



Hays plc
THE BUSINESS SERVICES GROUP

INTERIM STATEMENT 2002/2003

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Financial Highlights

6 months to 31 December (Unaudited)	2002	2001
Profit and loss account		
Turnover from continuing operations	£1,188.5m	£1,186.6m
Operating profit*	£94.7m	£122.8m
Profit before tax*	£88.5m	£115.1m
Earnings per share*	3.56p	4.65p
Dividend per share	1.75p	1.52p
Cash inflow from operating activities	£136.9m	£91.6m
Net debt	£235.3m	£321.5m

* Before goodwill amortisation and exceptional items.

Group Strategy

- ➔ Our strategic review has concluded that there are insufficient linkages between the four divisions to outweigh the advantages of focusing the Group on a single activity.
- ➔ Personnel has the greatest potential to create future value and will become the focus of the Group. It has an outstanding track record of profitable growth and excellent cash generation. Personnel is also our largest Division and is well positioned to develop strongly in a growing market.
- ➔ Other activities will be exited in due course through a programme of disposals. The strength of the Group balance sheet ensures that no forced sales will be required.
- ➔ Cash is expected to be returned to shareholders in due course. The Group will maintain a sound and efficient financial structure.

Chairman's Statement

“Cash management continues to be a priority and it is pleasing to record the excellent result achieved with net debt of £235 million at 31 December 2002, £86 million better than last year.”

During the six months ended 31 December 2002, the Group's performance has continued to be influenced by deteriorating economic and trading conditions. Whilst sales are broadly the same as last year at £1,189 million, profits are lower, resulting in a 23% reduction in Group operating profit before goodwill amortisation and exceptional items to £95 million. These results are in line with market expectations with Personnel higher and Commercial significantly lower. In these very difficult conditions cash management continues to be a priority and it is pleasing to record the excellent result achieved with net debt of £235 million at 31 December 2002, £86 million better than last year.

STRATEGIC REVIEW AND CONCLUSIONS

Colin Matthews joined the Group as Chief Executive on 1 November 2002 and addressed shareholders at the Annual General Meeting shortly thereafter. In his statement Colin announced that he had initiated a strategic review and that an update on progress would be given at the time of this interim results announcement.

Following the strategic review the Board has concluded that the links between our different Divisions are not sufficient and that the value of our businesses can best be maximised by following a different strategy.

Our Personnel business has a proven track record of strong profitable organic growth and excellent cash generation as well as the successful integration of acquisitions. It has outperformed its competitors under all economic conditions. These factors have enabled Hays Personnel to build market leading positions in all of its specialist sectors. Our policy of developing the business both organically and through carefully selected acquisitions has proved highly successful and the business has grown to become by far the largest in the Group. The Board considers that there are excellent opportunities to continue to develop Hays Personnel both in the UK and in chosen markets elsewhere.

The Personnel Division will be energetically developed. Firstly, we will continue to develop our UK and Australian markets through growth of existing activities and the addition of new specialist sectors. Secondly, we will broaden and deepen our presence in Continental Europe. This will be achieved by a combination of acquisitions and roll out of the proven UK business model with the first priority being the expansion of Hays Accountancy Personnel, Hays Montrose and Hays IT across the major Continental European markets. I am delighted to report that on 28 February 2003 we acquired Ascena, a leading specialist IT recruitment business which operates in five cities in Germany and Switzerland, for a cash consideration of £41 million, with a further £7 million dependent upon future performance. Ascena has an excellent management team and the acquisition will provide the foundation on which to build our presence in these attractive markets. Looking further ahead, we will continue to explore and develop new HR services opportunities building on our existing specialist recruitment relationships.

The Logistics and Commercial Divisions, whilst strong and capable in their own right, will not form part of Hays in the long term. Having reached this conclusion, we do not wish to prolong the resultant uncertainty for our customers, staff and suppliers any longer than is necessary. However, we shall continue to invest prudently in these businesses and carefully manage costs while they remain part of Hays to enhance their competitive position in the markets they serve.

Our Mail & Express Division has grown to become the UK's leading private mail business. Notwithstanding that the business has both existing strength and the opportunity to develop new services through deregulation of the UK mail market, the Board believes there will come a time when its further development may best be achieved under different ownership. However, we shall retain the Mail & Express Division whilst demonstrating the benefits of the new licensing regime.

Our task now will be to transform the Group and you will understand that at this early stage of our divestment process I cannot provide a timetable for the disposals. We shall incur some one-off costs in moving towards our objective and further details of such costs will be provided in due course.

In his short time with the Group, Colin has provided clear and focused strategic direction which provides substantial opportunity for the creation of shareholder value.

DIVIDEND AND CASH

The Board has considered carefully its approach to maintaining a progressive dividend policy. In the transitional phase to implementation of our new strategy the Board has decided that an interim dividend of 1.75p representing a 15% increase is appropriate and the dividend will be paid on 30 May 2003 to shareholders on the register on 25 April 2003. As the Group is transformed into a focused business the Board will reconsider future dividend policy.

As a result of the planned divestments the Group will, at some point, be in receipt of significant cash proceeds. We expect that the strategic development of Hays Personnel is unlikely to require retention of cash resources since it is not a capital intensive activity and generates a very positive cash flow. Hence, at an appropriate time, we expect to return cash to shareholders in the most efficient manner. In the longer term we aim to establish a capital structure and dividend policy appropriate for the core business.

MANAGEMENT

With considerable regret I have to report that Neil McLachlan, our Group Finance Director, is suffering from a long-term illness which is likely to prevent him from returning to full time work in the short to medium term. During the last 10 years Neil has played a major role in the evolution of Hays and following his appointment in 1999 as Group Finance Director he successfully initiated many projects to improve our systems, financial controls and risk management. On behalf of the Board and all the employees who know him so well I take this opportunity to wish Neil a full recovery.

As a direct consequence of Neil's ill-health, the Board today announces the appointment of John Martin as Group Finance Director with immediate effect. John qualified as a Chartered Accountant in 1990 and has occupied a number of senior financial roles. He joined Hays as Group Financial Controller in November 2000 and has played a key role in our central finance team. John has been deputising for Neil for some time, so we have a solid basis for complete confidence in a seamless transition.

Graham Williams, who has been a Director since joining Hays as Finance Director in 1984, will reach retirement age in April this year. Graham has undertaken many different roles during his long career with Hays and he has been the catalyst for many of our strategic initiatives. We shall miss him. I am sure that you will join me in wishing Graham and his family many years of happy and fulfilling retirement.

Chairman's Statement (continued)

CURRENT TRADING

Personnel

Hays Personnel has withstood the decline in business confidence much better than most of its competitors, reflecting the high quality of our business. Operating profit of £53.6 million for the half year to 31 December 2002 was 14% below the previous year on sales 1% lower. The reduction in operating profit was primarily due to investment and changes in business mix rather than price pressure.

In the UK, our largest business, Accountancy Personnel, performed well in the provinces but was adversely affected by difficult market conditions in London and the South-East. Despite the current economic climate Montrose has continued to grow both sales and profit and has opened 11 new offices in the UK for the recruitment of technical staff. At the same time our Education business increased sales by 26%, opened four new offices and has signed a number of exclusive new recruitment contracts with Local Authorities. IT and Banking have been difficult sectors with profits significantly below prior year. Nonetheless a number of prestigious new contracts have been won, including a major contract with BT. We will continue to expand our office network and develop new specialisms in the UK. The market for HR Services offers exciting opportunities for the future that we will continue to explore. We have already won recruitment management and HR outsourcing contracts which provide a robust platform from which to develop.

Our Australian business recovered strongly, increasing both sales and profit. Despite declining demand for our services in the local IT sectors, Continental European markets remain attractive in the longer term and we are continuing to open new offices and develop opportunities in new specialisms.

Mail & Express

Hays Mail & Express profit of £16.3 million compares with £22.6 million in the first half of last year, earned on a similar level of sales. In the current economic climate it has proven difficult to pass on cost increases to our customers. Profit has also been held back by increased revenue investment of £1.2 million in the infrastructure necessary to position the business to gain maximum benefit from deregulation of the UK mail market.

In January this year we were delighted to be awarded a seven year licence from Postcomm that permits our mail business to:

- ➔ Offer a door to door pre 8:00 am next day delivery service in the UK for business to business mail emanating from Hays Document Exchange members;
- ➔ Provide a tracked business to business, next day, door to door, mail delivery service;
- ➔ Collect and sort all the business to business mail from a customer and deliver it to the addressee's door either directly through the Hays network or through the Royal Mail.

In addition to these exciting new service offerings we will shortly launch a secure e-mail service targeted at the needs of our customers.

Logistics

In a depressed market, Hays Logistics sales were 3% ahead of last year, though profits declined from £23.0 million in the first half last year to £18.1 million in the six months to 31 December 2002. Profit from our activities in the automotive sector was significantly below the same period last year and losses have continued in our French transport operations.

To address these issues our management team has been restructured on a Europe-wide basis. Underperforming activities, which include basic transport operations, are being addressed and replaced by more profitable activities such as the management of returnable transit packaging (crates) on behalf of retail clients. The potential for our crates business in the US is exciting and more than 20 produce growers supplying the leading Wal-Mart chain have signed crate management contracts with Hays.

Sales in the food and fast moving consumer goods sectors have grown and now represent 77% of Hays Logistics' turnover. The business has secured new contracts and achieved good contract renewals with major customers including Carrefour, Sara Lee, Kimberly Clark, Philips, SystemU and Nestlé.

Whilst the logistics market is very competitive we believe that Hays Logistics is well positioned to succeed with its unique range of logistics services and Europe-wide coverage.

Commercial

The first six months of the financial year have been disappointing for Commercial with profit of £6.7 million compared to £14.5 million in the same period last year after a 6% decline in sales.

More than three-quarters of the profit in the Commercial Division is now earned by Hays IMS, our Information Management business. The reorganisation of our network of storage sites and the installation of sophisticated new computer systems are progressing well. Although profit was in line with our expectations it was nonetheless lower than for the same period last year, due to the investment in these essential projects.

A number of our Commercial activities have suffered severe price pressure from customers on the renewal of contracts. This has particularly impacted the billing and Continental European call centre businesses where, in some instances, we have chosen to forego the renewal of a contract rather than earn an unacceptably low margin. Certain customers and markets have also seen a decline in volume. To counter these pressures we will take the required action to reduce our cost base accordingly.

We are continuing to expand our offshore services business which offers clients substantial cost savings at service levels which are often superior to the UK.

Chairman's Statement (continued)

PROSPECTS

Economic and political conditions remain highly uncertain and we remain cautious on the short-term outlook for all our businesses.

In Hays Personnel, trading and profitability in the second quarter remained similar to the first quarter. The number of temp restarts after the Christmas vacation was consistent with a normal quarter end, and gross fees in the first two periods of the third quarter were 2% ahead of last year. Profitability in this period, on a like for like basis, was 12% lower than last year.

In Mail & Express we currently expect to experience the usual modest seasonal improvement during our second half. However, tough conditions in the Logistics and Commercial Divisions are expected to continue, with some weakening expected in our second half. In addition, we expect the exceptional cash costs of restructuring or exiting unprofitable activities in Logistics and Commercial to cost up to £12 million.

Our operational tactics continue unchanged. We will manage our cost base carefully and continue to make prudent investments that are essential to strengthen each of our businesses. Further, our continuing focus on cash management will ensure that we have a firm foundation on which to build the new Hays.

Our announcement today is radical and entirely appropriate for the future of Hays. We intend to strengthen each of the businesses in their markets, in some cases via disposal. This will provide enhanced opportunities for both our customers and staff within such dedicated organisations. For Hays, with a strong and rigorous executive leadership team, the prospects for developing the Personnel Division from its current strong position in growth markets are extremely exciting and attractive. A market leading business that is focused, well structured and well financed, offers shareholders the best opportunity to achieve superior sustainable returns.



Bob Lawson

Chairman

4 March 2003

Accountants' Review Report

INDEPENDENT REVIEW REPORT TO HAYS PLC

INTRODUCTION

We have been instructed by the company to review the financial information for the six months ended 31 December 2002 which comprises the consolidated profit and loss account, the consolidated summarised balance sheet, the consolidated summarised cash flow statement, the consolidated statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' interests and related notes 1 to 12. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2002.

Deloitte & Touche

Chartered Accountants

London

4 March 2003

Consolidated Profit and Loss Account

for the half year ended 31 December 2002

	<i>(In £'s million)</i>		
		Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)
			Year to 30 June 2002
TURNOVER			
Continuing operations		1,188.5	1,186.6
Discontinued operations		–	11.9
		1,188.5	1,198.5
OPERATING PROFIT			
Before goodwill amortisation and exceptional items		94.7	122.8
Goodwill amortisation		(12.4)	(12.5)
Exceptional operating items		–	–
		82.3	110.3
OPERATING PROFIT			
Continuing operations		82.3	109.6
Discontinued operations		–	0.7
		82.3	110.3
Share of operating profit of associated company		2.4	2.7
		84.7	113.0
EXCEPTIONAL ITEMS			
Net interest payable		–	0.4
		(8.6)	(10.4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit on ordinary activities		76.1	103.0
		(27.6)	(35.7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Equity minority interests		48.5	67.3
		(0.1)	(0.1)
PROFIT FOR THE PERIOD			
Dividends		48.4	67.2
		(30.0)	(26.0)
TRANSFERRED TO RESERVES			
		18.4	41.2
Basic earnings per share		2.83p	3.94p
Earnings per ordinary share before exceptional items and goodwill amortisation		3.56p	4.65p
Diluted earnings per share		2.83p	3.91p
DIVIDEND PER SHARE		1.75p	1.52p
INTEREST COVER		11X	12X
			13X

Consolidated Summarised Balance Sheet

as at 31 December 2002

	<i>(In £'s million)</i>		
	31 December 2002 (Unaudited)	31 December 2001 (Unaudited)	30 June 2002
Goodwill and intangible fixed assets	210.3	275.5	220.0
Tangible fixed assets	509.7	503.7	509.9
Investments	105.3	102.5	103.0
Net current (liabilities) / assets	(14.5)	28.7	(44.4)
Other creditors due after more than one year	(2.1)	(7.9)	(2.8)
Provisions for liabilities and charges	(81.2)	(75.5)	(83.6)
	727.5	827.0	702.1
Called up share capital	17.3	17.3	17.3
Share premium account	368.8	367.5	368.7
Profit and loss account	105.5	119.8	83.3
Equity shareholders' interests	491.6	504.6	469.3
Minority interests	0.6	0.9	0.8
	492.2	505.5	470.1
Net debt	235.3	321.5	232.0
	727.5	827.0	702.1
Net debt as a % of shareholders' and minority interests	48%	64%	49%

Consolidated Summarised Cash Flow Statement

for the half year ended 31 December 2002

<i>(In £'s million)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
OPERATING ACTIVITIES			
Total operating profit	82.3	110.3	162.9
Depreciation and amortisation	45.3	43.7	89.6
Other operating activities	2.2	0.5	37.3
Decrease / (increase) in working capital	7.1	(62.9)	14.0
NET CASH INFLOW FROM OPERATING ACTIVITIES	136.9	91.6	303.8
Returns on investment and servicing of finance	(8.5)	(10.4)	(18.9)
Tax paid	(36.1)	(26.7)	(70.1)
Net capital expenditure	(32.3)	(35.2)	(71.8)
CASH INFLOW BEFORE ACQUISITIONS AND DISPOSALS	60.0	19.3	143.0
Net acquisitions and disposals	(6.4)	29.8	36.4
Equity dividends paid	(54.1)	(47.5)	(72.9)
CASH (OUTFLOW) / INFLOW BEFORE FINANCING	(0.5)	1.6	106.5
Financing	0.2	(17.2)	(130.5)
DECREASE IN CASH	(0.3)	(15.6)	(24.0)
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT			
Decrease in cash	(0.3)	(15.6)	(24.0)
Cash flow from financing	–	19.7	134.8
Change in net debt resulting from cash flows	(0.3)	4.1	110.8
Loan notes issued	(2.2)	–	–
Exchange adjustment and other	(0.8)	(4.7)	(21.9)
MOVEMENT IN NET DEBT IN THE PERIOD	(3.3)	(0.6)	88.9
OPENING NET DEBT	(232.0)	(320.9)	(320.9)
CLOSING NET DEBT	(235.3)	(321.5)	(232.0)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the half year ended 31 December 2002

<i>(In £'s million)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
Profit for the period	48.4	67.2	82.4
Currency translation differences on foreign currency net investments	2.0	(0.1)	0.3
	50.4	67.1	82.7
Prior period adjustment in respect of FRS 19	–	(23.0)	(23.0)
Total recognised gains and losses	50.4	44.1	59.7

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' INTERESTS

For the half year ended 31 December 2002

<i>(In £'s million)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
Profit for the period	48.4	67.2	82.4
Dividends	(30.0)	(26.0)	(79.5)
	18.4	41.2	2.9
Exchange differences on translation	2.0	(0.1)	0.3
New share capital subscribed	0.1	2.0	3.2
Goodwill written back	1.8	–	1.4
Net increase in equity shareholders' interests	22.3	43.1	7.8
Opening shareholders' interests as previously reported	469.3	484.5	484.5
Prior period adjustment in respect of FRS 19	–	(23.0)	(23.0)
Closing shareholders' interests as restated	491.6	504.6	469.3

Notes

1 STATEMENT UNDER S240 – PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 30 June 2002. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2 BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 30 June 2002.

Notes

3 SEGMENTAL INFORMATION (BEFORE GOODWILL AMORTISATION AND EXCEPTIONAL OPERATING COSTS)

	<i>(In £'s million)</i>		Half year to		Year to	
	31 December 2002		31 December 2001		30 June 2002	
	Turnover (Unaudited)	Operating Profit (Unaudited)	Turnover (Unaudited)	Operating Profit (Unaudited)	Turnover	Operating Profit
BY BUSINESS SECTOR						
Continuing Operations						
Personnel	502.2	53.6	506.9	62.0	1,076.9	122.5
Commercial	108.8	6.7	115.6	14.5	227.5	27.6
Mail and Express	120.7	16.3	121.5	22.6	249.8	50.2
Logistics	456.8	18.1	442.6	23.0	880.2	45.7
	1,188.5	94.7	1,186.6	122.1	2,434.4	246.0
Discontinued Operations	–	–	11.9	0.7	20.3	1.3
	1,188.5	94.7	1,198.5	122.8	2,454.7	247.3
BY GEOGRAPHIC AREA						
Continuing Operations						
United Kingdom	767.1	79.6	783.2	98.4	1,607.8	197.4
Other Europe	351.8	8.5	339.6	18.0	695.9	37.8
Rest of the World	69.6	6.6	63.8	5.7	130.7	10.8
	1,188.5	94.7	1,186.6	122.1	2,434.4	246.0
Discontinued Operations	–	–	11.9	0.7	20.3	1.3
	1,188.5	94.7	1,198.5	122.8	2,454.7	247.3

SEGMENTAL INFORMATION (AFTER GOODWILL AMORTISATION AND EXCEPTIONAL OPERATING COSTS)

	<i>(In £'s million)</i>		Half year to		Year to	
	31 December 2002		31 December 2001		30 June 2002	
	Turnover (Unaudited)	Operating Profit (Unaudited)	Turnover (Unaudited)	Operating Profit (Unaudited)	Turnover	Operating Profit
BY BUSINESS SECTOR						
Continuing Operations						
Personnel	502.2	51.1	506.9	59.1	1,076.9	116.8
Commercial	108.8	4.3	115.6	10.3	227.5	(33.7)
Mail and Express	120.7	14.9	121.5	20.6	249.8	39.7
Logistics	456.8	12.0	442.6	19.6	880.2	38.8
	1,188.5	82.3	1,186.6	109.6	2,434.4	161.6
Discontinued Operations	–	–	11.9	0.7	20.3	1.3
	1,188.5	82.3	1,198.5	110.3	2,454.7	162.9
BY GEOGRAPHIC AREA						
Continuing Operations						
United Kingdom	767.1	71.9	783.2	89.9	1,607.8	123.4
Other Europe	351.8	3.9	339.6	14.0	695.9	27.4
Rest of the World	69.6	6.5	63.8	5.7	130.7	10.8
	1,188.5	82.3	1,186.6	109.6	2,434.4	161.6
Discontinued Operations	–	–	11.9	0.7	20.3	1.3
	1,188.5	82.3	1,198.5	110.3	2,454.7	162.9

Notes

4 PENSION COSTS

The Group has decided to continue to adopt SSAP 24 to account for pension costs. The Group takes advice to ensure that it continues to adopt best practice in respect of accounting for retirement benefits. The Group commissioned a tri-annual valuation of the Hays Pension Scheme and other pension arrangements as at 30 June 2002. The valuation indicated a deficit of £30.2m (net of £12.9m related deferred tax) under SSAP 24 which is required to be charged to the profit and loss account over the average remaining life of the membership, estimated to be 13 years. The net deficit under FRS 17 at 30 June 2002 was £67.3m.

The cost charged to the profit and loss account for the period was £8.1m (2001 £6.2m).

5 INTEREST PAYABLE AND SIMILAR CHARGES

<i>(In £'s million)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
INTEREST PAYABLE AND SIMILAR CHARGES			
Bank overdrafts and other loans	(10.5)	(11.6)	(21.8)
Finance leases	(1.1)	(1.4)	(2.5)
Share of interest payable of associate	(2.0)	(1.7)	(4.1)
	(13.6)	(14.7)	(28.4)
INTEREST RECEIVABLE AND SIMILAR INCOME			
Deposits	2.9	2.5	5.4
Interest receivable on loan to associate	2.1	1.8	3.8
	5.0	4.3	9.2
	(8.6)	(10.4)	(19.2)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the six months to 31 December 2002 is based on the estimated effective rate for the full year before goodwill amortisation and exceptional items of 31.2%.

7 EARNINGS PER SHARE

Earnings per share (EPS) is based on profits from ordinary activities after taxation and minority interests of £48.4 million and a weighted average of 1,710.9 million shares. To enable comparisons with previous periods, EPS has also been calculated before goodwill and exceptional items using earnings of £60.8 million. The weighted average number of shares in issue excludes shares held by the Hays Employee Share Trust Ltd and the Hays plc Qualifying Employee Share Ownership Trust. The dilution effect of share options issued to employees but not yet exercised is 1.9 million shares and diluted EPS is 2.83p.

Notes

8 DIVIDENDS

	<i>(pence)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
Interim – pence per ordinary share		1.75	1.52	1.52
Final – pence per ordinary share		–	–	3.16
		1.75	1.52	4.68

	<i>(In £'s million)</i>	Half year to 31 December 2002 (Unaudited)	Half year to 31 December 2001 (Unaudited)	Year to 30 June 2002
Interim		30.0	26.0	26.0
Final		–	–	53.5
		30.0	26.0	79.5

9 INVESTMENTS

	<i>(In £'s million)</i>	31 December 2002 (Unaudited)	31 December 2001 (Unaudited)	30 June 2002
Associated companies		52.9	51.6	50.6
Own shares		50.1	50.8	50.1
Other investments		2.3	0.1	2.3
		105.3	102.5	103.0

Investments in associated companies include £52.8 million in relation to Albion Chemicals Ltd including principal and accrued interest on a loan.

Notes

10 PROVISIONS FOR LIABILITIES AND CHARGES

<i>(In £'s million)</i>	Pensions	Deferred taxation	Property	Deferred employee benefits	Other	Total
At 1 July 2002	6.9	16.5	2.5	10.3	47.4	83.6
Exchange adjustments	–	0.1	–	–	–	0.1
Charged to P&L account	0.5	2.0	–	0.1	0.7	3.3
Credited to P&L account	–	(0.1)	–	–	(0.3)	(0.4)
Utilised	(1.2)	–	(0.7)	(0.1)	(3.4)	(5.4)
At 31 December 2002 (unaudited)	6.2	18.5	1.8	10.3	44.4	81.2

Other provisions includes £3.2 million of the provision established in 2001 for the reorganisation of the information management business, £20.2 million of potential liabilities retained on the disposal of the chemicals business and £15.7 million in relation to the reorganisation of the IT Solutions business.

11 ACQUISITIONS AND DISPOSALS

No material acquisitions or disposals were completed in the period.

12 MOVEMENT IN NET DEBT

	<i>(In £'s million)</i>		
	Cash	Debt	Net debt
At 1 July 2002	109.2	(341.2)	(232.0)
Foreign exchange movements	(0.2)	(0.6)	(0.8)
Movement during period	(0.3)	–	(0.3)
Loan notes issued	–	(2.2)	(2.2)
At 31 December 2002 (unaudited)	108.7	(344.0)	(235.3)

Cash comprises cash at bank and in hand, less overdrafts. Debt includes borrowings and finance lease liabilities.

Financial Calendar

Interim Statement for half year ending 31 December	March
Interim Dividend on Ordinary Shares paid	May
Preliminary Announcement of results for financial year ending 30 June	September
Annual Report posted to shareholders	October
Annual General Meeting held	November
Final Dividend on Ordinary Shares paid	November

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Information

about Hays plc and a full copy of the Annual Report and Accounts can be found on the Hays plc website:

www.hays.com

Designed by **MAGEE**

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