

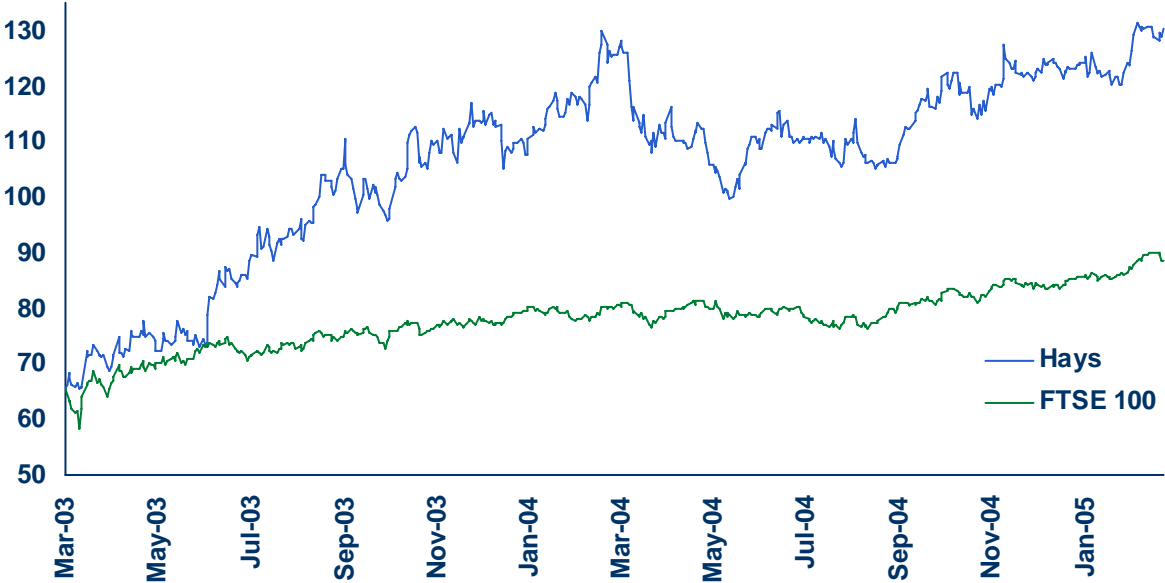
Interim Results
Six months ended 31 December 2004

Bob Lawson
Chairman

Specialist Recruitment highlights

- Continued strong net fee growth + 18%
- Operating profit growth + 28%
- Interim dividend growth + 13%
- Net cash generation +£36m
- Good progress with share buy back to date £53m
- Successful demerger of DX Services plc

Group transformation



March 2003: “the biggest opportunities and those on which we will focus our attention are within the Specialist Recruitment business”

Denis Waxman
Group Chief Executive

Specialist Recruitment highlights

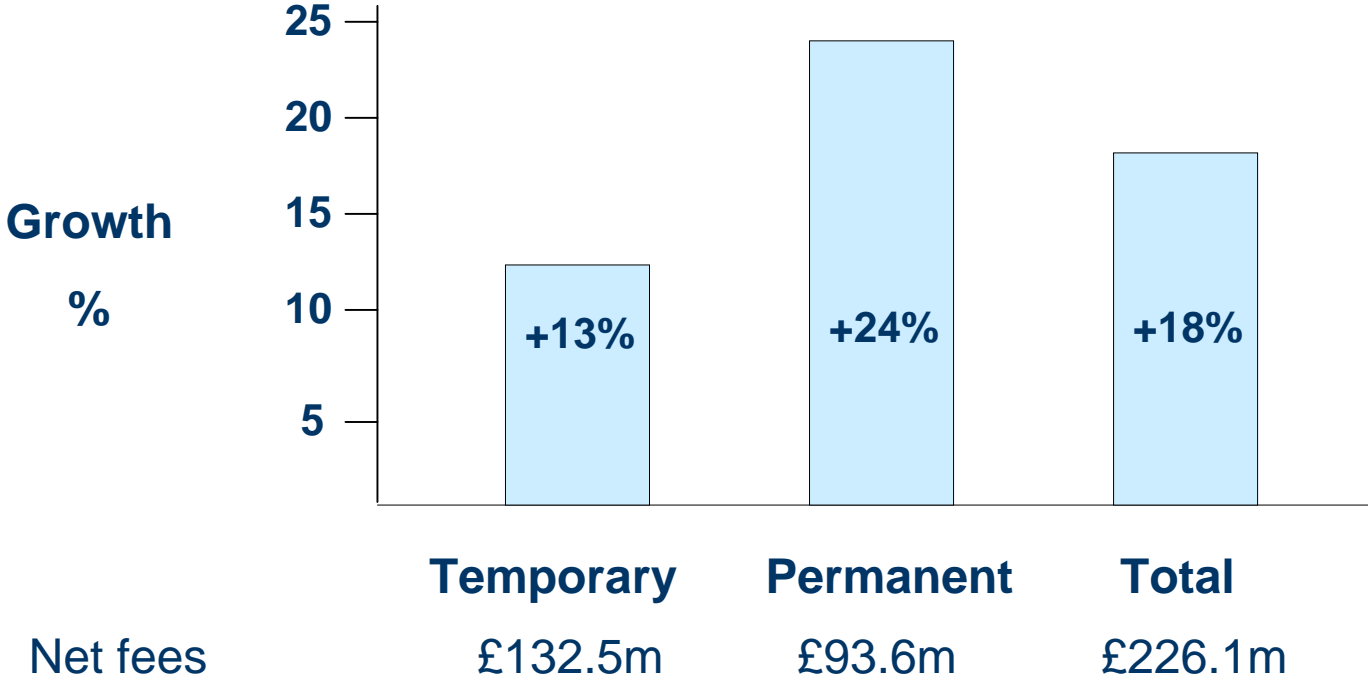
- Strong growth in all 16 countries

- Impressive productivity improvements
 - Net fees per employee +8.8%
 - Conversion rate +2.9%

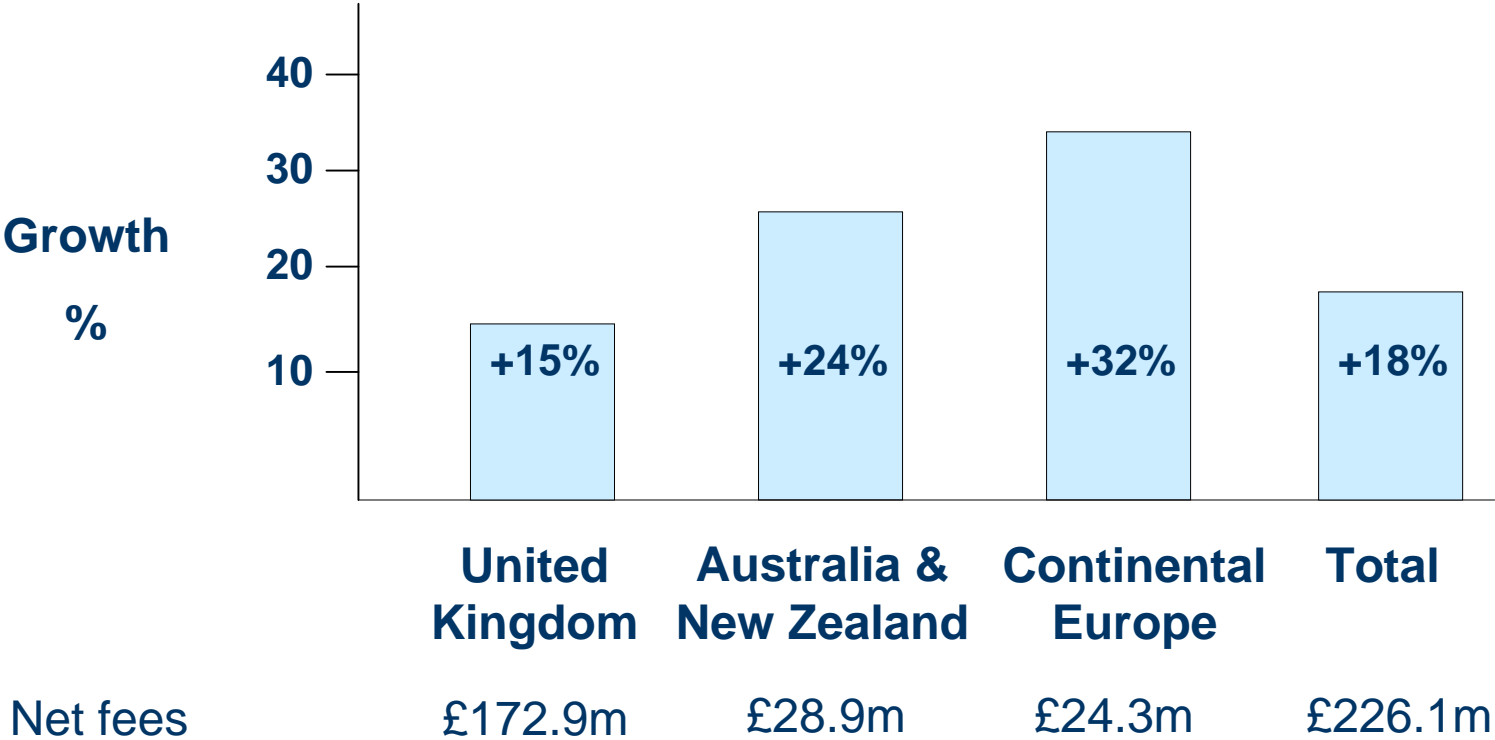
- Continued investment for the future
 - Recruitment consultants +14%
 - New offices +15

Record net fees and operating profit in Specialist Recruitment

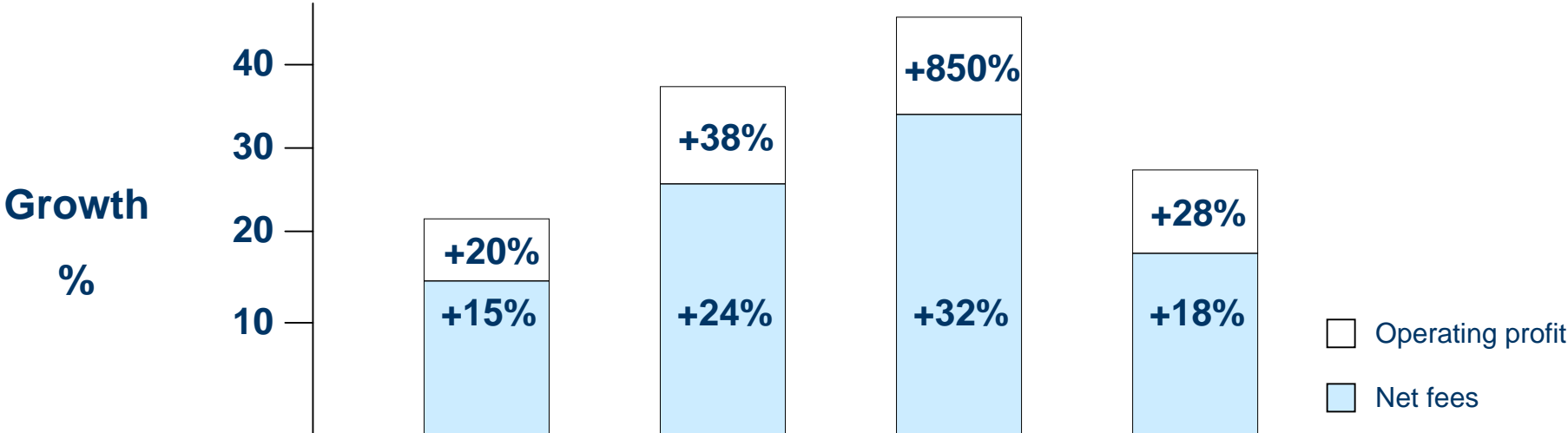
Continuing net fee growth



Net fee growth in every region



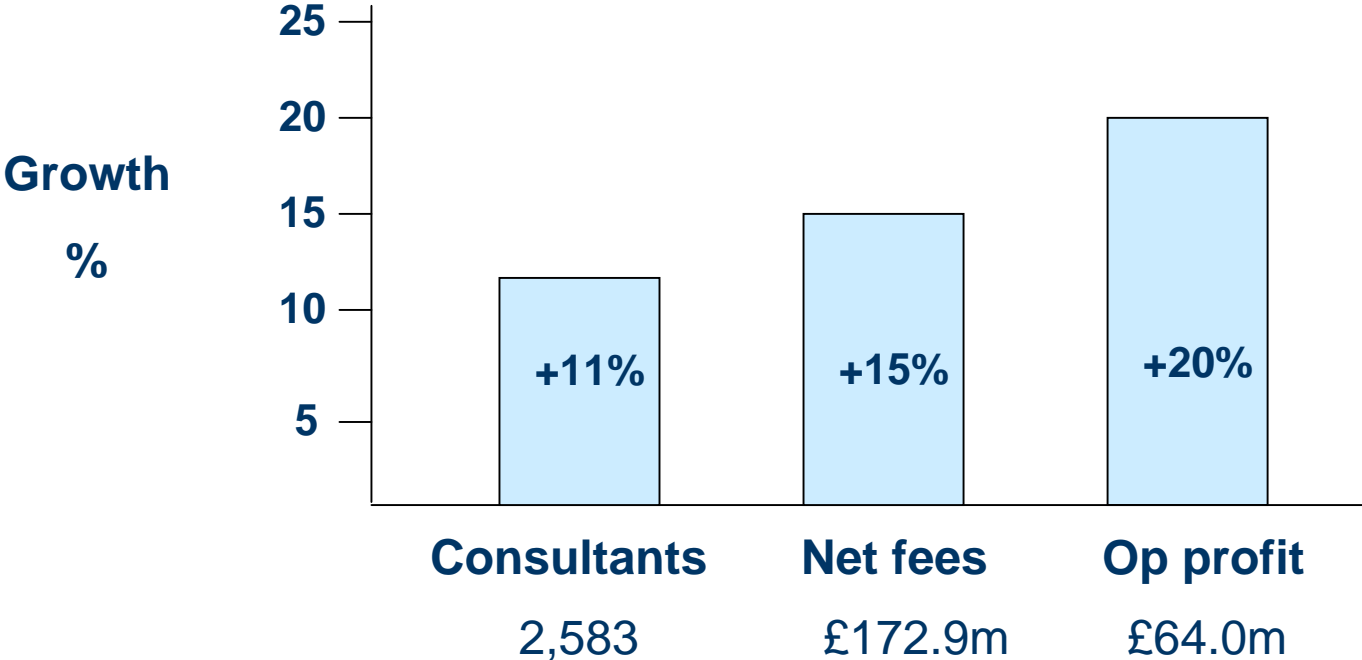
Operating profit growth in every region



United Kingdom Australia & New Zealand Continental Europe Total

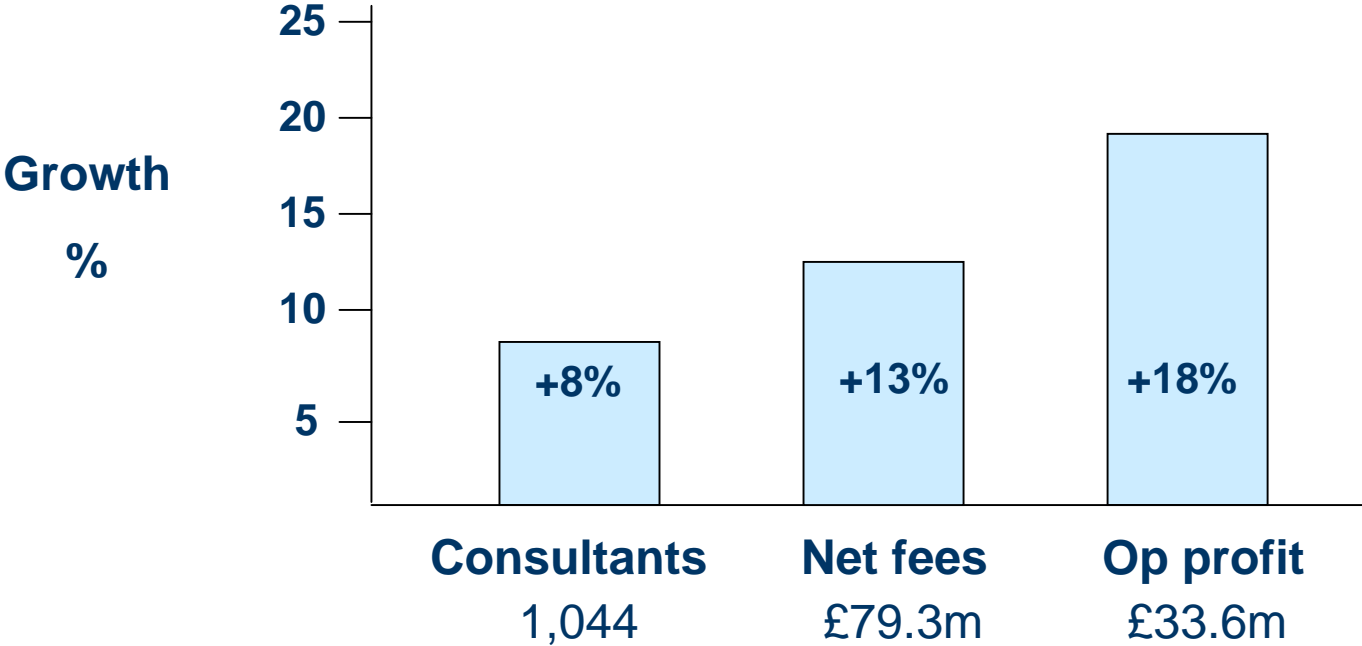
Net fees	£172.9m	£28.9m	£24.3m	£226.1m
Op profit	£64.0m	£12.8m	£3.8m	£80.6m

United Kingdom & Ireland



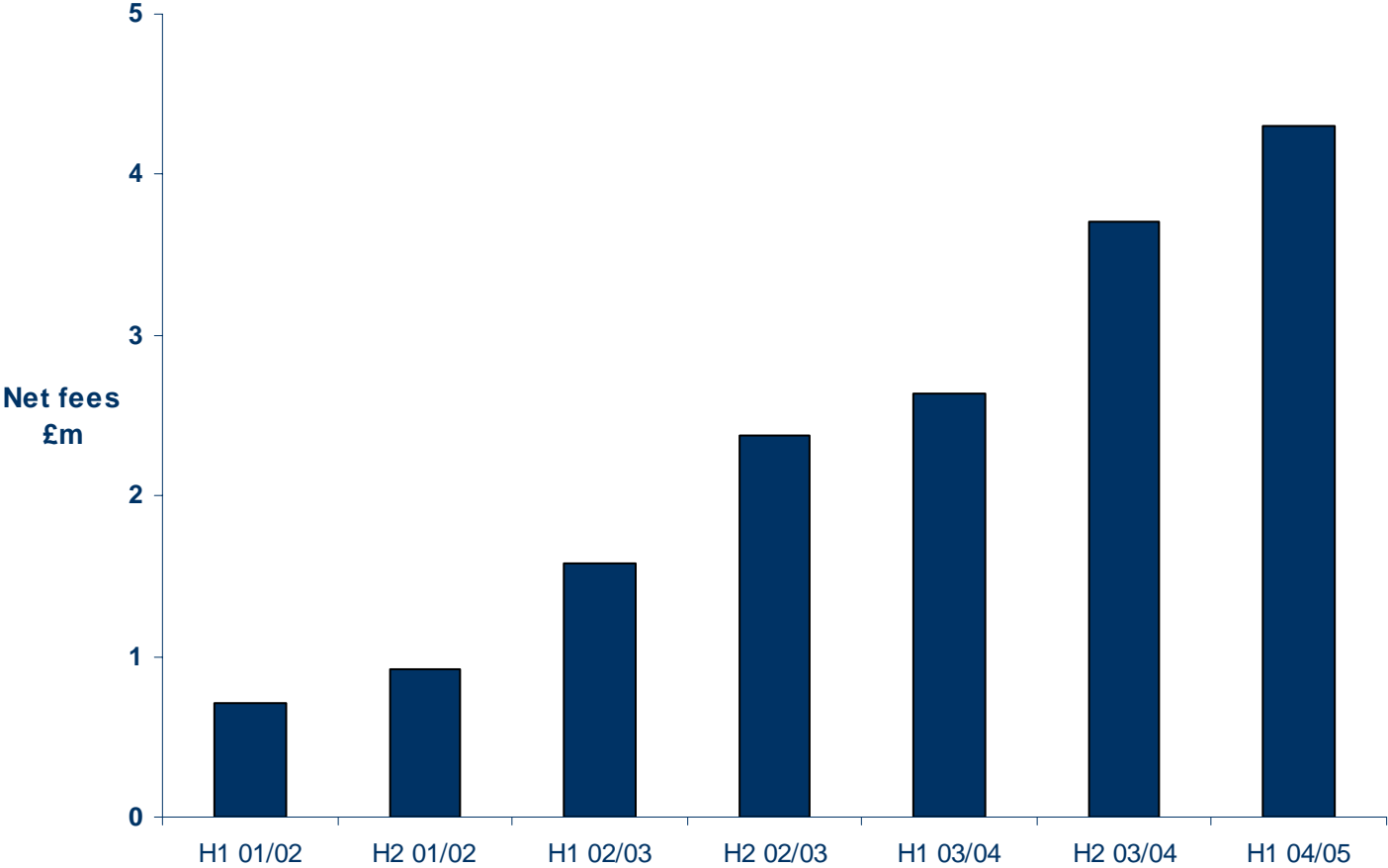
- Continued good fee growth in all major segments
- Growth widespread throughout the regions
- Strong performance of new start-up activities

United Kingdom – Accountancy & Finance

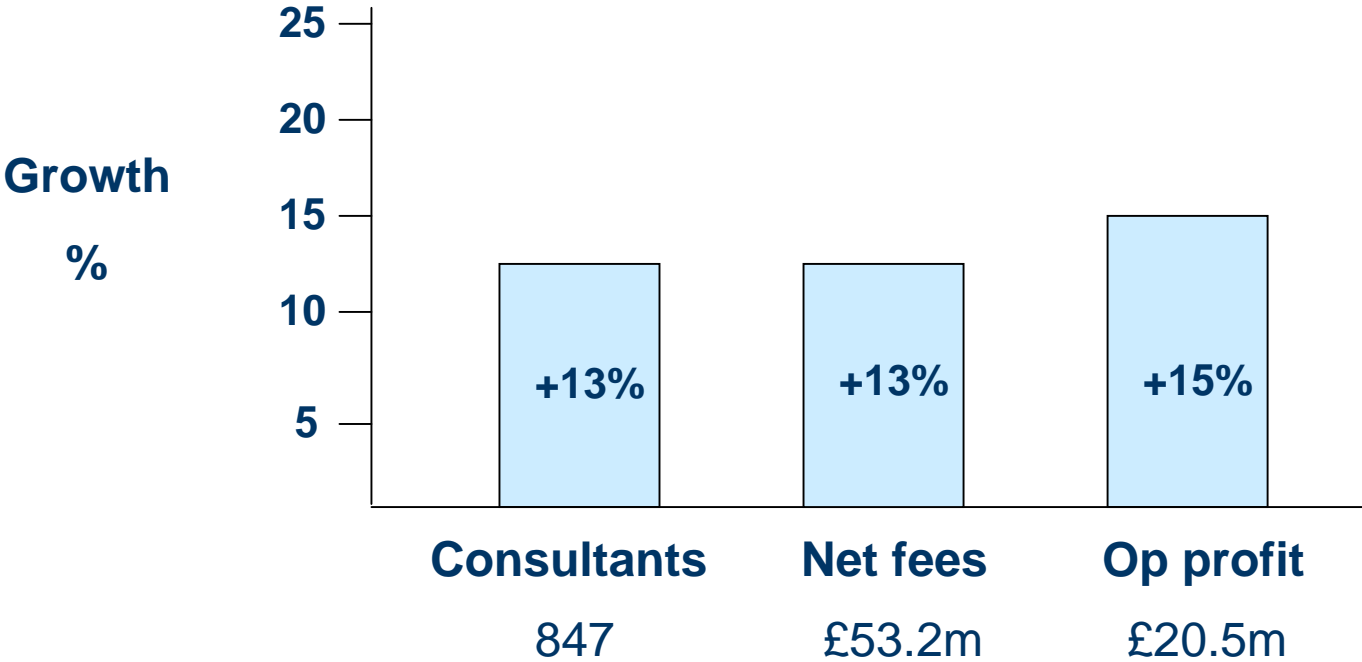


- Growth widespread throughout the regions
- Continued development and growth of new specialist activities

United Kingdom - Hays Human Resources

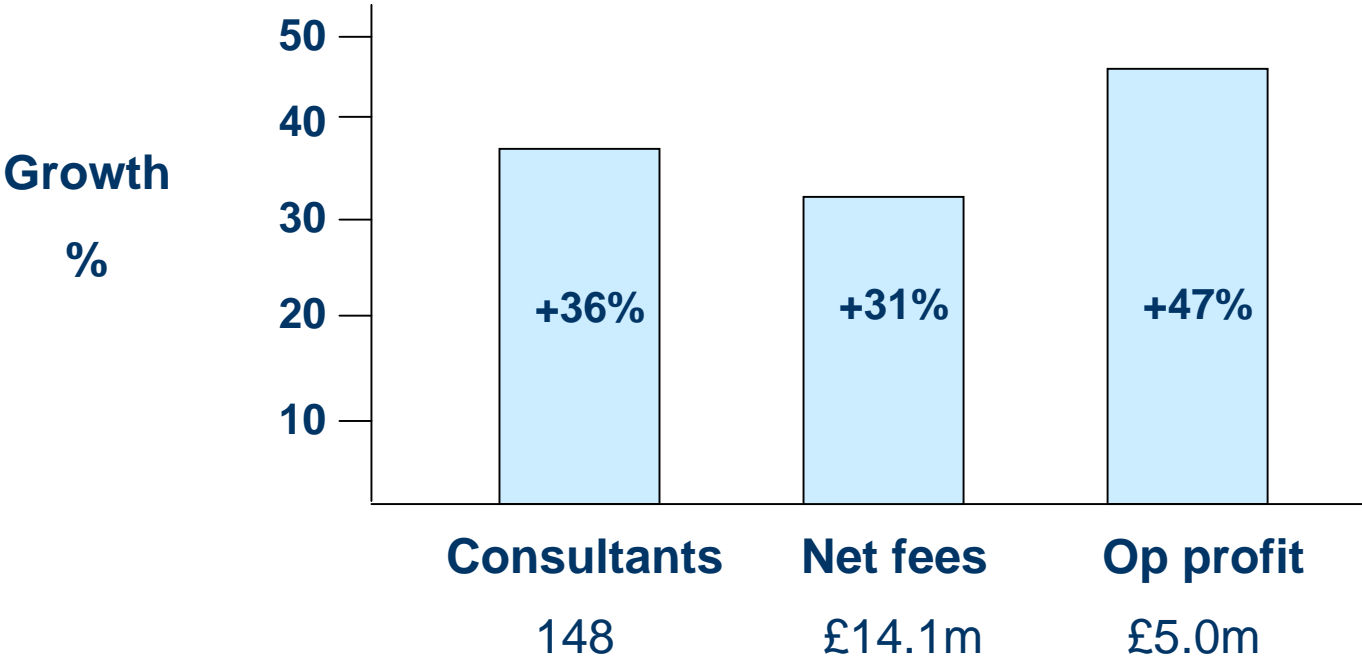


United Kingdom – Construction & Property



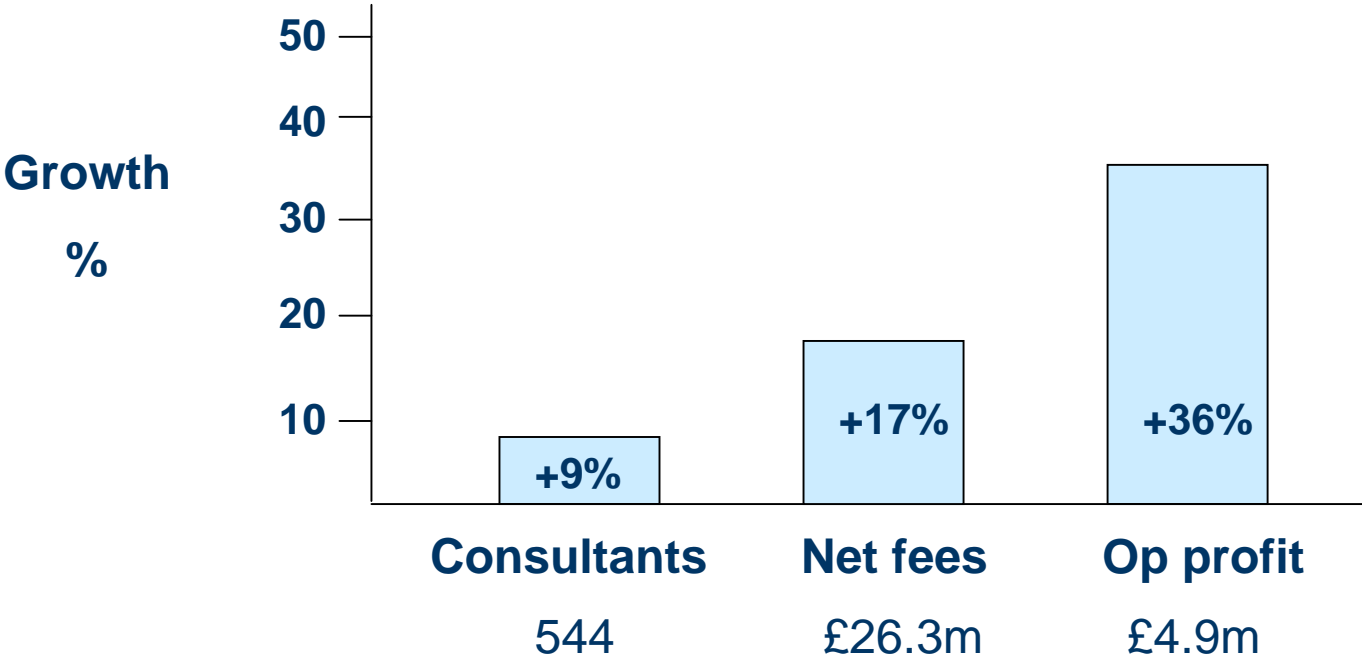
- Double digit temp and perm fee growth
- Continued good growth, including public sector

United Kingdom – Information Technology



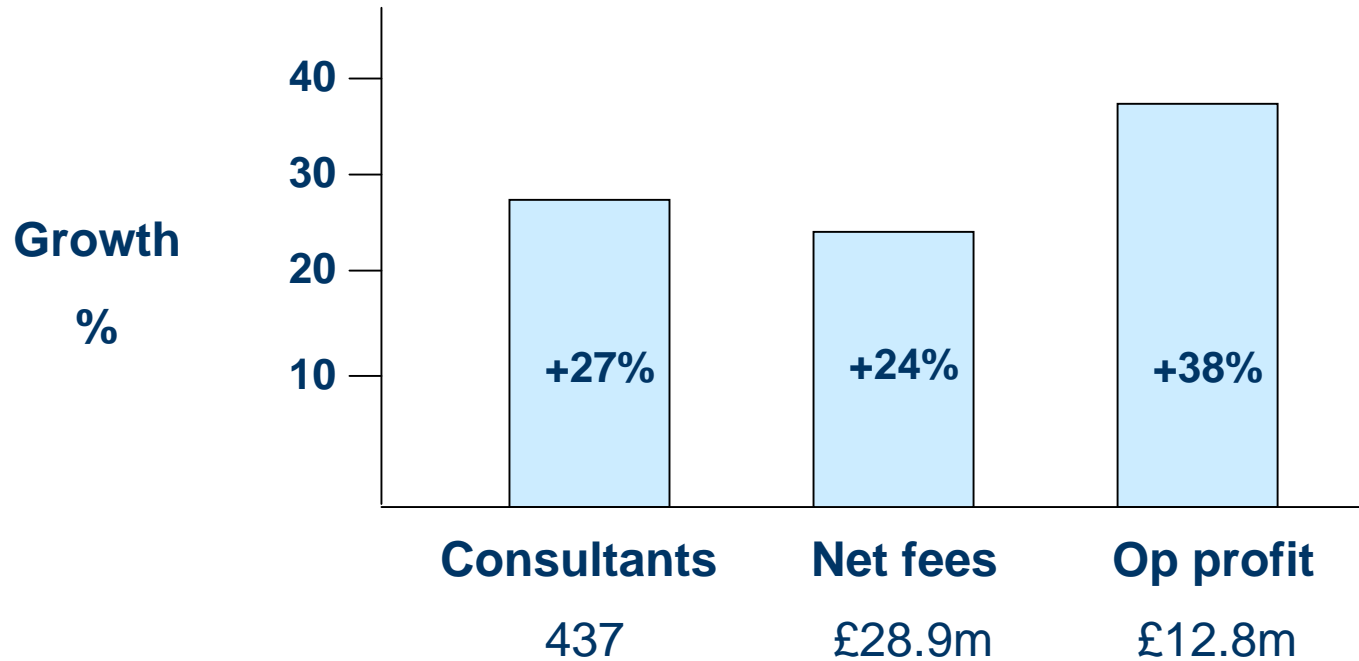
- Record number of contractors
- Strong growth and good pricing in perm placements
- Excellent productivity

United Kingdom - other specialist activities



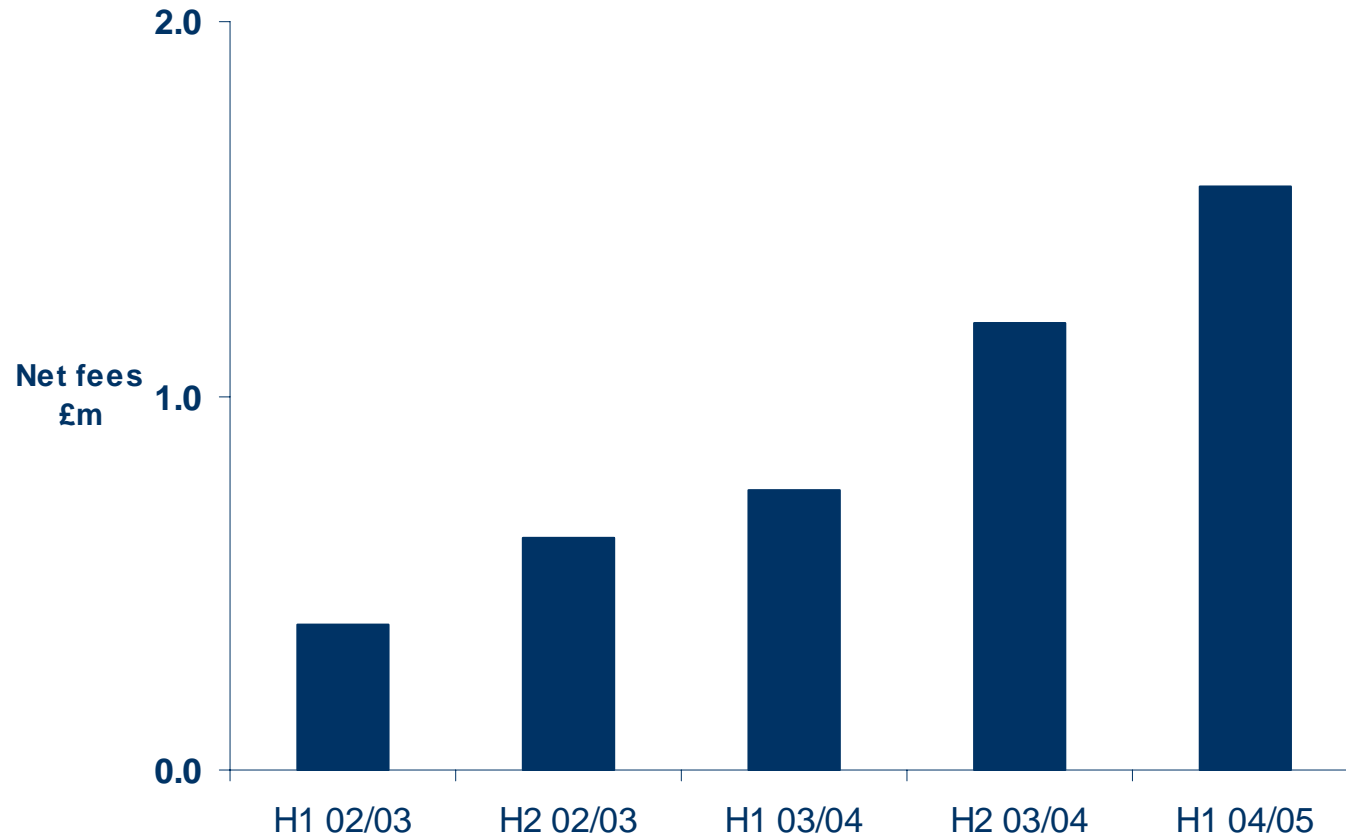
- Strong performance from Legal & Banking
- Continued good growth in Education

Australia & New Zealand

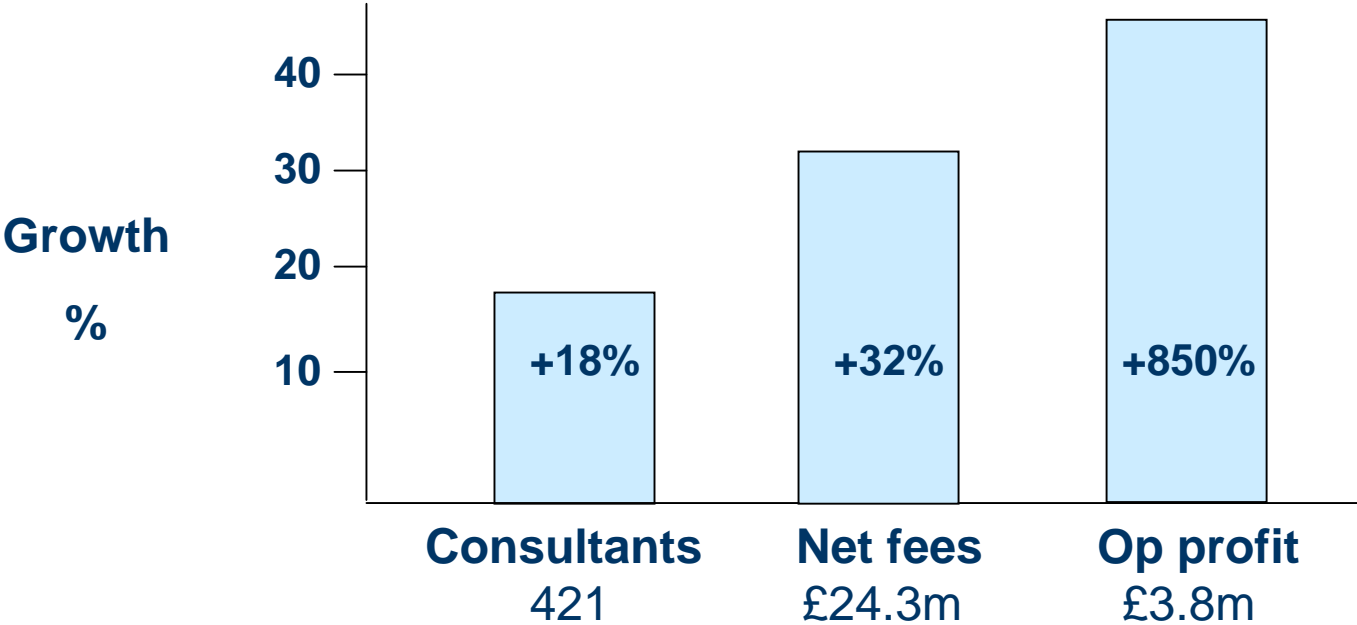


- Growth across all specialist activities
- Strong perm placements and good pricing
- Record conversion rate

Hays Resources & Mining

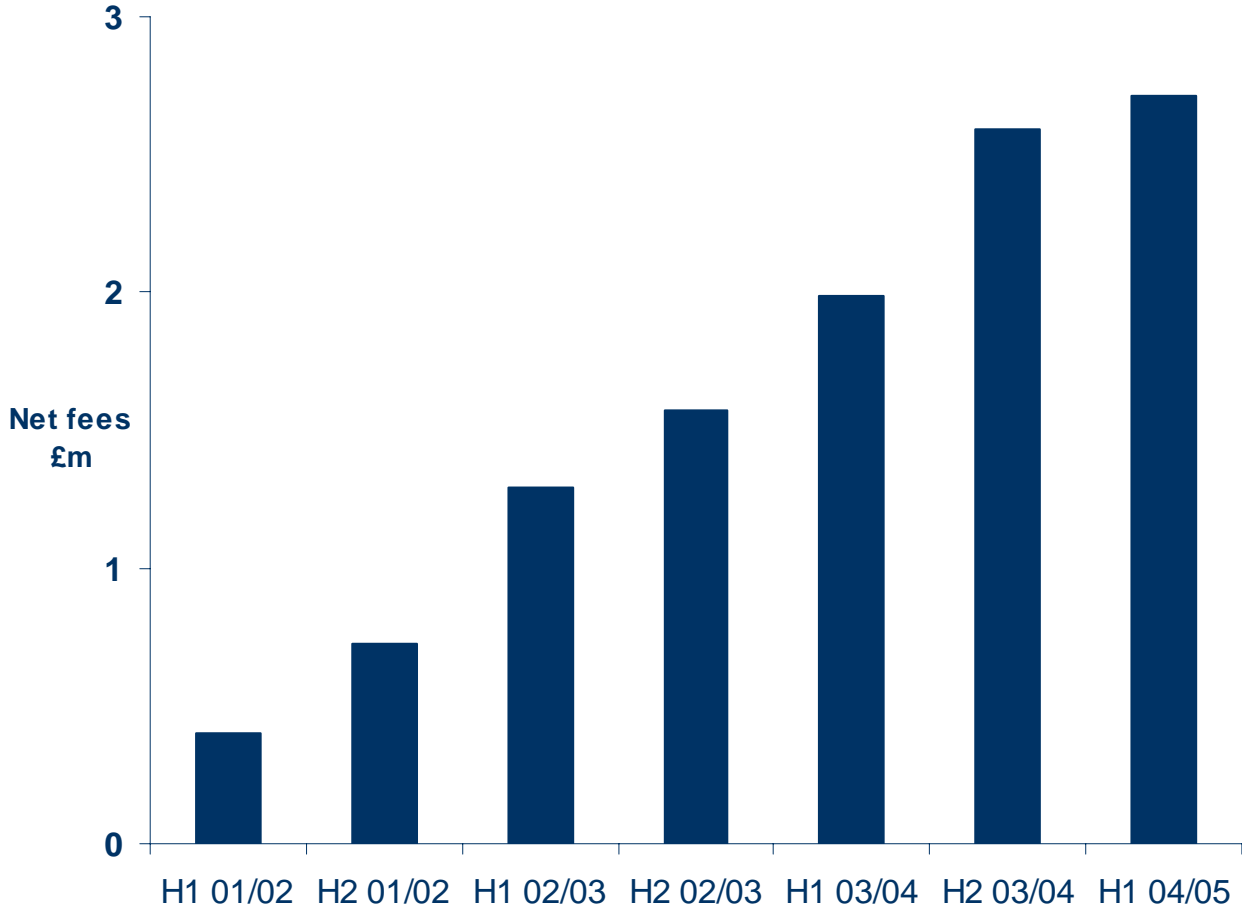


Continental Europe



- Record number of IT contractors in Germany
- Net fee growth of more than 50% in 8 countries
- Continued investment in consultants and offices

Organic development in France



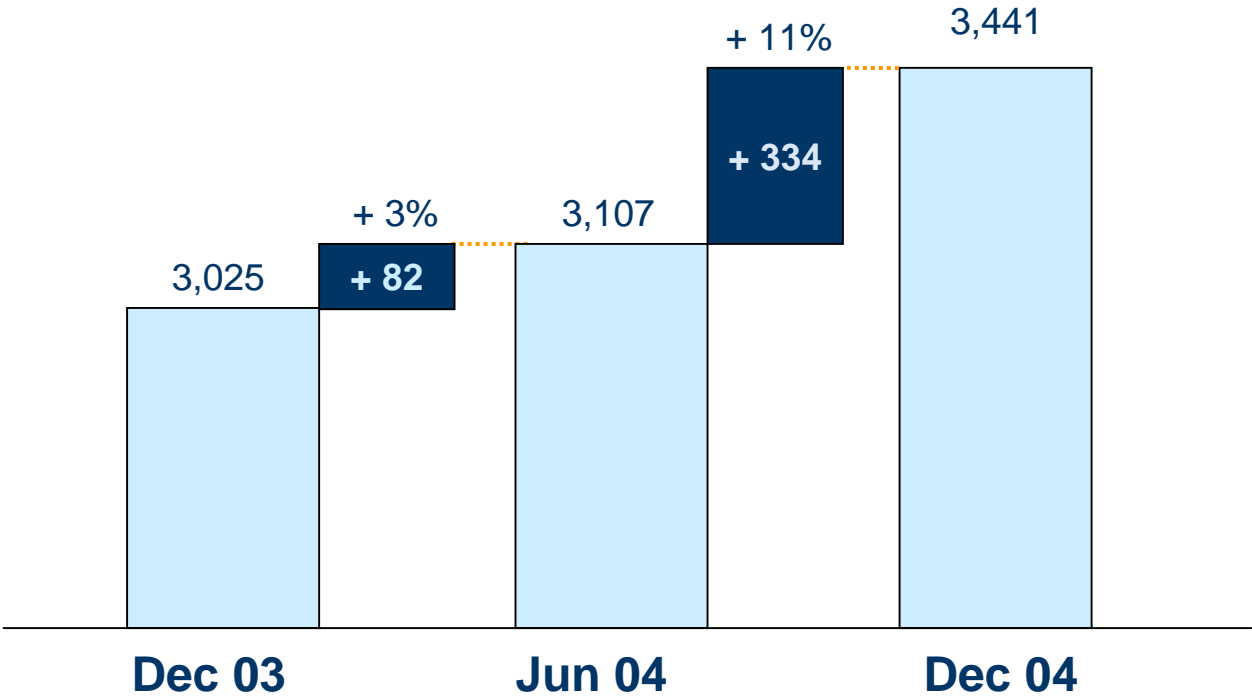
Temporary margins

- Temporary margin 70bps below H2 last year
- Continued impact of last year's large contract wins
- Construction & Property margins weaker in South East
- Mix impact of strong growth in Information Technology
- 'Spot' margins remain robust

Permanent pricing

- Wage inflation in several areas, circa 4% to 5% across the business
- Improved rates in several areas including Accountancy & Finance, IT and Legal
- Skills shortages in certain areas

Continued investment in recruitment consultants



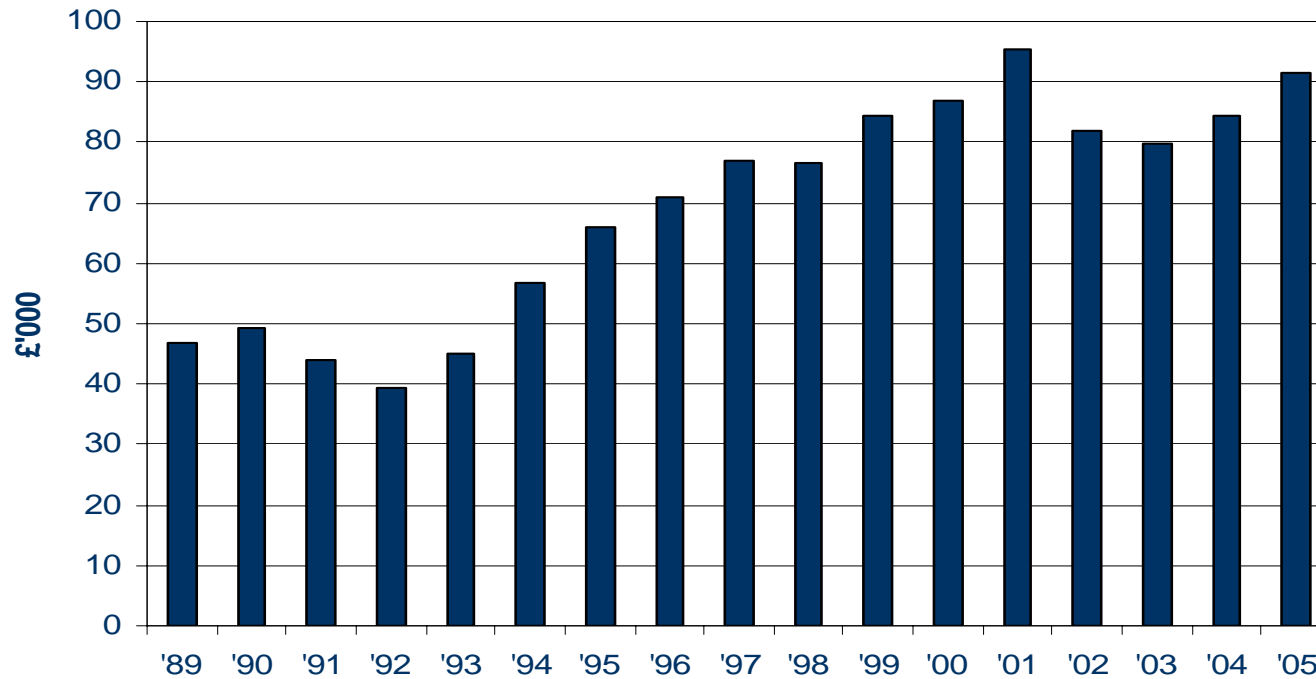
- 11% increase since June 2004, 14% since December 2003

Expansion of the office network

■ United Kingdom & Ireland	+ 9
■ Australia & New Zealand	+ 1
■ Continental Europe *	+ 5
	<hr/>
	+15

* Includes Canada

Average net fees per employee



Average net fees per employee improved by 8.8% this year

Note: 2005 is based upon the annualised performance for the first half

John Martin
Group Finance Director

Specialist Recruitment profit and loss

£m	2004	2003 (Restated)	Growth
Turnover	800.7	661.8	+21%
Net fees	226.1	192.4	+18%
Operating profit	80.6	63.0	+28%
Interest	1.9	(3.0)	
Goodwill amortisation	<u>(6.6)</u>	<u>(6.6)</u>	
Profit before tax	75.9	53.4	
Tax	<u>(26.0)</u>	<u>(19.9)</u>	
Profit after tax	<u><u>49.9</u></u>	<u><u>33.5</u></u>	

FX impact: £1.3m net fees £0.4m operating profit see appendix II

Note: See appendix I for the reconciliation to the Group Profit and Loss account

Number of trading days and general seasonality

Trading days	2004/2005	2003/2004	Difference
First half	129	129	-
Second half	124	125	(1)
	<u>253</u>	<u>254</u>	<u>(1)</u>

- Christmas and Easter holiday periods
- First weeks of new calendar year
- Winter months (December to March) in Construction & Property
- School holidays in Education

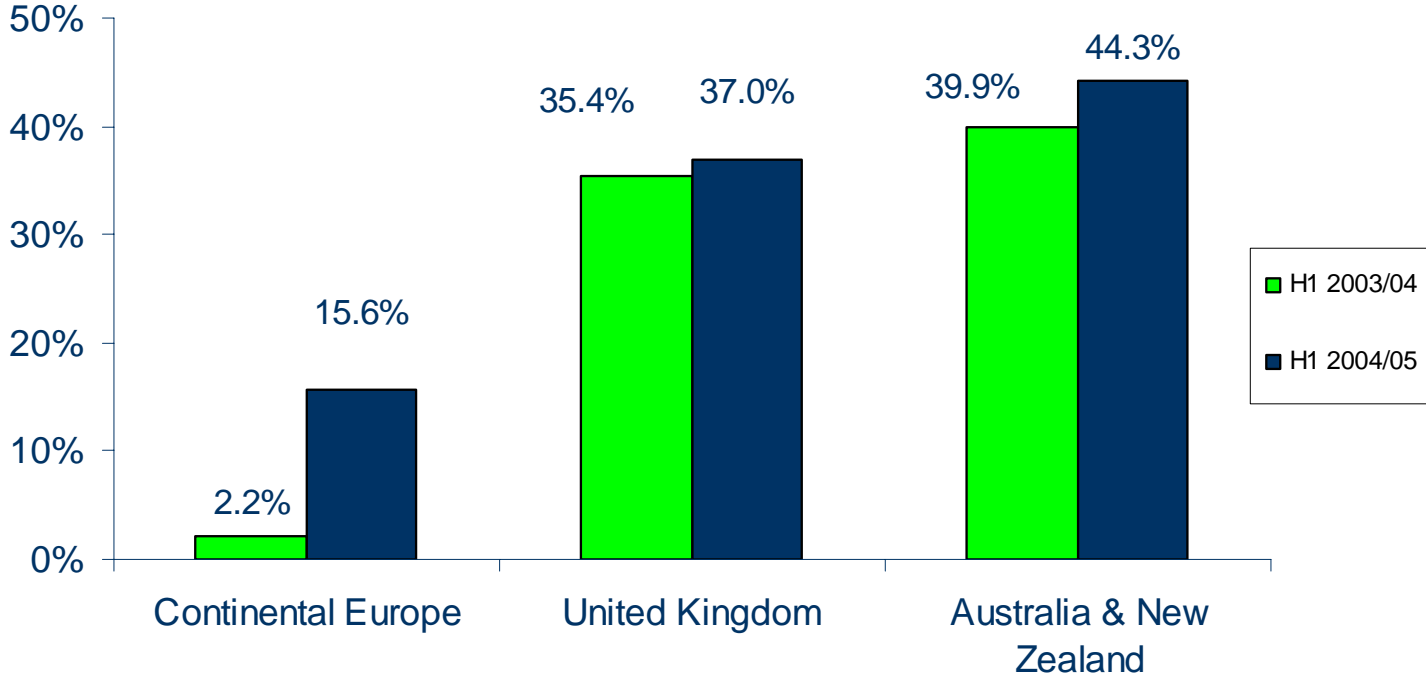
These comments do not relate specifically to the current year

Net fees and operating expenses

£m	2004	2003 (Restated)	Growth
Temporary net fees	132.5	116.8	+13%
Permanent net fees	93.6	75.6	+24%
	<u>226.1</u>	<u>192.4</u>	<u>+18%</u>
Operating expenses	<u>(145.5)</u>	<u>(129.4)</u>	<u>(12%)</u>
Operating profit*	<u><u>80.6</u></u>	<u><u>63.0</u></u>	<u><u>+28%</u></u>
Conversion rate %	35.6%	32.7%	+2.9%
Net fees per employee	£91.6k	£84.2k	+8.8%

* Before goodwill amortisation

Conversion rate



Conversion rate improved from 32.7% to 35.6%

Specialist Recruitment interest and tax

	2004	2003 (Restated)
Simple average net cash / (debt)	95.6	
Effective rate of interest	<u>4.0%</u>	
Interest excluding associate	<u><u>1.9</u></u>	
Profit before tax *	82.5	61.3
Effective rate	<u>31.5%</u>	<u>33.1%</u>
Tax	<u><u>(26.0)</u></u>	<u><u>(20.3)</u></u>

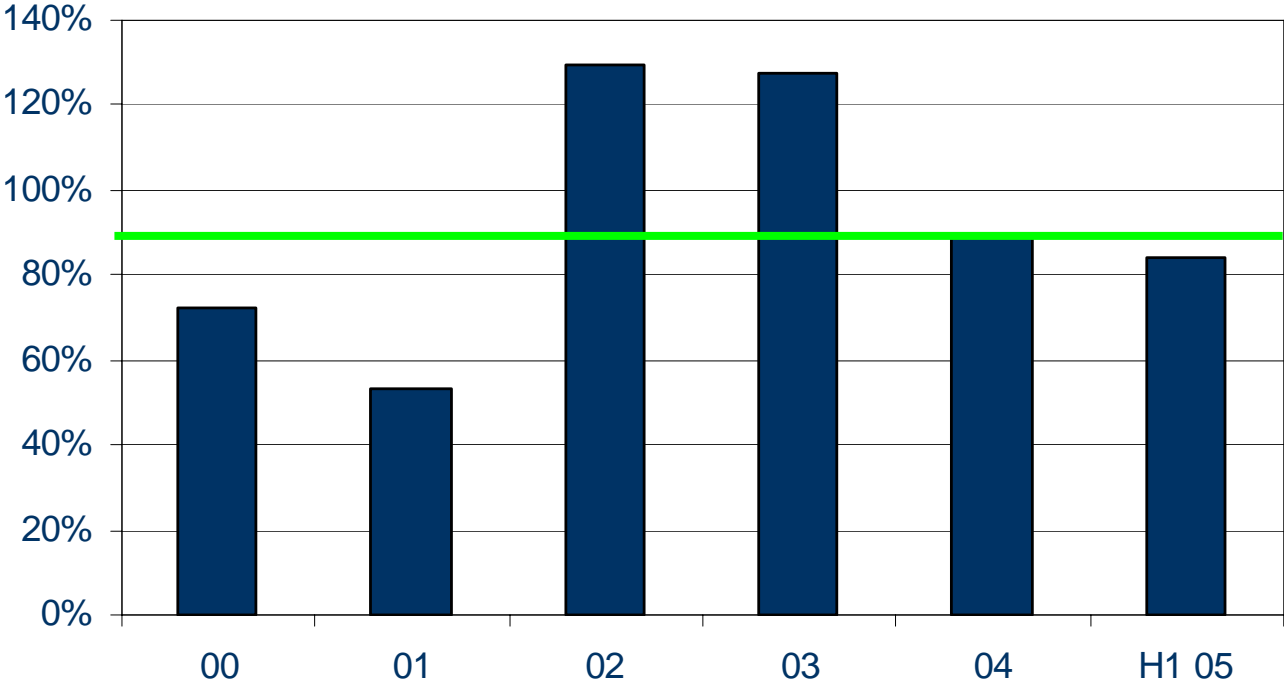
* Before goodwill amortisation and exceptional items

Cash flow

	£m
Specialist Recruitment	
Operating profit before goodwill	80.6
Depreciation	3.9
Working capital	(9.4)
	<u>75.1</u>
Interest	1.3
Tax	(17.6)
Capex	(3.1)
Dividends	(34.4)
	<u>21.3</u>
Non-trading cash flow	15.0
	<u><u>36.3</u></u>

Note: See appendix IV for the reconciliation to the Group cash flow

Specialist Recruitment cash flow *



Average of 90% of post-tax profit converted into cash over last 5 years

* Before interest, but after tax of 31.5%

Non-trading cash flow

	£m
DX Services demerger	68.1
Tax	(19.4)
Shares repurchased & issued	(30.4)
Other non-trading cash flow	1.1
Disposal of associate	(4.4)
	<u>15.0</u>

Remaining 04/05 non-trading commitments* £31m (including tax)

* Full provision has been made for all 04/05 commitments

Disposal of associate – Albion

- Disposed of equity interest for consideration of £0.6m
- Paid £5.0m for release from indemnities and warranties
- Restructured and rescheduled loan notes leaving:
 - £20.0m of loan notes repayable 2007/8 with interest at commercial rates
 - £5.0m preference shares repayable in the event of a sale
 - Loan notes and preference shares are fully provided for
- Hays plc continues to guarantee obligations under power contract

Balance sheet

£m	31 Dec 2004	30 June 2004
Goodwill	95.3	99.2
Tangible fixed assets	17.5	38.7
Net current assets / (liabilities)	60.9	(15.4)
Provisions for liabilities & charges	<u>(118.9)</u>	<u>(125.4)</u>
	54.8	(2.9)
Net cash	<u>113.7</u>	<u>77.4</u>
Net assets	<u><u>168.5</u></u>	<u><u>74.5</u></u>

Employee benefits

£m	31 Dec 2004 (Estimate)	30 June 2004
■ FRS 17 deficit *	59.1	47.7
■ SSAP 24 prepayment *	18.5	18.5
■ Net impact on reserves of adoption of FRS 17	<u>77.6</u>	<u>66.2</u>

* Net of deferred tax

Dividends & share buy-back

	2004	2003	Growth
Interim dividends	1.13p	1.00p	+13%
	5 Nov - 31 Dec	1 Jan - 1 Mar	Total to date
Number of shares	27.1m	16.2m	43.3m
% of issued capital*	1.6%	0.9%	2.5%
Total cost	£33.1m	£19.7m	£52.8m

* Calculated using 1,712.8m shares

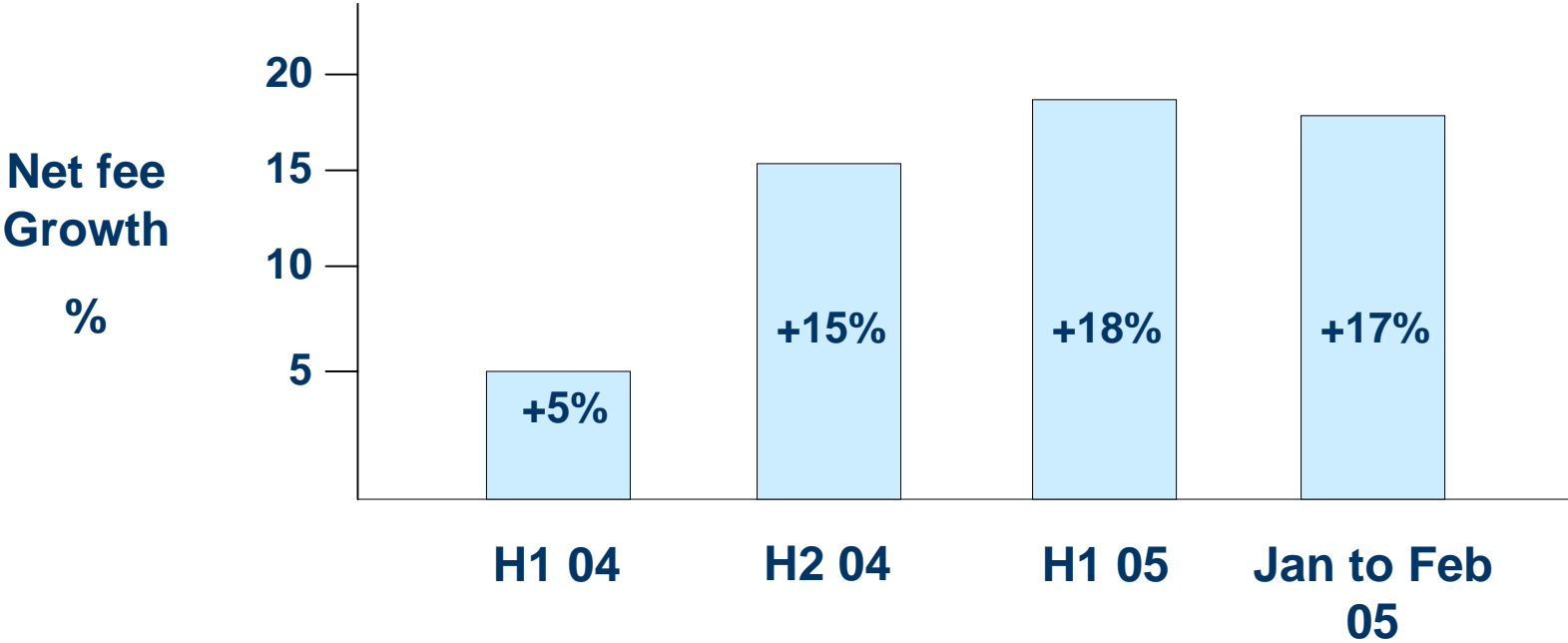
IFRS conversion

- Preparation and audit of 30 June 2004 balance sheet underway
- IFRS 1 First time adoption decisions made
- IFRS 2 Share based payments – some impact of “fair value” vs “expected value”
- IAS 17 Leases – may be some modest recategorisation
- IAS 19 Employee benefits
- IAS 39 Embedded derivatives – no material impact expected

Denis Waxman
Group Chief Executive

Outlook

Current trading



Outlook

- Jan & Feb net fee growth of 17% broadly consistent with recent growth rates
- New year temp return rates are encouraging
- Permanent placement orders continue to grow
- Planned acceleration of investment in the second half
- Performance for the full year continuing in line with our expectations

APPENDICES

Appendix I – segmental profit and loss

£m	Specialist Recruitment	Other	Group
Turnover	800.7	42.6	843.3
Operating profit	80.6	9.7	90.3
Associate	0.0	1.4	1.4
Interest	1.9	(0.6)	1.3
Goodwill amortisation	(6.6)	0.0	(6.6)
Profit before tax	75.9	10.5	86.4
Tax	(26.0)	(3.3)	(29.3)
Profit after tax	<u>49.9</u>	<u>7.2</u>	<u>57.1</u>

Appendix II – impact of exchange movements

	Gross fees	Net fees	Operating profit
Australia & New Zealand	(3.0)	(0.9)	(0.4)
Continental Europe	(1.8)	(0.4)	-
Total	<u>(4.8)</u>	<u>(1.3)</u>	<u>(0.4)</u>

Appendix III – restatement of prior year interim figures

The prior year interim figures have been restated from 24 weeks to 6 calendar months

£m	2003 Reported	2003 Restated	Increase %
Turnover	623.2	661.8	+6%
Net fees	180.6	192.4	+7%
Operating profit	60.1	63.0	+5%
Interest	(3.0)	(3.0)	
Goodwill amortisation	<u>(6.6)</u>	<u>(6.6)</u>	
Profit before tax	50.5	53.4	
Tax	<u>(18.9)</u>	<u>(19.9)</u>	
Profit after tax	<u><u>31.6</u></u>	<u><u>33.5</u></u>	
Trading days	119	129	+8%

No impact on full year figures

Appendix IV – segmental cash flow

£m	Specialist Recruitment	Other	Total
Operating profit before goodwill	80.6	9.7	90.3
Depreciation	3.9	-	3.9
Working capital	<u>(9.4)</u>	<u>(17.4)</u>	<u>(26.8)</u>
Cash flow from operating activities	75.1	(7.7)	67.4
Interest	1.3	-	1.3
Tax	(17.6)	(19.4)	(37.0)
Capex	(3.1)	3.3	0.2
Dividends	<u>(34.4)</u>	<u>-</u>	<u>(34.4)</u>
	21.3	(23.8)	(2.5)
Shares repurchased & issued	-	(30.4)	(30.4)
Exchange	-	1.1	1.1
DX Services demerger	-	68.1	68.1
	<u>21.3</u>	<u>15.0</u>	<u>36.3</u>

Appendix V - consultants

	Dec 2004	June 2004	Dec 2003
United Kingdom			
Accountancy & Finance	1,044	931	969
Construction & Property	847	774	748
Information Technology	148	122	109
Other	544	501	497
United Kingdom	<u>2,583</u>	<u>2,328</u>	<u>2,323</u>
Australia & New Zealand	437	384	344
Continental Europe	<u>421</u>	<u>395</u>	<u>358</u>
Total	<u><u>3,441</u></u>	<u><u>3,107</u></u>	<u><u>3,025</u></u>

Appendix VI – segmental summary

	H104/05 Gross fees £m	H104/05 Net fees £m	H104/05 Operating* profit £m	H103/04 Gross fees £m	H103/04 Net fees £m	H103/04 Operating* profit £m
UK Accountancy & Finance	177.6	79.3	33.6	168.1	70.4	28.4
Construction & Property	189.8	53.2	20.5	160.1	47.0	17.9
Information Technology	155.1	14.1	5.0	110.7	10.8	3.4
Other	81.8	26.3	4.9	64.6	22.5	3.6
Total UK	604.3	172.9	64.0	503.5	150.7	53.3
Australia	94.6	28.9	12.8	76.9	23.3	9.3
Continental Europe	101.8	24.3	3.8	81.4	18.4	0.4
Total	800.7	226.1	80.6	661.8	192.4	63.0

* Before goodwill amortisation