

HAYS

HAYS PLC

Interim Statement

2005/2006



Hays plc is the largest publicly-listed recruitment group in the United Kingdom and a world-leading Specialist Recruitment and HR services company

>> Our aim is to be the best Specialist Recruitment Group in the world

>> Our strategy is to build a balanced and sustainable business by focusing on four key areas:



At Hays, we are committed to developing new business activities to match the specialist demands of our clients and candidates across the world.



The Hays Specialist Recruitment business model is well-established. We have successfully replicated the model internationally and created market-leading businesses.



The international development of Hays as a Specialist Recruitment business has been ongoing for some years. Our strategy is to grow organically and where necessary by acquisition.



Throughout Hays we seek to continually improve our business operations, making them more efficient and effective, to enhance our service to our customers.

CONTENTS

- 01 Group Highlights
- 02 Chairman's Statement
- 06 Consolidated Income Statement
- 07 Consolidated Balance Sheet
- 08 Consolidated Cash Flow Statement
- 09 Consolidated Reconciliation of Movements in Equity
- 10 Notes to Accounts
- 14 Independent Review Report
- 15 Shareholder Information

 For more information visit: haysplc.com

Continued strong net fee and profit growth at Hays

Interim results for the six months ended 31 December 2005

6 months ended 31 December £ million	2005	2004	Actual growth	Constant exchange
Net fees	259.1	226.1	+ 15%	+ 14%
Profit from continuing operations	94.1	80.4	+ 17%	+ 16%
Profit after tax	65.0	55.5	+ 17%	
Basic earnings per share	4.16p	3.24p	+ 28%	
Interim dividend per share	1.45p	1.13p	+ 28%	

- Conversion rate (operating profit divided by net fees): + 76bps to 36.3%
- Opened in Italy, Hong Kong and the United Arab Emirates
- Office network expansion: + 15 new offices opened, including 7 overseas
- Acquired RSG (for £18.5 million cash) to enter the Health & Social Care markets
- Strong cash from operations before tax of £83.9 million

Denis Waxman, Chief Executive, commenting on these results:

"This is another excellent set of results. Net fee and profit growth in each of our regions contributed to a substantial increase in profits, 17% ahead of last year. This builds on the strong growth achieved over a number of years, with profits more than 76% ahead of three years ago.

Overseas operations, which accounted for 29% of net fees, grew by 40% in the period. We opened in Italy, Hong Kong and the United Arab Emirates and expanded our existing operations in Australia, Germany, France, Spain and Canada. In the United Kingdom we are successfully rolling out three new activities: Sales & Marketing, Purchasing & Supply and Executive. We started Hays Retail and entered the specialist Health and Social Care markets via the acquisition of RSG.

Market conditions in the United Kingdom & Ireland remain favourable for Hays. In our major international markets there are excellent growth opportunities and we are continuing our strategy of aggressive investment across the Group to generate strong growth in fees, profits and cash."

Chairman's Statement

I am delighted once again to report strong net fee and profit growth for Hays. The Group continues to generate industry-leading profitability and very strong cash flow.

The business is becoming progressively more international and generated 29% of fees outside the United Kingdom & Ireland in the period, more than double the proportion three years ago. Our strategy, which includes ambitious organic growth objectives, is highly successful and we have continued to develop the business within each of our chosen markets, to great effect. We have also started to expand our international business outside our established overseas regions and have recently opened offices in Hong Kong and the United Arab Emirates. The international footprint of Hays is growing.

Net fees for the period of £259.1 million were 15% ahead of last year (14% at constant exchange), with temporary net fees 12% ahead (11% at constant exchange) and permanent net fees 18% ahead (17% at constant exchange). Overall, temporary margins were slightly ahead of last year and permanent pricing remained solid with salary inflation of about 3.5%. Profit from continuing operations of £94.1 million was 17% ahead of last year (16% at constant exchange).

The conversion rate (operating profit divided by net fees) of 36.3% was 76 bps higher than last year. Across the Group, we increased our investment in recruitment consultants by 9% to 3,742 (2004: 3,440).

United Kingdom & Ireland

Our business in the United Kingdom & Ireland continued to produce good levels of both net fee and profit growth against a backdrop of below-trend economic growth. Net fees were 7% ahead of last year at £184.8 million (2004: £172.9 million) and operating profit was 6% ahead at £67.4 million (2004: £63.8 million). We continued our investment with the opening of eight new offices. The number of recruitment consultants was broadly the same as last year at 2,590 (2004: 2,582).

Net fees in Accountancy & Finance were 8% ahead of last year at £78.0 million (2004: £71.9 million). Temporary and permanent recruitment fees both grew during the period. Net fees grew across all of the regions, with the strongest growth in Scotland and the Home Counties. New offices were opened in Torquay, Southend, Macclesfield and Keighley. Recruitment consultant headcount of 948 was 2% higher than last year (2004: 930).

Construction & Property generated net fees of £51.3 million (2004: £49.5 million), 4% ahead of last year. The strongest growth was in Ireland, Scotland and the North East and new offices were opened in Exeter, Hastings and Galway. The number of recruitment consultants was 2% lower than last year at 749 (2004: 763).

Our Information Technology business has generated excellent growth and consistently high profitability over several years. In the period it generated net fee growth of 7% to £15.1 million (2004: £14.1 million). Both temporary and permanent net fees grew during the period. We opened new offices in Manchester and Newcastle and the number of recruitment consultants was consistent with last year at 148.

The development of new recruitment activities within the Group is often "piloted" by the larger specialist businesses in the United Kingdom & Ireland. Having been successfully established, these new activities are then rolled out more widely. The segmental analysis in the United Kingdom & Ireland has been restated to reflect the transfer of a number of these activities from Accountancy & Finance and Construction & Property to other specialist activities.

Within our other specialist activities in the United Kingdom & Ireland, net fees grew by 8% to £40.4 million (2004: £37.4 million). We are successfully rolling out Hays Purchasing & Supply, Hays Executive and Hays Sales & Marketing and each of these businesses grew strongly during the period. Hays Human Resources continued to gain market share and we are now beginning to supply the associated temporary and interim markets. Within our Education business we targeted attractive niche market segments to maintain healthy growth. We are encouraged by the performance of our new Retail business and the growth opportunity that it offers.

We had identified the qualified Health and Social Care sectors as attractive growth markets. In February we acquired RSG, a United Kingdom based specialist recruitment business providing qualified skilled professionals in temporary, contract and permanent placements in the Health and Social Care sectors. The business has an excellent management team with the drive and ability to ensure that we fulfil our ambitious growth objectives. The consideration for the acquisition was £18.5 million cash with up to a further

£3.0 million dependent on profitability over the next three years. In 2005 the business generated net fees of £8.4 million and operating profit of £2.4 million. The acquisition of RSG provides a very strong platform from which to develop the business and to roll out these services across the existing Hays international network and client base.

Continental Europe & Canada

We have continued to aggressively expand our business in Continental Europe & Canada. During the period we started new operations in Italy, opened new offices in Germany, Canada, Spain and France and increased the number of recruitment consultants in the region by 36% to 572 (2004: 421). The region continued to grow strongly and net fees grew by 35% to £32.9 million (2004: £24.3 million) and operating profit of £6.6 million (2004: £3.8 million) increased by 74%. Notably, the conversion rate within Continental Europe & Canada increased to 20.1% despite a substantial level of new investment.

Germany grew strongly with the continued development of our temporary and permanent businesses. Contractor numbers reached record levels and we opened a new

office in Berlin. We expanded our business in France in both temporary and permanent recruitment with the roll out of new activities across the network. A new office was opened in Strasbourg bringing the total number of offices in France to fourteen. In Benelux, the business generated good growth in both net fees and operating profits. After the sustained investment last year in Canada the business has responded with strong growth and there remain excellent opportunities for further expansion. In Spain and Portugal the business grew strongly and a second office was opened in Barcelona.

Throughout Continental Europe & Canada there are excellent opportunities to develop the business. We are continuing our strategy of ambitious investment in order to generate strong growth.

Australia & New Zealand

Our business in Australia & New Zealand continues to produce excellent results and net fees from both temporary and permanent recruitment continued to grow strongly. Overall net fees increased by 43% (34% at constant exchange) to £41.4 million (2004: £28.9 million) and operating profit increased by 57% (46% at constant exchange) to £20.1 million (2004: £12.8 million). All of our specialist activities gained

market share. We are excited by the opportunities to continue the rollout of new activities throughout the region. The number of recruitment consultants increased by 33% to 580 (2004: 437).

International financial reporting standards and foreign exchange

These are the first results we have prepared under International Financial Reporting Standards (IFRS) and the prior year comparatives have been restated accordingly. The impact of the adoption was described in detail in a press release on 8 February 2006, and led to a restatement of operating profit for continuing operations before goodwill amortisation for the six months to 31 December 2004 by £0.2 million (0.25%).

The impact of movements in foreign exchange rates since last year has been favourable, adding £1.0 million (1%) to operating profit.

Tax, Earnings Per Share and discontinued operations

Tax on continuing operations for the period was £29.6 million, an effective rate of 31.3% (2004: 31.6%). This is slightly better than last year and we expect it to remain in the range

31.0% to 31.5% for the foreseeable future. Basic Earnings Per Share from continuing operations for the period of 4.16 pence per share were 28% ahead of last year (2004: 3.24 pence per share). The improvement in Earnings Per Share arises from the strong growth in post tax profits, 17% ahead of last year, combined with the favourable effects of the accretion from the share buy-back programme to date.

A profit from discontinued operations of £17.2 million in the period relates to the write-back of tax-related accruals that are no longer required. Since the balance sheet date, the Group has disposed of a surplus freehold property which gave rise to a gain on disposal of £6.1 million and a net cash inflow of £3.4 million.

Cash flow

Cash flow was once again very strong with net cash from continuing operations of £83.9 million after investing £13.3 million in additional working capital, commensurate with the growth in the business. Tax paid on continuing operations was £26.4 million. In addition a one-off tax repayment of £19.3 million was received in respect of discontinued operations. Net capital expenditure on new office accommodation, IT equipment and

refurbishments was £3.3 million. £10.6 million was paid in respect of residual liabilities, in line with earlier guidance. £35.6 million was paid out in dividends and £168.1 million was used to buy-back our own shares, leaving net debt of £73.4 million at the end of the period.

Retirement benefits

The Group's pension obligations under IAS 19 are shown on the balance sheet for the first time. The liability of £87.3 million (£61.1 million net of deferred tax) is higher than in June 2005 principally due to further falls in AA bond yields used to discount liabilities to 4.73% accompanied by increasing inflation to 2.75%. The liability is based on the latest mortality assumptions which have added 3 years to average life expectancy. The Group and the trustee are considering the options available to address the deficit.

Dividends and capital structure

In November 2004 the Group commenced a programme to return surplus cash from the disposal of non-core activities via a buy-back of its own shares. The Group has now purchased 247.8 million shares representing 14.3% of the share capital of the Company at a cost of

£312.3 million. Future cash flow generated from the Group's operations will be used to finance the organic expansion of the business, acquisitions and dividend payments. Share buy-backs will continue to be used to return to shareholders surplus cash that is not required for these purposes.

The Group has continued to generate impressive levels of profit and cash and consequently the Board has decided to pay an interim dividend of 1.45 pence per share. This represents an increase of 28% on last year, with 15% of this increase attributable to the accretive effects of the share buy-back programme and 13% attributable to the underlying growth in profitability of the business. The dividend is payable on Friday 26 May 2006 to shareholders on the register at the close of business on Friday 21 April 2006. The Board remains committed to making sustainable and progressive dividend payments in the future.

In February the Group established a new Revolving Credit Facility with a syndicate of 11 banks. The five year facility, which was heavily oversubscribed, closed at £460 million. The Group has also reviewed the appropriate capital structure in light of its aggressive growth plans, and the Board

believes that it is appropriate to target a net debt range of £150 million to £250 million for the foreseeable future.

Management and employees

This strong set of results continues to demonstrate the ability of our staff and their enthusiasm to provide excellent service to our clients and candidates. I would like to record the Board's appreciation for their dedication and commitment.

John Martin, who joined the Group in 2000 and was appointed to the Board in 2003 has resigned his position to become Chief Financial Officer of Travelex and will leave the Group in March 2006. John worked tirelessly on the transformation and refocusing of Hays into a specialist recruitment group and we wish him every success in the further development of his career. Paul Venables, previously Deputy Finance Director of Exel plc, will join the Group in May 2006 as the new Group Finance Director. We are delighted to welcome Paul to the Board of Hays where he will contribute significantly to the ongoing growth and development of the business.

Outlook

The business has generated net fee growth of approximately 13% since the start of January, with growth rates across our

regions broadly similar to the last six months. If growth continues at these rates, the full year performance is now likely to be towards the top end of current market expectations.

Our plans for investment and expansion, both in international markets and within the United Kingdom & Ireland, will continue in the second half of our financial year.



Bob Lawson
Chairman

Consolidated Income Statement

(In £'s million)		Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited and restated*)	Year to 30 June 2005 (Restated*)
	Note			
Turnover				
Continuing operations	3	888.7	800.7	1,640.4
Net fees**				
Continuing operations	3	259.1	226.1	470.6
Profit from operations				
Continuing operations	3	94.1	80.4	166.2
Finance income		2.0	2.5	6.4
Finance cost		(1.5)	(1.8)	(4.9)
	4	0.5	0.7	1.5
Profit before tax		94.6	81.1	167.7
Tax	5	(29.6)	(25.6)	(52.5)
Profit from continuing operations after tax		65.0	55.5	115.2
Profit from discontinued operations after tax	6	17.2	7.2	30.7
Profit attributable to equity holders		82.2	62.7	145.9
Earnings per share from continuing operations				
– Basic	8	4.16p	3.24p	6.82p
– Diluted	8	4.14p	3.23p	6.75p
Earnings per share from discontinued operations				
– Basic	8	1.10p	0.42p	1.82p
– Diluted	8	1.09p	0.42p	1.80p
Total earnings per share				
– Basic	8	5.26p	3.66p	8.64p
– Diluted	8	5.23p	3.65p	8.55p

* All comparative data for the six months ended 31 December 2004 and for the year ended 30 June 2005 has been restated to take into account the effects of International Financial Reporting Standards as described in note 2.

** Net fees are equal to turnover less payroll costs of temporary contractors and workers.

Consolidated Balance Sheet

(In £'s million)		31 December 2005 (Unaudited)	31 December 2004 (Unaudited)	30 June 2005
	Note			
Goodwill		100.3	101.9	99.4
Other intangible assets		1.6	1.1	1.4
Property, plant & equipment		18.4	16.4	18.1
Deferred tax assets		32.5	34.9	27.1
Non-current assets		152.8	154.3	146.0
Trade & other receivables		311.7	291.7	292.6
Cash & cash equivalents		33.7	115.0	71.2
Current assets		345.4	406.7	363.8
Assets held for sale		–	0.2	0.2
Total assets		498.2	561.2	510.0
Bank loans & overdrafts		(107.0)	(1.2)	(6.8)
Trade & other payables		(165.7)	(143.0)	(169.1)
Tax liabilities		(91.8)	(92.7)	(79.7)
Obligations under finance leases		(0.1)	–	(0.1)
Current liabilities		(364.6)	(236.9)	(255.7)
Trade & other payables		–	(9.2)	–
Retirement benefit obligations	9	(87.3)	(85.7)	(69.7)
Deferred tax liabilities		(2.3)	(2.6)	(2.2)
Provisions & other liabilities	10	(64.8)	(108.3)	(76.4)
Obligations under finance leases		–	(0.1)	–
Non-current liabilities		(154.4)	(205.9)	(148.3)
Total liabilities		(519.0)	(442.8)	(404.0)
Net (liabilities)/assets		(20.8)	118.4	106.0
Called up share capital		16.5	17.4	17.4
Capital redemption reserve		0.9	–	–
Share premium account		369.6	369.5	369.6
Retained earnings		(411.6)	(261.1)	(278.8)
Other reserves		3.8	(7.4)	(2.2)
Total equity		(20.8)	118.4	106.0

Consolidated Cash Flow Statement

(In £'s million)		Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
	Note			
Cash flow from operating activities				
Profit from continuing operations		94.1	80.4	166.2
Depreciation		3.1	3.9	6.5
Movements in working capital and employee benefits		(13.3)	(9.2)	(14.7)
Net cash from continuing operations		83.9	75.1	158.0
Tax paid on continuing operations		(26.4)	(17.6)	(55.3)
Discontinued operations (net of tax)		19.3	(27.1)	3.3
Net cash from operations		76.8	30.4	106.0
Investing activities				
Purchases of property, plant & machinery		(3.5)	(4.5)	(10.5)
Proceeds from sale of property, plant & machinery		0.2	4.7	0.4
Sale of businesses & related assets		(10.6)	–	(6.8)
Amounts paid in respect of prior years acquisitions		(1.6)	–	–
Net repayment of DX Services loan notes		–	68.1	68.1
Net cash generated from investing activities		(15.5)	68.3	51.2
Financing activities				
Dividends paid		(35.6)	(34.4)	(53.4)
Purchase of own shares		2.7	–	6.9
Net proceeds from issue of ordinary share capital		–	–	0.2
Share buy-back programme		(168.1)	(30.4)	(128.1)
Repayment of debt		–	–	(0.8)
Increase in bank overdraft		100.6	0.4	6.4
Interest received		3.2	2.5	6.4
Interest paid		(1.6)	(1.2)	(3.0)
Net cash used in financing activities		(98.8)	(63.1)	(165.4)
Net (decrease)/increase in cash & cash equivalents	11	(37.5)	35.6	(8.2)
Cash & cash equivalents at beginning of period		71.2	79.4	79.4
Cash & cash equivalents at end of period		33.7	115.0	71.2

Bank loans, overdrafts and finance lease obligations at beginning of period				
		(6.9)	(2.0)	(2.0)
Increase in period		(100.6)	(0.4)	(6.4)
Effect of exchange rate movements		0.4	1.1	1.5
Bank loans, overdrafts and finance lease obligations at end of period				
		(107.1)	(1.3)	(6.9)
Net (debt)/cash at end of period	11	(73.4)	113.7	64.3

Consolidated Reconciliation of Movements in Equity

For the six months ended 31 December 2005

(In £'s million)	Share capital	Capital redemption reserve	Share premium	Retained earnings	Other reserves	Total
Balance at 1 July 2005	17.4	–	369.6	(278.8)	(2.2)	106.0
Currency translation adjustments	–	–	–	–	1.3	1.3
Actuarial losses on defined benefit pension scheme	–	–	–	(16.2)	–	(16.2)
Tax on items taken directly to reserves	–	–	–	4.9	–	4.9
Net (expense)/income recognised directly in equity	–	–	–	(11.3)	1.3	(10.0)
Profit for the period	–	–	–	82.2	–	82.2
Total recognised income for the period	–	–	–	70.9	1.3	72.2
Dividends paid	–	–	–	(35.6)	–	(35.6)
Share based payment schemes	–	–	–	–	2.0	2.0
Cancellation of shares	(0.9)	0.9	–	–	–	–
Disposal of own shares	–	–	–	–	2.7	2.7
Share buy-back	–	–	–	(168.1)	–	(168.1)
Balance at 31 December 2005	16.5	0.9	369.6	(411.6)	3.8	(20.8)

Consolidated Reconciliation of Movements in Equity – Other Reserves

For the six months ended 31 December 2005

(In £'s million)	Own shares	Equity reserve	Cumulative translation	Total
Balance at 1 July 2005	(9.4)	4.4	2.8	(2.2)
Currency translation adjustments	–	–	1.3	1.3
Total recognised income/(expense) for the period	–	–	1.3	1.3
Share based payment schemes	–	2.0	–	2.0
Disposal of own shares	2.7	–	–	2.7
Balance at 31 December 2005	(6.7)	6.4	4.1	3.8

Consolidated Statement of Recognised Income & Expense

For the six months ended 31 December 2005

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Profit for the period	82.2	62.7	145.9
Currency translation adjustments	1.3	4.3	2.8
Actuarial (losses)/profits on defined benefit pension scheme	(16.2)	(14.0)	4.6
Tax on items taken directly to reserves	4.9	4.2	(1.3)
	72.2	57.2	152.0

Notes to the Accounts

1 Statement under S240 – publication of non statutory accounts

The interim financial statement has been prepared in accordance with applicable International Financial Reporting Standards (IFRS). The information for the year ended 30 June 2005 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for that year prepared under UK GAAP has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

2 Basis of preparation of Interim financial information

Hays plc will be presenting its 30 June 2006 financial statements in accordance with applicable International Financial Reporting Standards which are effective at 30 June 2006.

The same accounting policies and methods of computation have been followed in these interim financial statements. These accounting policies were published by Hays plc on 8 February 2006 and are available on the Group's website on www.haysplc.com. These accounting policies have been used consistently in dealing with items which are considered material.

The disclosures concerning the transition from UK GAAP to IFRS, namely the reconciliations of the balance sheet at 1 July 2004 (the date of transition to IFRS), at 30 June 2005 (the date of the last UK GAAP financial statements) and at 31 December 2004 and the reconciliations of profit and cash flows for the year ended 30 June 2005, as required by IFRS 1, and for the six months ended 31 December 2004, were published on the Group's website www.haysplc.com on 8 February 2006.

3 Segmental information

Turnover, Net fees and Profit from continuing operations

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Turnover			
United Kingdom & Ireland	623.2	604.3	1,223.4
Continental Europe & Canada	129.8	101.8	216.7
Australia & New Zealand	135.7	94.6	200.3
	888.7	800.7	1,640.4
Net fees			
United Kingdom & Ireland	184.8	172.9	354.7
Continental Europe & Canada	32.9	24.3	53.3
Australia & New Zealand	41.4	28.9	62.6
	259.1	226.1	470.6
Profit from operations			
United Kingdom & Ireland	67.4	63.8	129.9
Continental Europe & Canada	6.6	3.8	8.4
Australia & New Zealand	20.1	12.8	27.9
	94.1	80.4	166.2

4 Net investment income

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Investment income			
Interest on bank deposits	2.0	2.5	6.4
Finance costs			
Bank overdrafts and other loans	(2.0)	(0.7)	(2.4)
Other finance costs in respect of pensions	0.5	(1.1)	(2.5)
	(1.5)	(1.8)	(4.9)
	0.5	0.7	1.5

5 Taxation on ordinary activities

The tax charge for the six months to 31 December 2005 is based on the estimated effective rate for the full year of 31.3%.

6 Profit from discontinued operations

Between March 2003 and November 2004 the Group completed the disposal of a number of non-core activities to focus entirely on Specialist Recruitment. The level of provisions established at that time has been reviewed in light of subsequent events and this has led to the write-back of £17.2 million of tax-related accruals.

7 Dividends

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Amounts recognised per ordinary share as distributions to equity holders in the period:			
Final dividend for the year ended 30 June 2004 of 2.0 pence per share	–	34.4	34.4
Interim dividend for the period to 31 December 2004 of 1.13 pence per share	–	–	19.0
Final dividend for the year ended 30 June 2005 of 2.27 pence per share	35.6	–	–
	35.6	34.4	53.4

The proposed interim dividend for the period ended 31 December 2005 of 1.45 pence per share is not included as a liability in the balance sheet as at 31 December 2005.

Notes to the Accounts

continued

8 Earnings per share

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Earnings from continuing operations	94.6	81.1	167.7
Tax on earnings from continuing operations	(29.6)	(25.6)	(52.5)
Basic earnings from continuing operations	65.0	55.5	115.2
Earnings from discontinued operations	–	10.5	33.6
Tax on earnings from discontinued operations	17.2	(3.3)	(2.9)
Basic earnings from discontinued operations	17.2	7.2	30.7
Number of shares (million):			
Weighted average number of shares	1,564.2	1,712.1	1,690.0
Dilution effect of share options	6.9	8.4	15.8
Weighted average number of shares used for diluted EPS	1,571.1	1,720.5	1,705.8
Basic earnings per share from continuing operations	4.16p	3.24p	6.82p
Basic earnings per share from discontinued operations	1.10p	0.42p	1.82p
Total basic earnings per share	5.26p	3.66p	8.64p
Diluted earnings per share from continuing operations	4.14p	3.23p	6.75p
Diluted earnings per share from discontinued operations	1.09p	0.42p	1.80p
Total diluted earnings per share	5.23p	3.65p	8.55p

9 Retirement benefit obligations

(In £'s million)	Six months to 31 December 2005 (Unaudited)	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005
Deficit in scheme brought forward	(69.7)	(69.2)	(69.2)
Current service cost	(4.3)	(3.9)	(7.7)
Contributions and other	2.4	2.5	5.1
Finance income/(charge)	0.5	(1.1)	(2.5)
Actuarial (loss)/profit	(16.2)	(14.0)	4.6
Deficit in scheme carried forward	(87.3)	(85.7)	(69.7)

10 Provisions and other liabilities

(In £'s million)	Property	Deferred employee benefits	Other	Total
Balance at 1 July 2005	26.2	2.4	47.8	76.4
Exchange adjustments	–	–	0.1	0.1
Charged to Income Statement	–	–	0.1	0.1
Utilised	(1.6)	(0.3)	(9.9)	(11.8)
	24.6	2.1	38.1	64.8

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2015. Deferred employee benefits include provision for the Performance Share Scheme and other employee related provisions. It is not possible to estimate the timing of payments against the deferred employee benefit provision. Other provisions comprise liabilities arising as a result of business disposals and the Group transformation.

11 Movement in net cash/(debt)

(In £'s million)	1 July 2005	Cash flow	Exchange movement	31 December 2005
Cash & cash equivalents	71.2	(37.5)	–	33.7
Bank loans and overdrafts	(6.8)	(100.6)	0.4	(107.0)
Finance leases	(0.1)	–	–	(0.1)
Net cash/(debt)	64.3	(138.1)	0.4	(73.4)

The table above is presented as additional information to show movement in net cash/(debt), defined as cash and cash equivalents less overdrafts, bank loans and finance leases.

12 Events after the balance sheet date

As part of the share buy-back programme, the Company has purchased an additional 12.6 million shares for a total cost of £16.1 million since the balance sheet date.

On 2 February 2006 the Group acquired RSG, a UK based specialist recruitment business providing qualified skilled professionals in temporary, contract and permanent placements in the Health and Social Care sectors. The consideration for the acquisition was £18.5 million cash with up to a further £3.0 million dependent on profitability over the next three years.

On 17 February 2006 the Group disposed of a surplus freehold property with a book value of £1.3 million for gross consideration of £8.4 million. The transaction gave rise to a gain on disposal of £6.1 million and, after deducting a cash deposit held at the balance sheet date, led to a cash inflow of £3.4 million.

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 2005 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated reconciliation of movements in equity, the consolidated statement of recognised income and expense 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.

International Financial Reporting Standards

As disclosed in note 2, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards and the disclosure requirements of the Listing Rules.

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 International Standards on Auditing (UK and Ireland) 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 2005.

Deloitte & Touche LLP

Chartered Accountants
London
United Kingdom
27 February 2006

Shareholder Information

Enquiries

Please refer enquiries concerning the administrative arrangements of your shareholding (including: dividend payment enquiries; dividend mandate instructions; loss of share certificates/dividend warrants/tax vouchers; change of address; transfers to another person; and amalgamation of accounts), to:

Lloyds TSB Registrars

The Causeway

Worthing

West Sussex BN99 6DA

Telephone: +44 (0) 870 600 3970

Textphone: +44 (0) 870 600 3950

You can access your shareholding details and a range of other shareholder services at the Lloyds TSB Registrars' website www.shareview.co.uk

Information

Further information on the Company, including its share price and the 2005 Annual Report can be obtained on our website www.haysplc.com.

Capital Gains Tax base cost of Hays shares

Following the demerger of DX Services Plc on 1 November 2004, the original base cost of your Hays plc shares for Capital Gains Tax purposes should be allocated between your Hays plc shares and the DX Services Plc shares that you received as follows:

Hays plc shares 89.57%

DX Services Plc shares 10.43%

For example, suppose you held 100 Hays plc shares for which the base cost is £100. Immediately after the demerger, you held 100 Hays plc shares and 5 DX Services Plc shares. The £100 cost should be allocated between these shares as follows:

Hays plc shares $89.57\% \times £100 = £89.57$, or £0.90 per share

DX Services Plc shares $10.43\% \times £100 = £10.43$, or £2.09 per share

If you are in any doubt about the allocation of the base cost between the shares of the two companies, you should consult your tax advisor.

Financial calendar

Interim Dividend	26 May 2006
Preliminary Announcement	September 2006
Annual Report posted	October 2006
Annual General Meeting	November 2006
Final Dividend	November 2006

Registered office

141 Moorgate

London EC2M 6TX

Telephone +44 (0) 20 7628 9999

Shareholder Information

continued

Share price information

Information concerning the day to day movement of the share price of the Company can be found on our website www.haysplc.com or that of the London Stock Exchange www.prices.londonstockexchange.com.

Dealing service

Cazenove & Co Ltd operates a postal dealing service for Ordinary shares in Hays plc. This provides for the sale or purchase of shares at a basic commission of 1% subject to a £10 minimum charge. Further information is available from: Cazenove & Co Ltd, 20 Moorgate, London EC2R 6DA. Telephone: +44 (0) 20 7155 5155. Website: www.cazenove.com

Lloyds TSB Registrars offer Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. You can deal in your shares on the internet or by phone. Log on to www.shareview.co.uk/dealing or call them on +44 (0) 870 850 0852 between 8.30am and 4.30pm, Monday to Friday, for more information about this service and for details of their rates. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate.

ShareGift

ShareGift is a charity share donation scheme for shareholders administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who may wish to dispose of a small parcel of shares whose value makes it uneconomic to sell on a normal commission basis.

Further information can be obtained from www.sharegift.org or from Lloyds TSB Registrars.

Corporate Individual Savings Account

The Hays plc Single Company ISA is available to existing and prospective shareholders in Hays plc. Further information is available from: Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6UY. Telephone: +44 (0) 870 242 4244. Website: www.lloydstsb-registrars.co.uk

Dividend Re-investment Plan (DRIP)

The Company has introduced a DRIP to allow shareholders to re-invest the cash dividend that they receive in shares on competitive dealing terms.

Further information is available from: The Share Dividend Team, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA. Telephone: +44 (0) 870 600 3970. Website: www.lloydstsb-registrars.co.uk

Unsolicited mail

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact: The Mailing Preference Service, FREEPOST 22, London W1E 7EZ. Telephone: +44 (0) 845 703 4599. Website: www.mpsonline.org.uk

Specialist Recruitment haysplc.com

Australia Austria Belgium Canada Czech Republic France
Germany Hong Kong Ireland Italy Luxembourg Netherlands
New Zealand Poland Portugal Spain Sweden Switzerland
United Arab Emirates United Kingdom

