expected return on plan assets	4,253	4,078
Actuarial gains and losses	17,604	-12,765
Currency translation differences	217	-
Employer's contribution	1,743	3,926
Members' contribution	77	459
Benefits paid	-1,227	-2,079
Expenses paid	-561	-681
Balance as at 31 December	**121,269**	**88,714**

24.2 EXPENSES AS RECOGNISED IN THE INCOME STATEMENT

	2010	2009
Service costs	1,920	1,326
Interest costs	4,385	4,800
Expected return on plan assets	-4,253	-4,078
Administrative costs	603	621
Depreciation of actuarial losses	215	-
Total, recognised as employee costs	**2,870**	**2,669**

24.3 PRINCIPAL ACTUARIAL ASSUMPTIONS

Because the commitments of the pension insurer are exactly the same with respect to the amount and term as the payment commitments ensuing from the defined benefit pension plan, fair value is defined as the present value of the relevant commitment as set out in IAS 19.104. This valuation policy is known as the 'fair value principle' and both methods fit in this principle.

The principal actuarial assumptions at the balance sheet date (expressed in weighted averages):

	2010	2009
Discount rate at 31 December	4.4%	5.0%
Expected long-term rate of return on assets at 31 December	4.4%	5.0%
Future salary increases	1.5% - 4.0%	1.5% - 4.0%
Future pension increases	0.5%	0.5%
Future inflation	2.0%	2.0%

Calculations of the mortality rate at year-end 2010 are based on the AG prognosis tables M/F 2010-2060 (-1/-1); M/F 2005-2050 (-1/-1) was used in 2009.

25 OTHER PROVISIONS

	RESTRUCTURING PROVISIONS	PERSONNEL-RELATED PROVISIONS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2009	25,051	4,466	10,555	40,072
Provisions made during the year	15,074	3,741	2,889	21,704
Provisions used during the year	-12,802	-894	-3,317	-17,013
Provisions reversed during the year	-7,777	-1,751	-3,161	-12,689
Currency translation differences	3	-	1	4
Change due to disposal of subsidiary	-57	-	-85	-142
Balance as at 31 December 2009	**19,492**	**5,562**	**6,882**	**31,936**
Non-current	5,042	3,847	1,166	10,055
Current	14,450	1,715	5,716	21,881
Balance as at 31 December 2009	**19,492**	**5,562**	**6,882**	**31,936**
Balance as at 1 January 2010	19,492	5,562	6,882	31,936
Provisions made during the year	6,680	3,501	3,138	13,319
Provisions used during the year	-9,396	-1,373	-4,689	-15,458
Provisions reversed during the year	-2,766	-1,918	-1,602	-6,286
Currency translation differences	15	1	-	16
Balance as at 31 December 2010	**14,025**	**5,773**	**3,729**	**23,527**
Non-current	4,564	3,871	170	8,605
Current	9,461	1,902	3,559	14,922
Balance as at 31 December 2010	**14,025**	**5,773**	**3,729**	**23,527**

Restructuring provisions in 2009 relate to the restructuring initiatives required as a result of the financial and economic situation and the merger of brands in the Netherlands. As at the end of 2010, an amount of € 8 million (2009: € 11 million) of the restructuring provisions concerns lease commitments on buildings that are no longer in use following the integration of USG People and Start, on the one hand, and the integration of Content and Unique, on the other. Furthermore, an amount of € 6 million (2009: € 8 million) concerns employee severance arrangements.

During 2010 various restructuring provisions were taken in addition to previously taken provisions, mainly relating to the Netherlands. During both 2009 and 2010 part of the restructuring provision was reversed as less of the provision was required for employee severance arrangements and better than initially expected prospects for letting vacant premises.

The amount of the restructuring provision for vacant premises largely depends on the prospect of reletting these premises. The amount of the provision will be amended if these prospects for letting vacant premises change.

The personnel-related provisions include continuation of wage payment during extended periods of sickness, long-term service awards, payments upon termination of service for reasons other than retirement and share plans settled in cash and cash equivalents. The provisions were determined on the basis of expectations concerning the recovery of sick employees, staff turnover, expected wage increases and a discount rate of 2.30% (2009: 2.75%).

The other provisions include provisions for the settlement of a number of legal proceedings.

26 BANK OVERDRAFTS AND BORROWINGS

	2010	2009
Current component of non-current borrowings	31,334	55,205
Bank overdrafts	27,073	17,115
Commercial paper programmes	1,918	6,014
	60,325	**78,334**

USG People International N.V. has commercial paper programmes with various banks with a total value of € 100 million. A sum of € 100 million from tranche B of the syndicated loan is reserved as a backstop to cover these programmes. Financing expenses are based on short-term EURIBOR.

27 TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	60,972	45,359
Other payables	454,395	366,970
Accrued liabilities	33,251	31,749
	548,618	**444,078**

Trade and other payables are current debts. Other payables in 2010 include € 1 million (2009: € 6 million) relating to undue payments by the factoring company in Belgium.

28 INTEREST RATE RISK

The group uses interest rate derivatives to manage its liquidity and cash requirements. As the derivatives do not qualify for hedge accounting under IAS 39, the effectiveness or otherwise of derivatives does not apply.

In principle derivatives are only agreed with the banks which issued the syndicated loan. The interest rate risks are managed as described below.

28.1 INTEREST RATE DERIVATIVES

In July 2008 interest rate derivatives were concluded to hedge the cash flow interest rate risk that existed at the time. The group hedged the risk of a rise in the 1-month EURIBOR above 5.8% (6.0% on an annual basis) for a € 300 million principal for a period of five years.

Two different types of derivatives are in use:

- A € 267.5 million collar with a 5.8% cap and a 4.0% floor (decreasing to 3% in the course of the term, see table below) 1-month EURIBOR.

DEVELOPMENT OF FLOOR INTEREST-RATE PERCENTAGES	€ 75 MILLION	€ 192.5 MILLION
1st year	4.00	4.00
2nd year	3.70	4.00
3rd year	3.40	3.55
4th year	3.00	3.35
5th year	3.00	3.20

This hedging instrument was concluded with the banks which provided the syndicated loan.

- A dynamic hedge was concluded for € 32.5 million with one of the syndicate banks. This derivative has a term of five years and is based on a mathematical model that is rebalanced weekly based on an agreed decision tree. Weekly decisions are based on market rates (2, 5, 10 year interest rate swaps; 10-2 year spread) and volatility.
  This model equates to a maximum cap of 6.0% interest a year, less the BPSTAR2E index performance (Bloomberg: BPSTAR2E index).

At the end of 2010 the derivatives had a negative value of € 17,795 (2009: € 20,431). The counterparties did not demand or provide any guarantees for the derivatives. Any debit balance included in the balance sheet therefore carries full credit risks.

29 CONTINGENT ASSETS AND LIABILITIES

29.1 CONTINGENT LIABILITIES, OPERATIONAL LEASE

Third-party property rental commitments and lease and other liabilities totalled around € 179.8 million for the year (2009: € 207.5 million). A breakdown of these liabilities according to maturity is as follows:

	2010	2009
Less than one year	58,118	62,758
1-5 years	101,979	102,175
More than 5 years	19,704	42,565
	179,801	**207,498**

The group leases a number of offices under an operating lease construction. The maturity of these contracts ranges from three to 12 years, with an option to extend at the end of that period.

29.2 OTHER CONTINGENT ASSETS AND LIABILITIES

In connection with the nature of the group's activities, bank guarantees for a total amount of € 70,813 (2009: € 89,865) have been issued.

In December 2010 the German federal labour court ruled that German union CGZP union is not authorised to conclude a collective labour agreement. This ruling was published on 25 February 2011 and has consequences for the more than 1,100 staffing organisations affiliated with AMP. It means that the collective labour agreement concluded by CGZP was not valid from the moment of the aforementioned ruling. The court in Berlin is expected to rule in early April on whether the collective labour agreement can be declared invalid with retroactive effect. A number of operating companies associated with Allgeier DL (which we acquired in February 2008) applied this collective labour agreement. When integrating the operating companies with existing USG People companies in early and mid-2010 the acquired Allgeier DL companies also switched to the collective labour agreement applied by the BZA, which is affiliated to Eurociett.

The aforementioned legal rulings could lead to claims from temporary employees as well as from the German government with respect to the payment of social security premiums. At this time it is, however, not yet sufficiently clear whether, and if so to what extent, the invalidity of the collective labour agreement will have any retroactive consequences, what the possible amount and number of claims from third parties could be, whether any such claims would be covered by the provisions of current insurance policies and whether any resulting damages would be covered by guarantees or indemnity clauses in the Allgeier DL-related purchase and sales agreements dating back to 2008. For this reason it is practically impossible to provide an estimate of the financial impact at this time.

Furthermore USG People in Germany has filed a lawsuit against a former director for reasons including a breach of a non-competition clause. The ruling is expected to be favourable and lead to a substantial compensation for USG People. At this time it is, however, unpracticable to provide an estimate of the financial effect.

30 RELATED PARTIES

30.1 REMUNERATION OF KEY MANAGEMENT

	2010	2009
Salaries and other short-term staff remuneration	2,577	2,089
Pensions	368	393
Severance pay (including taxes payable by employer)	1,772	2,164
Share-based remuneration	1,597	-120
Remuneration of Supervisory Board	239	224
	6,553	**4,750**

Share-based remuneration relates to the portion of Unique Share Plan costs allocated (8.2). The costs of the termination arrangement for the departure of Herman van Campenhout amount to € 1,467, including a final income tax levy on the termination package of € 177.

30.2 OTHER

In 2010 the group commissioned Egon Zehnder International B.V., where Supervisory Board member Joost van Heyningen Nanninga is a partner, to recruit a new Supervisory Board member. A generally accepted common fee of € 37 was agreed and invoiced for this assignment. In 2009 Egon Zehnder International B.V. was commissioned to recruit a new group CEO. A generally accepted common fee of € 255 was agreed and invoiced for this assignment.

During the issuance of shares on 9 March 2010 Supervisory Board member Alex Mulder acquired 1,404,606 shares and retained his 20.02% interest in the group. Former CEO Herman van Campenhout (5,000), then CFO Rob Zandbergen (4,000), COO Hans Coffeng (2,500) and Supervisory Board member Christian Dumolin (13,564) also acquired shares at that time.

31 EVENTS AFTER THE BALANCE SHEET DATE

On 3 January 2011 the interest in Vakcollege Groep B.V. in the Netherlands was increased from 20% to 80%. The transaction was finalised at the aforementioned date. The acquisition price of the shares equalled € 4 million. The remaining 20% of the shares will be purchased at the end of 2016 for a price that will depend on the profitability in the years 2012 up to and including 2016 but which will not exceed € 12 million.

The group made two acquisitions in Switzerland. On 4 January 2011 100% of the shares in Intra-Personal GmbH was purchased. The acquisition price of the shares amounted to CHF 0.2 million (€ 0.2 million). On 17 February 2011 100% of the shares in Uniman S.A. was acquired for a price of CHF 4.0 million (€ 3.1 million). Furthermore, an earn-out agreement is in place which could lead to a subsequent payment of no more than CHF 2 million in 2015.
The activities of both Intra-Personal and Uniman complement our existing operating company Start People S.A.

It is not possible to state all notes in accordance with IFRS 3 in view of the short time since the aforementioned companies were acquired.

32 PRINCIPAL SUBSIDIARIES AND SHAREHOLDINGS OF USG PEOPLE N.V.

COMPANY	STAKE OWNED	CITY, COUNTRY
Call-IT	100.0	Oostend, Belgium
Express Medical	100.0	Wavre, Belgium
Receptel	100.0	Antwerp, Belgium
Secretary Plus Management Support	100.0	Antwerp, Belgium
Start People	100.0	Antwerp, Belgium
Unique	100.0	Antwerp, Belgium
USG Innotiv	100.0	Antwerp, Belgium
USG People International	100.0	Antwerp, Belgium
Technicum	100.0	Oldenburg, Germany
Technicum West	100.0	Essen, Germany
Technicum Mitte	100.0	Leimbach, Germany
Secretary Plus	100.0	Munich, Germany
Unique	100.0	Munich, Germany
Secretary Plus	100.0	Paris, France
Start People	100.0	Boulogne Billancourt, France
Financial Forces	100.0	Boulogne Billancourt, France
Start People	100.0	Milan, Italy
Start People	100.0	Luxembourg, Luxembourg
Ad Rem	100.0	Almere, Netherlands
Call-IT	100.0	Weert, Netherlands
Creyf's Interim	100.0	Almere, Netherlands
Secretary Plus Management Support	100.0	Almere, Netherlands
Start People	100.0	Almere, Netherlands
Technicum Uitzendburo	100.0	Almere, Netherlands
Unique Nederland	100.0	Almere, Netherlands
USG Capacity	100.0	Almere, Netherlands
USG Energy	100.0	Beverwijk, Netherlands
USG Innotiv	100.0	Almere, Netherlands
USG Juristen	100.0	Utrecht, Netherlands
USG Restart	100.0	Utrecht, Netherlands
Start People	100.0	Vienna, Austria
Start People	100.0	Warsaw, Poland
SYS Outsourcing	100.0	Madrid, Spain
Unique	100.0	Madrid, Spain
Start People	100.0	Geneva, Switzerland

CORPORATE INCOME STATEMENT

amounts in thousands of euros	2010	2009
Result of subsidiaries after tax	49,345	4,543
Result from disposal of subsidiaries	-	-4,827
Result of USG People N.V. after taxes	-34,052	-30,681
Net income	**15,293**	**-30,965**

CORPORATE BALANCE SHEET AT 31 DECEMBER (BEFORE PROFIT APPROPRIATION)

Note:	amounts in thousands of euros	2010	2009
	NON-CURRENT ASSETS		
3	Goodwill	666,505	666,505
4	Other intangible assets	1,084	1,594
	Intangible assets	**667,589**	**668,099**
5	Property, plant and equipment	35	44
6	Other financial fixed assets	471,419	412,271
7	Deferred taxes	7,449	5,755
	Financial fixed assets	**478,868**	**418,026**
		1,146,492	**1,086,169**
	CURRENT ASSETS		
8	Other current receivables	19,180	46,080
	Taxes	10,025	-
	Current receivables	**29,205**	**46,080**
	Cash and cash equivalents	1	-
	TOTAL ASSETS	**1,175,698**	**1,132,249**
9	SHAREHOLDERS' EQUITY		
	Paid-up and called-up capital	38,851	35,341
	Share premium	367,449	286,174
	Currency translation reserve	-519	-809
	Other reserves	319,170	349,071
	Net income for the financial year	15,293	-30,965
		740,244	**638,812**
10	Provisions	2,139	3,562
11	Non-current liabilities	331,556	361,416
12	Current liabilities	101,759	128,459
	TOTAL LIABILITIES	**1,175,698**	**1,132,249**

NOTES TO THE CORPORATE INCOME STATEMENT AND BALANCE SHEET

1 PRINCIPLES FOR PREPARING THE CORPORATE FINANCIAL STATEMENTS

The corporate financial statements of USG People N.V. are prepared in accordance with the legal regulations of Part 9, Book 2 of the Dutch Civil Code. In this context the group makes use of the option provided under article 2:362 section 8 of the Dutch Civil Code to apply the same principles of valuation and determination of results in the corporate financial statements (including the principles of presentation for financial instruments such as equity and debt) as those applied in the consolidated financial statements.

2 PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

The principles of valuation and determination of results for the corporate income statement are the same as for the consolidated financial statements. Where no further principles are stated, please refer to the principles set out in the consolidated financial statements.

GOODWILL

Goodwill is determined using the same principles that apply to the consolidated financial statements. The goodwill presented in the corporate balance sheet concerns goodwill on directly acquired interests in group companies. Goodwill on directly acquired interests in group companies is capitalised at the level of the subsidiaries of USG People N.V. that acquire these interests and are included in the net asset value of these subsidiaries.

SUBSIDIARIES

Participating interests in group companies and other companies in which USG People N.V. holds a controlling stake or over which it has central management control are recognised using the net asset value method. The change in the net asset value is determined by measuring the assets, provisions and liabilities and by calculating the result using the principles that apply to the consolidated financial statements.

3 GOODWILL

	2010	2009
Balance as at 1 January		
Acquisition price	733,292	737,637
Impairment	-66,787	-68,789
	666,505	668,848
Adjustment due to sale of subsidiary	-	-2,343
Balance as at 31 December	**666,505**	**666,505**
Acquisition price	733,292	733,292
Impairment	-66,787	-66,787
Balance as at 31 December	**666,505**	**666,505**

4 OTHER INTANGIBLE ASSETS

	2010	2009
Acquisition price	3,522	3,136
Cumulative amortisation and impairment	-1,928	-1,100
Carrying amount as at 1 January	**1,594**	**2,036**
Investments during the year	233	245
Amortisation during the year	-743	-687
Carrying amount as at 31 December	**1,084**	**1,594**
Breakdown of carrying amount		
Acquisition price	3,755	3,522
Cumulative amortisation and impairment	-2,671	-1,928
Carrying amount as at 31 December	**1,084**	**1,594**

5 PROPERTY, PLANT AND EQUIPMENT

	2010	2009
Balance as at 1 January		
Acquisition price	130	130
Cumulative amortisation and impairment	-86	-66
Carrying amount as at 1 January	**44**	**64**
Investments during the year	11	-
Amortisation during the year	-20	-20
Carrying amount as at 31 December	**35**	**44**
Breakdown of carrying amount		
Acquisition price	141	130
Cumulative amortisation and impairment	-106	-86
Carrying amount as at 31 December	**35**	**44**

6 OTHER FINANCIAL FIXED ASSETS

	2010	2009
Receivables from group companies	42,260	32,760
Participating interests in group companies	429,091	379,456
Other	68	55
	471,419	**412,271**

	RECEIVABLES FROM GROUP COMPANIES	PARTICIPATING INTERESTS IN GROUP COMPANIES	TOTAL
Balance as at 1 January 2009	32,760	408,174	440,934
Investments	-	18	18
Divestments	-	1,724	1,724
Result of subsidiaries	-	4,543	4,543
Dividend from subsidiaries	-	-34,942	-34,942
Currency translation differences	-	-61	-61
	-	-28,718	-28,718
Balance as at 31 December 2009	**32,760**	**379,456**	**412,216**
Balance as at 1 January 2010	32,760	379,456	412,216
Loans granted	9,500	-	9,500
Result of subsidiaries	-	49,345	49,345
Currency translation differences	-	290	290
	9,500	49,635	59,135
Balance as at 31 December 2010	**42,260**	**429,091**	**471,351**

7 DEFERRED TAXES

The deferred tax item relates primarily to interest rate derivatives as included in the current liabilities (note 12).

8 OTHER CURRENT RECEIVABLES

	2010	2009
Group receivables	18,664	43,673
Other receivables	516	2,407
	19,180	**46,080**

9 EQUITY

PAID-UP AND CALLED-UP CAPITAL

The authorised capital at both 31 December 2010 and 31 December 2009 stood at € 100 million, consisting of 200,000,000 ordinary shares with a nominal value of € 0.50 each.

	PAID-UP AND CALLED-UP CAPITAL	SHARE PREMIUM RESERVE	CURRENCY TRANSLATION RESERVE	OTHER RESERVES	RESULT FOR THE YEAR	TOTAL
Balance as at 1 January 2009	32,490	288,754	-721	332,369	16,885	669,777
Income for the year					-30,965	-30,965
Employee option rights exercised	24	247	-	-	-	271
Income added to other reserves	-	-	-	16,885	-16,885	-
Dividend distribution	2,827	-2,827	-	-	-	-
Currency translation differences	-	-	-88	-	-	-88
Share plan	-	-	-	-183	-	-183
Balance as at 31 December 2009	**35,341**	**286,174**	**-809**	**349,071**	**-30,965**	**638,812**
Balance as at 1 January 2010	35,341	286,174	-809	349,071	-30,965	638,812
Income fot the year	-	-	-	-	15,293	15,293
Proceeds of issuance of new shares	3,510	81,275	-	-	-	84,785
Income added to other reserves	-	-	-	-30,965	30,965	-
Currency translation differences	-	-	290	-	-	290
Share plan	-	-	-	1,064	-	1,064
Balance as at 31 December 2010	**38,851**	**367,449**	**-519**	**319,170**	**15,293**	**740,244**

10 PROVISIONS

	2010	2009
Deferred income tax liabilities	2,033	3,432
Personnel-related provisions	106	130
	2,139	**3,562**

Personnel-related provisions were taken to cover long-term service payments and continuation of wage payments during extended periods of illness.

11 NON-CURRENT LIABILITIES

	2010	2009
Value of non-current interest-bearing borrowings and liabilities	407,717	460,894
Current portion of non-current borrowings	-76,161	-99,478
	331,556	**361,416**

	TOTAL	WITHIN 1 YEAR	1-2 YEARS	2-5 YEARS
Subordinated convertible bond	107,492	-	107,492	-
Start subordinated loan	47,474	18,750	12,500	16,224
Syndicated loan, tranche A	105,051	12,411	92,640	-
Group company loans	147,700	45,000	102,700	-
	407,717	**76,161**	**315,332**	**16,224**

12 CURRENT LIABILITIES

	2010	2009
Bank overdrafts and borrowings	-	3
Current part of borrowings	76,161	99,478
Trade and other payables	6,835	5,637
Debts to group companies	968	384
Tax liabilities	-	2,526
Interest rate derivatives	17,795	20,431
	101,759	**128,459**

13 EMPLOYEES

At the end of 2010 USG People N.V. employed 59 (2009: 60) people, all in the Netherlands.

14 LIABILITY

The company and many of its Dutch operating companies together form a fiscal unit for corporation tax purposes. Each of the operating companies is jointly and severally liable for income tax payable by all companies belonging to the fiscal unit.

15 AUDIT FEES

The fees of PricewaterhouseCoopers Accountants N.V. and its affiliates in the countries where the group is active are specified as follows for the financial years:

	2010	2009
Audit of financial statements	1,530	1,690
Other audit activities	62	336
Other non-audit services	263	-
	1,855	**2,026**

The above fees relate to activities performed for the company and consolidated operating companies by accountant organisations and external auditors, as referred to in Art. 1, sub 1 of the Act on the supervision of audit firms (Wta), and the fees charged by the entire network to which the accountant's organisation belongs. An amount of € 836 of the € 1,855 (2009: € 636 of € 2,026) was charged by PricewaterhouseCoopers Accountants N.V.

16 REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

Remuneration of members of the company's Executive Board is as follows:

	FIXED SALARY COMPONENT	PENSION CONTRIBUTION	VARIABLE SHORT-TERM REMUNERATION	SHARE-BASED REMUNERATION [1)]	SEVERANCE PAY [2)]	TOTAL
RON ICKE						
2009	503	100	-	-546	2,164	2,221
HERMAN VAN CAMPENHOUT						
2010	263	53	-	-	1,467	1,783
ROB ZANDBERGEN						
2010	593	119	186	604	-	1,502
2009	582	116	-	261	-	959
LEEN GEIRNAERDT						
2010	58	12	31	56	-	157
HANS COFFENG						
2010	200	40	93	347	-	680
ERIC DE JONG						
2010	200	40	93	328	-	661
ALBERT JAN JONGSMA						
2010	163	33	93	262	-	551

1) Including shares granted from the Unique Share Plan 2005-2007 and the Unique Share Plan 2008-2010, recognised in accordance with IFRS 2

2) Including taxes payable by employer

The fixed remuneration, pension contribution and the variable short-term remuneration are stated for the period in which the position of statutory member of the Executive Board was fulfilled. This was from 16 February to 30 June for Herman van Campenhout, from 1 July 2010 to 31 December 2010 for Hans Coffeng, Eric de Jong and Albert Jan Jongsma and from 1 November to 31 December 2010 for Leen Geirnaerdt. The share-based remuneration is stated for the full year.

No loans have been granted, nor have any guarantee commitments been made for the benefit of Executive Board members.

16.1 REMUNERATION POLICY

The remuneration policy, as approved by the General Meeting of Shareholders in 2006, remained in force in 2010. That means that the remuneration consists of four components:

Fixed remuneration

The fixed salary is assessed and set periodically for a longer period of time, taking into account the level of experience and and responsibilities of the respective board members.

Variable short-term bonus

The variable short-term bonus equates to a maximum of 0.2% of the operating result before amortisation, up to a maximum of one year's salary for the CEO and 55% of one year's salary for the other members of the Executive Board. This 0.2% is divided into two components: 0.1% is calculated over the company's actual operating result before amortisation (EBITA) and 0.1% is linked to the targets set in the budget for the year in question with the DSO being the third financial indicator. The targets relating to EBITA are set annually by the Supervisory Board.

Pension contribution

The pension contribution amounts to 20% of the fixed salary and is not subject to a maximum.

Variable long-term bonus, Unique Share Plan

The long-term bonus is set for a period of three years. The target that needs to be met is established annually by the Supervisory Board using a separate matrix. The determining factors in this matrix for calculating the number of shares to be conditionally granted are revenue and targeted EBITA. The matrix for 2010 includes a spread in revenue of € 2.7 to € 3.3 billion and targeted EBITA of 1.3%-3.1%. If the annual targets are met, the shares are conditionally granted. If the director concerned is still employed by the company after three years have elapsed, the shares are unconditionally granted and released to them. Furthermore, a bonus of 25% is granted if the shares granted under this share plan after three years are held until May 2014 and the recipient is still employed by the company at that time. The purpose of this last provision is to emphasise the director's commitment to the company.

16.2 SHARE PLAN

Unique Share Plan 2005-2007

In 2006 shares were conditionally granted to the Executive Board members and other employees. The related costs were included in the variable component of remuneration for the period 2005-2007. After the targets were met in 2008, the shares for the period were granted unconditionally to the Executive Board members:

Ron Icke	60,000
Rob Zandbergen	36,000
Leen Geirnaerdt	667
Hans Coffeng	9,000
Eric de Jong	2,100
Albert Jan Jongsma	3,000

If the shares are still held by the Executive Board members in 2011 and the members are still employed with the company, they will receive an additional 25% on top of the aforementioned number of shares.

Unique Share Plan 2008-2010

In 2008 Executive Board members were conditionally granted 48,400 shares per year for on-target performance in the years 2008, 2009 and 2010. Based on actual performance in 2008, a total of 19,360 shares were conditionally granted (meaning that 29,040 shares were not) which will be granted in 2011 if the recipient is still employed by the company at that time. In view of the fact that Ron Icke is no longer in the employment of the company, the shares relating to 2008 (8,000) were not granted. For the year 2009 the performance targets linked to the granting of shares were not met. As a result all shares relating to 2009 were expired and no shares were (conditionally) granted. In 2010 an additional 18,250 shares were conditionally granted to the members of the Executive Board as a result of the change in the composition of the Executive Board. This brings the total number of shares conditionally granted to the current members of the Executive Board to 46,750. For 2010 the performance criteria are based on a factor of 1.4 which would result in the allocation of 65.450 shares. A bonus of 25% will be granted in 2014 over the shares held at the end of 2013 if the board member is still in the company's employment at that time.

Provisions Unique Share Plan 2008-2010

The Unique Share Plan 2008-2010 covers the period from 1 January 2008 to 1 January 2014. The initial unconditional granting of shares will take place in May 2011.
In addition to the participant still being in the employment of the group when the shares are granted unconditionally, the performance criteria are based on the extent to which targets for revenue and the operating result excluding amortisation (EBITA) as a percentage of revenue were in fact met in the years 2008, 2009 and 2010. A revenue and EBITA matrix applies to each year and can result in a maximum of 1.9 times (in case of exceptionally better-than-expected performance)

and a minimum of zero times the norm number of shares being granted unconditionally. In calculating the costs of the share plan, the performance criteria are based on a factor of 0.4 for 2008, a factor of 0.0 for 2009 and a factor of 1.4 for 2010, respectively.

Additionally, 25% more shares will be granted in May 2014 provided the participant has retained the shares obtained in May 2011 until the end of May 2014 and provided the participant is still in USG People's employment at that time. The wage tax and social security premiums owed under the share plan are payable by the group. The costs relating to the Unique Share Plan 2008-2014, as included in the income statement, are provided in the table below. The table outlines the conditionally granted shares that have not yet been distributed as an actual form of remuneration. This will take place in 2011 and 2014 provided the conditions are met.

	GRANTED CONDITIONALLY BASED ON ON-TARGET PERFORMANCE	FACTOR FOR CALCULATION OF COSTS	CONDITIONAL NO. OF SHARES BASED ON PERFORMANCE IN FINANCIAL YEAR AND 1 ESTIMATE FOR FUTURE YEARS[1]	ADDITIONALLY GRANTED IF RETAINED 2011 - 2013[1]	CHARGE IN 2010 INCOME STATEMENT	CHARGE IN 2009 INCOME STATEMENT
RON ICKE						
2008	20,000	0.0	-	-	-	-16
2009	20,000	0.0	-	-	-	-81
2010	20,000	0.0	-	-	-	-81
	60,000		**-**	**-**	**-**	**-178**
ROB ZANDBERGEN						
2008	15,000	0.4	6,000	1,500	70	25
2009	15,000	0.0	-	-	-	-61
2010	17,500	1.4	24,500	6,125	438	143
	47,500		**30,500**	**7,625**	**508**	**107**
LEEN GEIRNAERDT						
2008	400	0.4	160	40	3	-
2009	500	0.0	-	-	-	-
2010	1,750	1.4	2,450	612	53	-
	2,650		**2,610**	**652**	**56**	**-**
HANS COFFENG						
2008	5,000	0.4	2,000	500	24	-
2009	5,000	0.0	-	-	-	-
2010	10,000	1.4	14,000	3,500	302	-
	20,000		**16,000**	**4,000**	**326**	**-**
ERIC DE JONG						
2008	5,000	0.4	2,000	500	24	-
2009	5,000	0.0	-	-	-	-
2010	10,000	1.4	14,000	3,500	302	-
	20,000		**16,000**	**4,000**	**326**	**-**
ALBERT JAN JONGSMA						
2008	3,000	0.4	1,200	300	15	-
2009	3,000	0.0	-	-	-	-
2010	7,500	1.4	10,500	2,625	240	-
	13,500		**11,700**	**2,925**	**255**	**-**

1) This number is based on the actual performance in 2008, 2009 or 2010.

The shares conditionally granted to Ron Icke expired in 2009 due to his termination of employment. In 2010 shares were conditionally granted to Herman van Campenhout but these were not formally accepted and the shares expired due to the termination of his employment. The shares were therefore not included in the notes to the share plan.

16.3 SUPERVISORY BOARD

Remuneration of the members of the Supervisory Board is as follows:

	2010	2009
Cees Veerman	57	5
Cor Brakel	-	55
Christian Dumolin	42	42
Joost van Heyningen Nanninga	42	42
Rinse de Jong	14	-
Marike van Lier Lels	42	40
Alex Mulder	42	40
	239	**224**

No option rights are granted to Supervisory Board members and no operating assets are made available to them. No loans have been granted to Supervisory Board members, nor have any guarantee commitments been made for the benefit of Supervisory Board members.

Almere, 3 March 2011

Supervisory Board
Cees Veerman (chairman)
Rinse de Jong
Christian Dumolin
Joost van Heyningen Nanninga
Marike van Lier Lels
Alex Mulder

Executive Board
Rob Zandbergen (CEO)
Leen Geirnaerdt (CFO)
Hans Coffeng (COO)
Eric de Jong (COO)
Albert Jan Jongsma (CCO)

OTHER DATA

EVENTS AFTER THE BALANCE SHEET DATE

On 3 January 2011 the interest in Vakcollege Groep B.V. in the Netherlands was increased from 20% to 80%. The transaction was finalised at the aforementioned date. The acquisition price of the shares equalled € 4 million. The remaining 20% of the shares will be purchased at the end of 2016 for a price that will depend on the profitability in the years 2012 up to and including 2016 but which will not exceed € 12 million.

The group made two acquisitions in Switzerland. On 4 January 2011 100% of the shares in Intra-Personal GmbH was purchased. The acquisition price of the shares amounted to CHF 0.2 million (€ 0.2 million). On 17 February 2011 100% of the shares in Uniman S.A. was acquired for a price of CHF 4.0 million (€ 3.1 million). Furthermore, an earn-out agreement is in place which could lead to a subsequent payment of no more than CHF 2 million in 2015.
The activities of both Intra-Personal and Uniman complement our existing operating company Start People S.A.

PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING PROFIT APPROPRIATION

ARTICLE 29. PROFIT AND DISTRIBUTIONS.

29.1 Profit distributions can only be made to the extent the Company's equity exceeds the amount of the paid-up and called-up part of the capital plus the reserves that are to be maintained pursuant to the law or these Articles of Association.

29.2 The first distribution on the Preference Shares to be made from the profit as shown in the profit and loss account for the most recently ended financial year shall be, where possible, the percentage referred to below of the amount that was mandatorily paid on those Shares.
The percentage referred to above shall be equal to the average of the base pro rate of the European Central Bank – weighted according to the number of days this interest rate applied – during the financial year or part of the financial year for which the distribution is made, plus an allowance set by the Management Board and approved by the Supervisory Board in the amount of at least one and a half (1.5) percentage points and with a maximum of four (4) percentage points, depending on the situation at such time.
If, in the financial year in which the distribution referred to above is made, the amount mandatorily paid up on the Preference Shares is reduced or, pursuant to a resolution for an additional payment, is increased, the distribution shall be reduced or, if possible, raised, respectively, by an amount equal to said percentage of the amount of the reduction or increase, respectively, calculated as from the time the additional payment became mandatory.

29.3 If and to the extent that the profit is insufficient to make the distribution referred to in Article 29.2 above, the deficit shall be distributed and charged to the reserves, to the extent this does not involve any actions contrary to the provisions of Article 29.1.
If and to the extent such a distribution cannot be charged to the reserves, such a distribution shall first be made to the holders of Preference Shares from the profits earned in subsequent years that the deficit is fully cleared, before the provisions of the next paragraphs of this Article 29 can be applied.

29.4 If the profit of a financial year is determined and one or more Preference Shares were redeemed in that financial year, the parties that were holders of Preference Shares as shown in the register of holders of Preference Shares referred to in Article 5.2 at the time of said redemption shall have an inalienable right to profit distribution as described below. The profit that is distributed to said holder(s) if possible shall be equal to the amount of the distribution, to which he would be entitled pursuant to the right determined above in this Article 29, if he had

been a holder of the Preference Shares referred to above at the time the profit was determined, to be calculated time-proportionately for the period that he was a holder of these Preference Shares in said financial year, which distribution shall be reduced by the amount of the distribution that was made in accordance with the provisions of Article 29.10.
If, in the course of any financial year, Preference Shares were issued, the dividend on the relevant Preference Shares for that financial year shall be reduced proportionately until the relevant day of issue.

29.5 No distributions shall be made on the Preference Shares other than as provided for in this Article 29 and in Article 37.

29.6 Subject to the approval of the Supervisory Board, the Management Board shall determine what part of the profit remaining after application of the provisions of the preceding paragraphs of this Article 29 is to be reserved.

29.7 The remaining profit shall be at the disposal of the General Meeting of Shareholders.

29.8 Provided that an interim statement of assets and liabilities signed by the Management Board evidences that the requirement referred to in Article 29.1 concerning the capital position has been satisfied, the Management Board may make one or more interim distributions to the holders of Ordinary Shares and/or the holders of Preference Shares with the approval of the Supervisory Board, with due observance, however, of the maximum referred to in Articles 29.2, 29.3 and 29.4.

29.9 Subject the approval of the Supervisory Board, the Management Board is authorised to determine that a distribution on Ordinary Shares will not be made in cash but in the form of Ordinary Shares, or to determine that holders of Ordinary Shares may choose to accept the distribution in cash and/or in the form of Ordinary Shares, all this from the profit and/or from a reserve and all this to the extent the Management Board has been designated by the General Meeting in accordance with Articles 7.1 and 7.3. Subject to the approval of the Supervisory Board, the Management Board shall set the conditions under which such a choice may be made.

29.10 In the event that Preference Shares are redeemed, a distribution shall be made on the cancelled Preference Shares on the day of redemption, which distribution shall be calculated as much as possible in accordance with the provisions of Articles 29.2, 29.3 and 29.4, on the period for which no distribution referred to in Article 29.2, first sentence, has yet been made until the day of redemption, all this provided that the requirement in Article 29.1 has been satisfied, which must be evidenced by an (interim) statement of assets and liabilities drawn up in accordance with the provisions prescribed by law.

ARTICLE 30. RELEASE FOR PAYMENT. ENTITLEMENT.

30.1 Dividends and other distributions shall be made payable four weeks after adoption, unless the General Meeting determines another date at the proposal of the Management Board. Different payment release dates may be designated for the Ordinary Shares and the Preference Shares.

30.2 A deficit may only be offset against the reserves prescibed by law to the extent this is permitted by law.

PROFIT APPROPRIATION

The Executive Board proposes to distribute a dividend of € 0.16 per ordinary share, payable either in cash or in shares. Based on 77,702,427 shares this amounts to a total dividend distribution of € 12,432. The difference between the net income of € 15,293 and the proposed dividend distribution, being € 2,861, will be credited to the other reserves.

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Shareholders of USG People N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2010 of USG People N.V., Almere as set out on pages 72 to 135. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of USG People N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of USG People N.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 3 March 2011
PricewaterhouseCoopers Accountants N.V.

Originally signed by P.J. van Mierlo RA

TEN-YEAR OVERVIEW

	2010[1]	2009[1]	2008[1,4]	2007[1]
CONSOLIDATED INCOME STATEMENT				
Revenue	3,098,630	3,001,134	4,024,965	3,887,681
Percentage growth compared to previous year	3.2%	-25.4%	3.5%	9.9%
Operating income	43.094	760	116,665	243,859
Percentage growth compared to previous year	5570.3%	-99.3%	-52.2%	25.6%
As a percentage of net revenue	1.4%	0.0%	2.9%	6.3%
Net income from ordinary operations	15,293	-30,965	16,885	140,011
Net income	15,293	-30,965	16,885	140,011
Percentage growth compared to previous year	149.4%	-283.4%	-87.9%	26.3%
As a percentage of revenue	0.5%	-1.0%	0.4%	3.6%
Operating cash flow	105,569	226,317	276,510	201,389
Dividend	12,432	-	37,688	51,581
Dividend / net income	81.3%	-	223.2%	36.8%
CONSOLIDATED BALANCE SHEET				
Non-current assets	1,148,359	1,172,434	1,200,115	1,086,958
Working capital (including cash and cash equivalents)	-137,972	-138,920	26,721	107,030
	1,010,387	**1,033,514**	**1,226,836**	**1,193,988**
Shareholders' equity	740,244	638,812	669,777	684,684
Minority interests	554	529	1,402	1,028
Non-current liabilities	269,589	394,173	555,657	508,276
	1,010,387	**1,033,514**	**1,226,836**	**1,193,988**
OTHER KEY FIGURES				
Shareholders' equity / total equity plus liabilities	44.2%	38.9%	34.0%	34.9%
Shareholders' equity / capital employed	67.1%	55.3%	48.6%	50.0%
Current assets / current liabilities	0.79	0.77	1.04	1.14
Number of shares at 31 December (nominal value € 0.50)	77,702,427	70,682,433	70,633,400	63,679,719
FIGURES PER SHARE (NOMINAL VALUE € 0.50) IN EUROS				
Net income[3]	0.20	-0.44	0.24	2.21
Dividend	0.16	-	0.58	0.81
Equity	9.53	9.04	10.31	10.75
Operating cash flow[3]	1.38	3.20	4.29	3.18

1) Under IFRS
2) Under Dutch GAAP
3) From 2002 based on average number of shares outstanding
4) Number of shares and figures per share adjusted for 2009 stock dividend

2006[1)]	2005[1)]	2004[1)]	2004[2)]	2003[2)]	2002[2)]	2001[2)]
3,536,836	1,977,609	1,300,250	1,300,250	1,297,800	1,104,527	600,402
78.8%	52.1%	0.2%	0.2%	17.5%	84.0%	15.9%
194,206	64,185	36,867	13,203	39,514	59,435	66,542
202.6%	74.1%	-6.7%	-66.6%	-33.5%	-10.7%	11.3%
5.5%	3.2%	2.8%	1.0%	3.0%	5.4%	11.1%
110,853	21,077	24,189	14,784	14,781	31,760	39,080
110,853	21,077	24,189	14,784	14,709	24,828	39,080
425.9%	-12.9%	63.7%	0.5%	-40.8%	-36.5%	6.6%
3.1%	1.1%	1.9%	1.1%	1.1%	2.2%	6.5%
165,151	114,974	46,927	39,162	74,580	49,112	38,554
45,445	12,593	9,075	9,075	9,074	11,342	13,124
41.0%	59.7%	37.5%	61.4%	61.7%	45.7%	33.6%
1,066,482	1,099,438	309,868	278,724	311,331	277,848	183,722
-2,729	-32,989	44,009	63,883	76,166	90,276	49,201
1,063,753	**1,066,449**	**353,877**	**342,607**	**387,497**	**368,124**	**232,923**
574,420	472,209	218,771	200,057	194,468	191,563	122,953
1,129	2,264	385	385	178	49,544	-
488,204	591,976	134,721	142,165	192,851	127,017	109,970
1,063,753	**1,066,449**	**353,877**	**342,607**	**387,497**	**368,124**	**232,923**
30.2%	22.9%	36.2%	34.4%	30.4%	30.5%	33.5%
44.2%	31.1%	55.6%	52.0%	46.0%	45.3%	48.3%
0.90	0.97	1.18	1.27	1.30	1.35	1.37
63,117,700	62,969,532	45,376,634	45,376,634	45,370,704	45,368,604	40,381,836
1.76	0.33	0.54	0.33	0.33	0.57	0.97
0.72	0.20	0.20	0.20	0.20	0.25	0.33
9.10	7.50	4.82	4.41	4.29	4.39	3.05
2.62	2.31	1.04	0.87	1.65	1.13	0.96

FINANCIAL GLOSSARY

DIVIDEND
That part of profit paid out to shareholders.

DSO (DAYS SALES OUTSTANDING)
Measure of the age of trade receivables; expressed as the average number of days that receivables are outstanding.

EBITA
(Earnings before interest, taxes and amortisation). Operating result before amortisation.

EBITDA
Operating result before depreciation and amortisation.

FINANCIAL DERIVATIVES
Financial instruments to cover financial risks. The value is derived from the development of the underlying value such as interest or foreign currency.

GROSS MARGIN
Gross profit as a percentage of revenue.

GROSS PROFIT
Total operating income minus direct costs.

IFRS
International Financial Reporting Standards.

NET FINANCIAL DEBT
Interest bearing debt minus cash and cash equivalents.

NET PROFIT
Result attributable to shareholders.

OPERATING CASH FLOW
Cash flow from operating activities including income tax. For components we refer to the statement of cash flows in the financial statements.

OPERATING EXPENSES
Selling, general and administrative expenses and other income and expense.

OPERATING INCOME
Income before financing expenses and taxes.

OPERATING MARGIN
Operating income as percentage of net revenue.

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