



4 September 2007

## Preliminary results for the year ended 30 June 2007

## OUTSTANDING PERFORMANCE INTERNATIONALLY AND EPS UP 17%\*\*\*

Year ended 30 June £'s million	2007	2006	Actual growth	LFL* growth
Net fees	633.6	538.2	+ 18%	+ 17%
Profit from continuing activities	216.1	193.0	+ 12%	+ 13%
Cash from operations	232.1	183.1	+ 27%	
Profit before tax***	211.7	192.5	+ 10%	
Basic earnings per share***	10.19p	8.69p	+ 17%	
Dividend per share	5.00p	4.35p	+ 15%	

- Strong like-for-like net fee and operating profit growth of 17% and 13% respectively\*
- Outstanding International performance with net fees up 37%\* and operating profit up 38%\*
- Improved United Kingdom & Ireland performance in the second half
- 30% increase in net fees from permanent business with excellent performance across the Group\*
- 17% increase in earnings per share\*\*\* and 15% increase in full year dividend
- 25% increase in recruitment consultants in the year\*\*
- Excellent operating cash from operations of £232.1 million (107% of operating profit)

\* LFL is like-for-like growth which represents organic growth of continuing activities at constant currency. No adjustment is made for the one less trading day in 2007

\*\* increase in consultants is shown on a closing basis, comparing 30 June 2007 versus 30 June 2006 on a like-for-like basis, which excludes the impact of acquisitions and disposals

\*\*\* continuing activities only

Commenting on these results, Denis Waxman, Chief Executive of Hays, said:

“These results show strong growth in net fees, operating profit and earnings per share. The highlight is our outstanding performance internationally where we grew net fees by 37% to £216.5 million and operating profits by 38% to £75.3 million\*. The International business has increased its share of Group net fees from 16% four years ago to 34% this year. Worldwide we now have a network of 7,753 staff operating from 376 offices in 25 countries across 17 specialisms.

Following the actions taken in the first half of the year, performance improved in the United Kingdom & Ireland in the second half, despite continuing challenging conditions in the temporary market, primarily in the public sector.

Across all the regions in which we operate, we continue to see strong demand for our specialist recruitment services. Since the start of July, net fees have been ahead of the comparable period last year by 19% on a like-for-like basis\*. By region, net fee growth on a like-for-like basis\* was 11% in the United Kingdom & Ireland, 35% in Asia Pacific and 38% in Continental Europe & RoW. Although there remains some pressure on our United Kingdom temporary margin, overall, the Board is confident in its outlook for the year.

On a personal note, this is my final results announcement after leading Hays' specialist recruitment business for 38 years. I am very proud of what Hays and our people have achieved and I leave with absolute confidence that Hays is well positioned to take advantage of the tremendous opportunities available worldwide in the specialist recruitment markets. I will miss the people and the business enormously and wish them every success in the future."

Date of Interim Management Statement:

For the first time, as required by the UK Listing Authority's new Disclosure and Transparency rules, we expect to issue an Interim Management Statement for the quarter ending 30 September 2007 on 11 October 2007.

Enquiries:

Denis Waxman	Chief Executive	Hays plc	+ 44 (0)20 7628 9999
Paul Venables	Finance Director		
Martin Abell	Investor Relations		
Giles Croot / Gill Ackers		Brunswick	+ 44 (0)20 7404 5959

## Chairman's statement

### Highlights

I am pleased to report another year of strong progress for Hays. At the beginning of the year, there were two principal objectives. Firstly, to continue the excellent momentum in the International business which now represents 34% of the Group's net fees, and secondly to accelerate the investment in our United Kingdom & Ireland business. On the first objective, we achieved excellent growth in the International business extending our network, particularly in Continental Europe and Asia. On the second objective, we increased the number of consultants in the United Kingdom & Ireland by 555, which represents an 18% increase compared to last year\*\*. In addition, we acquired James Harvard, which gives the Group a significant position in the growing Pharmaceutical recruitment market, together with an excellent entry vehicle into the exciting Japanese market.

Over the last decade, Hays has quadrupled the size of its specialist recruitment business, both in terms of net fees and profits, principally through organic growth. Looking ahead, your Board sees substantial opportunities in the specialist recruitment markets across the world and views the long-term prospects for Hays with great optimism. Our strategic priorities are to:

- strengthen our market leading positions in our core specialisms in the United Kingdom and Australia whilst aggressively growing our newer specialisms; and
- develop our businesses in the major markets of Continental Europe and the emerging markets of Asia. We have proven that our business model works in these large and developing markets. Our emphasis now is to invest to build scale and market leadership.

Basic earnings per share from continuing operations for the year increased by 17% compared to last year\*\*\*. In line with our policy of supporting a progressive and sustainable dividend, the Board is recommending a final dividend of 3.40 pence per share which would bring the full year dividend to 5.00 pence per share, representing an increase of 15% over 2006.

### People

As we announced in June, Denis Waxman has decided to retire at our AGM in November. Being the last occasion that I shall report to you with Denis as CEO, I would like to take this opportunity to formally recognise Denis' achievement. Denis was one of the founders of the recruitment business that began in 1969. Since then, he has developed the business into a leading International specialist recruitment group which now employs 7,753 staff in 25 countries. It is a unique accomplishment to not only have co-founded the business, but then to have developed it to the size and international reach that is Hays today. During his leadership, Denis has provided inspiration to each and every one of our staff. From the Board and all our staff, we wish him and his wife, Carole, many, many years of happy and well-deserved retirement.

We are delighted that Alistair Cox, formerly CEO of Xansa plc, joined the Group as CEO Designate on 1 September. Alistair brings proven leadership skills, a broad international background and significant experience of leading a dynamic high service business. I am confident that he will build on the success of Denis' legacy and deliver the next phase of Hays' development.

Brian Wallace, who has served the Board as both Chairman of the Audit Committee and Senior Independent Director, will be retiring at the AGM. Brian has been a vital member of our Board throughout his six years, and has enlivened and enriched Board discussion with wise counsel and observation, particularly through Hays' transformational process. On behalf of the Board, I thank him for his outstanding contribution and he has our very good wishes for the future.

We have been very pleased to welcome Paul Harrison to our Board as a Non-Executive Director. Paul is Group Finance Director of The Sage Group plc and brings depth of financial and international expertise to the Board's debates. He will also chair the Audit Committee on Brian's retirement.

I have spent considerable time this year visiting our offices. On each visit I have been struck by the enthusiasm, professionalism and commitment of everyone I have met. These qualities permeate our culture and are the foundations of our success. Our people work hard supporting our clients and candidates to an exceptional standard and I thank them for a job very well done.

Bob Lawson

Chairman

4 September 2007

## Executive review

### Markets

During the financial year, the specialist recruitment markets were strong. Favourable economic conditions in our major markets, high levels of business confidence and a shortage of highly skilled staff led to significant demand for specialist recruitment services.

Whilst the economic cycle is the most important short term influence on the performance of our business, there are also significant long term structural changes driving the specialist recruitment markets. These long term drivers include deregulation in the labour markets, increasing awareness and willingness to use specialist recruitment services, people moving jobs more frequently and demographic changes. In addition, the temporary placement market benefits from increasing demand from both candidates and clients for flexible employment.

### Investment

We have invested heavily in the business during the year. We increased the number of consultants by 27% (25% on a like-for-like basis), we added 24 offices to the network, of which 13 were in the International businesses, we expanded into 4 new countries, we acquired James Harvard giving us entry into Japan and the Pharmaceutical market, and we continued to roll out specialisms across our network.

### Recruitment consultant headcount

As at 30 June	Closing headcount				Average headcount			
	2007	2006	growth		2007	2006	growth	
			Headline	LFL**			Headline	LFL**
United Kingdom & Ireland	<b>3,134</b>	2,579	22%	18%	<b>2,966</b>	2,599	14%	11%
Asia Pacific	<b>915</b>	707	29%	23%	<b>815</b>	601	36%	29%
Continental Europe & RoW*	<b>973</b>	657	48%	51%	<b>826</b>	570	45%	56%
<b>Total</b>	<b>5,022</b>	3,943	27%	25%	<b>4,607</b>	3,770	22%	21%

\* RoW is Rest of World

\*\* LFL (like-for-like) growth excludes acquisitions and disposals

In the United Kingdom & Ireland, our second half performance benefited from the increased investment in consultants and our focus on growing our newer specialisms. In Australia & New Zealand, we have continued to develop our newer specialisms and strengthened our market leading position with a market beating performance. In Asia, we strengthened the business in China and Hong Kong, opened in Singapore and entered Japan. The challenge now is to build upon our entry into Asia by developing critical mass in the major cities within this rapidly growing region. In Continental Europe, we have significantly increased the number of consultants, substantially increased our presence in major cities and rolled out our network into new cities, with the objective of securing market leading positions in the countries in which we operate. In the Americas, we increased the size of our Canadian business by almost 50% and we opened an office in Brazil representing our first entry into South America.

In February, we launched our new specialist recruitment internet site which includes innovations designed to provide better service to candidates and clients. The site attracts circa 1.3 million visitors a month, 11 million page views a month, 140,000 applications a month, and has more than 57,000 jobs advertised. It is a tool of great importance for attracting candidates and clients, and we will continue to innovate and invest to strengthen our online capability.

## The Hays network

### Number of offices

	30 June 2006	Opened*	Acquired	30 June 2007
United Kingdom & Ireland	246	10	1	257
Asia Pacific	43	3	1	47
Continental Europe & RoW	63	9	0	72
<b>Total</b>	<b>352</b>	<b>22</b>	<b>2</b>	<b>376</b>

\*Offices opened is shown net of closed and merged offices

The Group now employs 7,753 staff (2006: 6,101), operating from 376 offices (2006: 352) in 25 countries (2006: 21) across 17 specialisms (2006: 15). We believe this global network, supported by the talent in the business, represents an excellent platform for continuing the Group's development.

**Group performance****Specialist Recruitment summary profit and loss statement**

Year ended 30 June £m	2007	2006	growth	
			actual	LFL*
Turnover	<b>2,110.2</b>	1,826.6	16%	15%
Net fees				
Temporary	<b>324.1</b>	301.6	7%	7%
Permanent	<b>309.5</b>	236.6	31%	30%
Total	<b>633.6</b>	538.2	18%	17%
Operating profit	<b>216.1</b>	193.0	12%	13%
Conversion rate	<b>34.1%</b>	35.9%		
Temporary margin	<b>18.0%</b>	19.0%		
Permanent fees as % of total	<b>49%</b>	44%		

\* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency

Group turnover grew by 16% (15% on a like-for-like basis), net fees by 18% (17% on a like-for-like basis), and operating profit by 12% (13% on a like-for-like basis). The increase in net fees was greater than the increase in turnover because of the higher growth in fees generated by the permanent placement business, compared to the temporary placement business. The results were modestly impacted by acquisitions which increased net fees by £9.5 million and operating profit by £0.7 million. Exchange rate movements had an adverse impact reducing net fees by £3.6 million and operating profit by £1.5 million.

We achieved strong performances in our permanent placement businesses across all regions, benefiting from continued investment in new consultants and favourable market conditions. Net fees in the permanent business grew by 30%, increasing its share of Group net fees during the year from 44% to 49%\*. Permanent placement volumes increased 19% and average fees per placement increased by 9% compared to last year.

The temporary placement business, representing 51% of Group net fees, had a strong performance internationally but was impacted by challenging conditions in the United Kingdom & Ireland, primarily in the public sector, as previously disclosed. Overall the temporary placement business had modest net fee growth of 7%, with volume and mix growth of 12% compared to last year, and a 100 basis point reduction in margin from 19.0% last year to 18.0%\*. This decline in margin reduced operating profit by £14 million.

The same factors led to a reduction in the Group's conversion rate, which is the proportion of net fees converted into operating profit, from 35.9% last year to 34.1%.

**United Kingdom & Ireland**

Year ended 30 June £m	2007	2006	growth	
			actual	LFL*
<b>Net fees</b>				
Accountancy & Finance	<b>164.4</b>	157.1	5%	5%
Construction & Property	<b>111.8</b>	100.8	11%	11%
Information Technology	<b>31.5</b>	30.7	3%	3%
Other Specialist Activities	<b>109.4</b>	89.8	22%	16%
<b>Total</b>	<b>417.1</b>	378.4	10%	9%
<b>Operating profit</b>				
Accountancy & Finance	<b>67.6</b>	67.6	-	-
Construction & Property	<b>44.2</b>	41.5	7%	7%
Information Technology	<b>11.2</b>	11.0	2%	2%
Other Specialist Activities	<b>17.8</b>	17.4	2%	3%
<b>Total</b>	<b>140.8</b>	137.5	2%	3%
Conversion rate	<b>33.8%</b>	36.3%		
Year end consultant headcount	<b>3,134</b>	2,579	22%	18%
Average consultant headcount	<b>2,966</b>	2,599	14%	11%

As stated in the interim results, the United Kingdom & Ireland business had a mixed start to the year with net fee growth of 6% and flat profits in the first half on a like-for-like basis versus last year\*. However, following the actions we have taken, including our investment in consultants, the performance improved in the second half with net fee growth increasing to 11%, and operating profit growth increasing to 4% on a like-for-like basis versus last year. The improvement in the second half was stronger for net fees than operating profit due to the full six month impact of the reduction in the temporary business margin which occurred part way through the first half.

Overall for the year, net fees grew by 10% (9% on a like-for-like basis) to £417.1 million, and operating profits grew by 2% (3% on a like-for-like basis) to £140.8 million. We opened a net 10 new offices and increased the number of consultants by 18%\*\*.

A strong performance by the permanent placement business was largely offset by a weak performance in the temporary business. The public sector activities, representing circa 35% of our temporary business net fees, experienced challenging market conditions, which affected margins. As a result, the conversion rate declined from 36.3% last year to 33.8%.

Whilst our temporary business margin was broadly stable in the second half of the year, there are two legislative changes in the United Kingdom & Ireland that may put modest pressure on the temporary business margin this year. Firstly, legislation was introduced in April 2007 impacting the tax status of temporary workers in sectors in which managed service companies operate. This particularly affects the Construction & Property and IT sectors. Secondly, legislation has been introduced requiring that temporary

workers are paid additional holiday entitlement. This legislation is being phased in, with four additional days being payable per annum from October 2007, and a further four from April 2009.

The Accountancy & Finance business achieved a good performance in the permanent market benefiting from high levels of demand for accountants. However, due to a large weighting to the public sector, this performance was offset by the conditions in the public sector described above. Overall, net fees increased by 5% to £164.4 million and operating profit was flat at £67.6 million. The increased focus and consultant investment in the permanent placement business positions us for improvement in the current financial year.

Construction & Property, which serves both the construction and “built” environment sectors, had a good performance, benefiting from earlier investment in consultants. Net fee growth of 11% to £111.8 million translated into operating profit growth of 7% to £44.2 million. We believe this business is well positioned to benefit from the continuing strong demand in the construction market.

Information Technology under-performed during the year due to subdued demand from our larger contracts in the temporary placement market and our under-exposure to the buoyant permanent placement market. Net fee growth was 3% to £31.5 million and operating profit growth was 2% to £11.2 million. In order to increase our focus on the permanent market and SMEs, we have rolled out the business into a further 8 offices during the year, bringing our Information Technology presence into a total of 25 offices.

The Other Specialist Recruitment Activities in the United Kingdom & Ireland continued their strong track record of growth. Net fees increased by 22% (16% on a like-for-like basis) to £109.4 million and operating profit increased by 2% (3% on a like-for-like basis) to £17.8 million. This result included excellent contributions from Resource Management Services, Financial Services & Insurance, Banking, Purchasing and Sales & Marketing which had combined net fee growth of 30%. As expected, the Contact Centres business was impacted by the completion of a large contract and the Healthcare business was affected by the challenging NHS market for healthcare professionals. Excluding the Contact Centres and Healthcare businesses, net fees and operating profit in Other Specialist Recruitment Activities was up by 22% and 17% respectively on a like-for-like basis. We see exciting long term growth opportunities for Hays in these markets and expect these specialisms to develop into large businesses in the future.

**Asia Pacific**

Year ended 30 June £m	2007	2006	growth	
			actual	LFL*
Net fees	<b>114.0</b>	85.7	33%	33%
Operating profit	<b>54.2</b>	41.7	30%	32%
Conversion rate	<b>47.5%</b>	48.7%		
Year end consultant headcount	<b>915</b>	707	29%	23%
Average consultant headcount	<b>815</b>	601	36%	29%

The Asia Pacific business delivered an excellent performance in both the temporary and permanent placement businesses. Net fees increased 33% (33% on a like-for-like basis) to £114.0 million and operating profit increased 30% (32% on a like-for-like basis) to £54.2 million. The difference between headline growth and like-for-like growth was principally due to the depreciation in the Australian dollar partially offset by the acquisition of James Harvard in Japan. We increased the number of consultants in the year by 23%\*\* . As a result of the investment in Asia, the conversion rate declined slightly from 48.7% to 47.5%.

In Australia & New Zealand, the business achieved exceptional performance across all its specialist activities further enhancing its market leading position. Accountancy & Finance, our largest specialism (representing 41% of net fees), grew net fees by 29%; Construction & Property, our second largest specialism (representing 23% of net fees), grew net fees by 28%; Resources & Mining, created four years ago and now our third largest specialism (representing 9% of net fees), continued its excellent progress growing net fees by 13%; and Information Technology, our fourth largest specialism (representing 7% of net fees), grew net fees by 30%\*.

We rapidly expanded in the newer specialist activities with HR, Sales & Marketing, and Purchasing performing particularly well. We also rolled out two new specialist activities, Oil & Gas and Healthcare, and we expanded our activities in Sydney, Canberra, Melbourne, Perth, Wollongong and Auckland. This investment contributed to an increase in net fees in Australia & New Zealand of 32% compared to last year\*. Our continued success in Australia & New Zealand stems from our excellent customer service, strong consultant training programmes, a very efficient automated technology platform, a high quality management team, and a strong market presence across all states.

In Asia, net fees were £4.7 million in the period (2006: £0.4 million). The newly established businesses in China and Hong Kong expanded into Beijing, and reported a profit in their first full year. The start up in Singapore is progressing well and the newly acquired Japanese business traded strongly. Overall, we are very encouraged by the growing demand for our services in the Asian markets.

**Continental Europe & Rest of World ('RoW')**

Year ended 30 June £m	2007	2006	growth	
			actual	LFL*
Net fees	<b>102.5</b>	74.1	38%	42%
Operating profit	<b>21.1</b>	13.8	53%	55%
Conversion rate	<b>20.6%</b>	18.6%		
Year end consultant headcount	<b>973</b>	657	48%	51%
Average consultant headcount	<b>826</b>	570	45%	56%

The Continental Europe & RoW division continued its outstanding progress increasing net fees by 38% (42% on a like-for-like basis) to £102.5 million and operating profit by 53% (55% on a like-for-like basis) to £21.1 million compared to last year. The difference between headline growth and like-for-like growth was due to the depreciation in the Euro and the disposal of the French IT Services business, partially offset by the James Harvard acquisition. We invested significantly in consultants, increasing the number of consultants during the year by 51%\*\*. The conversion rate improved to 20.6% from 18.6% due to the increased scale of the business despite substantial investment in the year.

All countries contributed to the outstanding performance across both temporary and permanent sectors with eleven countries delivering net fee growth of more than 40% in the year\*.

Germany, our largest business in the region (representing 40% of the region's net fees), took advantage of growth in the market and further improved its market share, growing net fees by 22%\*. This business predominantly focuses on the IT and Engineering contracting markets and is now in 6 offices employing 441 staff including 160 consultants. We are also expanding our Accountancy & Finance and Legal specialisms in Germany and we see excellent growth prospects in these areas in the coming years.

France, our second largest business in the region (representing 20% of the region's net fees), grew net fees by an impressive 50%, significantly increasing its presence in Paris and continuing its expansion into the provinces, opening in Tours, Rennes and Bordeaux\*. This business, predominantly focused on the permanent placement market, is now in 13 offices employing 240 consultants.

Canada, our third largest business in the region (representing 7% of the region's net fees), benefited from the ongoing investment in consultants and a new office in Calgary, growing net fees by 46%\*. This business is now in 7 offices employing 103 consultants.

Among the other countries in this region, Spain doubled its net fees supported by a new office in Bilbao, whilst the Netherlands increased net fees by 43%\*. The start up in Italy continues to develop well with a new office opening in Bologna. In addition, we started operations in Brazil (Sao Paulo), representing our first entry into South America, we opened an office in Slovakia (Bratislava), and we expanded our operations in Sweden, opening a new office in Malmo.

We see great opportunities for Hays in these markets, and we will continue to invest in staff and offices to secure market-leading positions.

### **Acquisitions and disposals**

Whilst the strategy of the Group is to grow and create value primarily from organic development, geographical and sector in-fill acquisitions form part of our development strategy. On 23 February 2007 we acquired James Harvard, a recruitment business specialising in the Pharmaceutical sector and the IT Financial Services sector. On acquisition, two thirds of the James Harvard business was based in the United Kingdom with the remainder primarily in Japan. The consideration was an initial £24 million, on a cash free, debt free basis, with further payments estimated at £20 million depending on achievement of growth and profitability targets over the next three years. In the year ended 31 December 2006, James Harvard generated net fees of £10.7 million and operating profits of £3.0 million.

The acquisition provided Hays with entry into Japan, and expertise in the Pharmaceutical sector. In Japan, we have re-branded the business under the Hays brand, moved to a larger office in Tokyo, opened an office in Osaka in July 2007 and we are rolling out Hays' core specialisms. In Europe, we have rolled out James Harvard's Pharmaceutical business into Belgium, Germany, France, Spain and the Czech Republic under the new brand 'Hays Pharma'. Early indications suggest there is very strong demand for Hays Pharma and we will continue the roll out in the current year. Overall, the financial performance of the James Harvard business has been in line with plan contributing £4.7 million net fees and £1.3 million operating profit in the four months ended 30 June 2007.

In February, Hays sold the non-core IT Services business in France for net proceeds of £2.0 million. In the seven month period prior to disposal, this business generated net fees of £1.9 million and operating profit of £0.4 million.

### **Taxation and discontinued activities**

Tax on continuing operations for the year was £63.6 million, representing an effective tax rate of 30.0% (2006: 31.2%). The reduction in the effective tax rate is due to the recognition and utilisation of brought forward tax losses in our French business. Profit from discontinued activities in the year was £18.4 million of which £17.6 million relates to the write-back of tax related accruals that are no longer required, following the resolution of tax issues in respect of previously disposed businesses.

### **Earnings per share**

Basic earnings per share from continuing activities of 10.19 pence was 17% ahead of last year (2006: 8.69 pence). The improvement in earnings per share arises from the strong growth in operating profit, 12% ahead of last year, the reduction in the effective tax rate, and the favourable impact of the accretion from the share buy-back programme, partially offset by the higher net interest charge this year.

**Cash flow**

Cash flow in the year was excellent, with 107% conversion of operating profit into operating cash flow. Overall, net cash from continuing operations was £232.1 million (2006: £183.1 million) including £5.9 million inflow from working capital following initiatives to improve working capital management. Tax paid was £70.7 million and net capital expenditure was modest at £13.3 million, reflecting the low capital intensity of the business. £23.1 million was spent on acquisitions and £65.5 million was paid out in dividends, £4.4 million was paid out in net interest, and £58.2 million was used to buy-back our own shares. At the year end, net debt was broadly at the same level as last year end at £76.2 million (2006: £77.0 million).

**Capital structure and dividend**

The priorities for our free cash flow are to fund Group development, particularly overseas, support a sustainable dividend policy and to buy back shares when appropriate. During the year, we purchased 34.3 million shares at a total cost of £52.6 million. As at the year end, this brings the total number of shares bought back since the start of the share buy-back programme to 302.2 million shares at a cost of £395.9 million.

The Board is proposing to pay a final dividend of 3.40 pence per share, which if approved at the Annual General Meeting, will make a total of 5.00 pence per share for the full year. This represents a 15% increase on last year. The recommended dividend will be paid on 20 November 2007 to shareholders on the register at 19 October 2007.

**Retirement benefits**

The Group's pension liability under IAS 19 at 30 June 2007 of £43.5 million (£31.3 million net of deferred tax) decreased by £12.4 million compared to 30 June 2006 mainly due to the improvement in the return on investment. During the year, the company contributed £4.7 million of cash into the defined benefit scheme and that is expected to increase to circa £6 million in 2008.

**Current trading and outlook**

Across all the regions in which we operate, we continue to see strong demand for our specialist recruitment services. Since the start of July, net fees have been ahead of the comparable period last year by 19% on a like-for-like basis\*. By region, net fee growth on a like-for-like basis\* was 11% in the United Kingdom & Ireland, 35% in Asia Pacific and 38% in Continental Europe & RoW. Although there remains some pressure on our United Kingdom temporary margin, overall, the Board is confident in its outlook for the year.

The Board has identified substantial opportunities for Hays in existing, emerging and new specialist recruitment markets across the world. Our growing International network, the ambition of our people, and our proven ability to replicate our business across both borders and sectors positions Hays extremely well to capitalise on these opportunities.

Notes

\* growth is shown on a LFL (like-for-like) basis which represents organic growth for continuing activities at constant currency

\*\* increase in consultants is shown on a closing basis, comparing 30 June 2007 versus 30 June 2006 on a like-for-like basis, which excludes the impact of acquisitions and disposals

**Important notice**

Certain statements in this preliminary announcement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

**CONSOLIDATED INCOME STATEMENT**

for the year ended 30 June

<i>(In £'s million)</i>	Note	2007	2006
<b>TURNOVER</b>			
Continuing operations	3	2,110.2	1,826.6
<b>NET FEES</b>			
Continuing operations	3	633.6	538.2
<b>PROFIT FROM OPERATIONS</b>			
Continuing operations	3	216.1	193.0
Finance income	4	1.5	4.7
Finance cost	4	(5.9)	(5.2)
		(4.4)	(0.5)
<b>PROFIT BEFORE TAX</b>		<b>211.7</b>	<b>192.5</b>
Tax	5	(63.6)	(60.1)
<b>PROFIT FROM CONTINUING OPERATIONS AFTER TAX</b>		<b>148.1</b>	<b>132.4</b>
<b>PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>6</b>	<b>18.4</b>	<b>52.5</b>
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>166.5</b>	<b>184.9</b>
<b>Earnings per share from continuing operations</b>			
- Basic	8	10.19p	8.69p
- Diluted	8	10.13p	8.65p
<b>Earnings per share from continuing and discontinued operations</b>			
- Basic	8	11.46p	12.14p
- Diluted	8	11.39p	12.08p

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**

for the year ended 30 June

<i>(In £'s million)</i>	2007	2006
Profit for the financial year	166.5	184.9
Currency translation adjustments taken to equity	(0.9)	0.3
Actuarial profits on defined benefit pension scheme	12.9	15.8
Tax on items taken directly to equity	(4.7)	(4.8)
<b>Net income recognised directly in equity</b>	<b>7.3</b>	<b>11.3</b>
<b>Total recognised income and expense for the year</b>	<b>173.8</b>	<b>196.2</b>
<b>Attributable to equity shareholders of the parent</b>	<b>173.8</b>	<b>196.2</b>

**CONSOLIDATED BALANCE SHEET**

at 30 June

<i>(In £'s million)</i>	Note	2007	2006
<b>NON-CURRENT ASSETS</b>			
Goodwill		157.7	126.2
Other intangible assets		4.3	1.6
Property, plant and equipment		25.2	20.1
Deferred tax assets		22.7	22.2
		<u>209.9</u>	<u>170.1</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		375.7	330.2
Cash and cash equivalents		68.4	52.8
		<u>444.1</u>	<u>383.0</u>
<b>TOTAL ASSETS</b>		<u><b>654.0</b></u>	<u><b>553.1</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		(252.4)	(208.9)
Current tax liabilities		(31.7)	(49.4)
		<u>(284.1)</u>	<u>(258.3)</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans and overdrafts		(144.6)	(129.8)
Trade and other payables		(19.6)	(7.9)
Retirement benefit obligations	9	(43.5)	(55.9)
Deferred tax liabilities		-	(0.9)
Provisions	10	(50.2)	(57.0)
		<u>(257.9)</u>	<u>(251.5)</u>
<b>TOTAL LIABILITIES</b>		<u><b>(542.0)</b></u>	<u><b>(509.8)</b></u>
<b>NET ASSETS</b>		<u><b>112.0</b></u>	<u><b>43.3</b></u>
<b>EQUITY</b>			
Called up share capital		15.7	15.7
Share premium account		369.6	369.6
Capital redemption reserve		1.7	1.7
Retained earnings		(288.7)	(354.8)
Other reserves		13.7	11.1
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u><b>112.0</b></u>	<u><b>43.3</b></u>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 30 June

<i>(In £'s million)</i>	Note	2007	2006
<b>OPERATING PROFIT FROM CONTINUING OPERATIONS</b>		216.1	193.0
Adjustments for:			
Depreciation of property, plant and equipment		7.3	6.5
Amortisation of intangible fixed assets		0.4	0.2
Net movement in provisions		(6.1)	(0.2)
Movement in employee benefits and other items		8.5	7.8
		<u>10.1</u>	<u>14.3</u>
<b>OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL</b>		226.2	207.3
Changes in working capital			
Increase in receivables		(38.9)	(37.6)
Increase in payables		44.8	13.4
		<u>5.9</u>	<u>(24.2)</u>
<b>CASH GENERATED BY OPERATIONS</b>		232.1	183.1
Income taxes paid		(70.7)	(46.7)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u>161.4</u>	<u>136.4</u>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(12.3)	(10.5)
Proceeds from sale of property, plant and equipment		0.2	0.2
Purchase of intangible assets		(2.8)	(0.4)
Cash paid in respect of acquisitions made in previous years		(0.3)	(8.2)
Acquisition of subsidiaries		(22.8)	(20.2)
Sale of businesses and related assets		1.6	20.4
Interest received		1.5	4.7
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(34.9)</u>	<u>(14.0)</u>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(5.9)	(6.3)
Equity dividends paid		(65.5)	(56.7)
Cash outflow in respect of share buy-back (Purchase) / disposal of own shares		(58.2)	(209.2)
Proceeds from share option exercises		(0.4)	8.7
Repayment of borrowings		3.8	-
Issue of loan notes		-	(0.1)
Issue of loan notes		0.2	0.4
Increase in bank overdrafts		14.6	122.6
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>(111.4)</u>	<u>(140.6)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>15.1</u>	<u>(18.2)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	11	<u>52.8</u>	<u>71.2</u>
Effect of foreign exchange rate changes		0.5	(0.2)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	11	<u>68.4</u>	<u>52.8</u>

**NOTES TO THE ACCOUNTS****1 STATEMENT UNDER S240 - PUBLICATION OF NON-STATUTORY ACCOUNTS**

The financial information contained in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information is based on the statutory accounts for the financial years ended 30 June 2007 and 30 June 2006. The financial statements for 30 June 2007, upon which the auditors issued an unqualified opinion, that did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985, have yet to be delivered to the Registrar of Companies. The financial statements for 30 June 2006 upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

**2 BASIS OF PREPARATION**

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expect to publish full financial statements that comply with IFRSs in November 2007.

The financial information included in this preliminary announcement has been prepared using accounting policies consistent with those in the Group's last published annual financial statements for the year ended 30 June 2006.

**3 SEGMENTAL INFORMATION**

Continuing operations comprise one class of business, the Specialist Recruitment activities. The Group operates in three identified geographical segments. These results by geography are shown below.

**TURNOVER AND PROFIT FROM OPERATIONS**

<i>(In £'s million)</i>	2007	2006
<b>TURNOVER</b>		
Continuing operations		
United Kingdom & Ireland	1,413.7	1,266.9
Continental Europe & Rest of World	353.2	286.5
Asia Pacific	343.3	273.2
	<u>2,110.2</u>	<u>1,826.6</u>
<b>NET FEES</b>		
Continuing operations		
United Kingdom & Ireland	417.1	378.4
Continental Europe & Rest of World	102.5	74.1
Asia Pacific	114.0	85.7
	<u>633.6</u>	<u>538.2</u>
<b>PROFIT FROM OPERATIONS</b>		
Continuing operations		
United Kingdom & Ireland	140.8	137.5
Continental Europe & Rest of World	21.1	13.8
Asia Pacific	54.2	41.7
	<u>216.1</u>	<u>193.0</u>

**4 FINANCE INCOME AND FINANCE COSTS**

## Finance income

<i>(in £'s million)</i>	2007	2006
Interest on bank deposits	1.5	4.7

## Finance costs

<i>(in £'s million)</i>	2007	2006
Interest payable on bank overdrafts and loans	(7.4)	(6.0)
Pension Protection Fund levy	(0.4)	(0.3)
Net interest on pension obligations	1.9	1.1
	<u>(5.9)</u>	<u>(5.2)</u>
Net finance charge	<u>(4.4)</u>	<u>(0.5)</u>

**5 TAX**

The tax charge for the year was based on the following:

<i>(In £'s million)</i>	2007 Continuing	2007 Discontinued	2007 Total	2006 Continuing	2006 Discontinued	2006 Total
Current tax	69.7	(17.3)	52.4	61.5	(15.5)	46.0
Deferred tax	(6.1)	-	(6.1)	(1.4)	-	(1.4)
	<u>63.6</u>	<u>(17.3)</u>	<u>46.3</u>	<u>60.1</u>	<u>(15.5)</u>	<u>44.6</u>

**6 DISCONTINUED OPERATIONS**

The results of the discontinued businesses which have been included in the consolidated income statement, were as follows:

<i>(in £'s million)</i>	2007	2006
Profit from disposal of business assets	1.1	6.0
Write back of amounts previously provided against fixed asset investments	-	27.0
Interest	-	4.0
Profit before tax	<u>1.1</u>	<u>37.0</u>
Tax	<u>17.3</u>	<u>15.5</u>
Post tax profit from discontinued operations	<u>18.4</u>	<u>52.5</u>

The tax credit of £17.3 million in the current year is the result of a £17.6 million write-back of tax-related accruals that were established when the Group completed the disposal of non-core activities between March 2003 and November 2004 and in the light of subsequent events are no longer required, less a £0.3 million charge on other items.

The profit from disposal of business assets in the current year relates mainly to the cash receipts from loan notes arising from the disposal of the Hays US Home Delivery business, previously fully provided against.

In the prior year, profits from discontinued operations in the year were generated from surplus property disposals of £6.0 million and the receipt of £31.0 million as final settlement of amounts receivable from the acquirers of Hays Chemicals.

The tax credit of £15.5 million in the prior year is the result of an £18.2 million write-back of tax-related accruals less a £2.7 million tax charge arising from the profit on disposal of Hays Chemicals and surplus properties.

**7 DIVIDENDS**

The following dividends were paid by the Group and have been recognised as distributions to equity shareholders in the year.

	2007		2006	
	pence per share	£ million	pence per share	£ million
Previous year final dividend	2.90	42.3	2.27	35.6
Current year interim dividend	1.60	23.2	1.45	21.1
		<u>65.5</u>		<u>56.7</u>

The following dividends were proposed by the Group in respect of the accounting year presented:

	2007		2006	
	pence per share	£ million	pence per share	£ million
Interim dividend	1.60	23.2	1.45	21.1
Final dividend (proposed)	3.40	49.2	2.90	42.4
	<u>5.00</u>	<u>72.4</u>	<u>4.35</u>	<u>63.5</u>

The proposed final dividend of 3.40 pence per share (£49.2 million) is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

**8 EARNINGS PER SHARE**

For the year ended 30 June 2007			
	Earnings (£'s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	148.1	1,453.2	10.19
Dilution effect of share options	-	8.2	(0.06)
Diluted earnings per share from continuing operations	148.1	1,461.4	10.13
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	18.4	1,453.2	1.27
Dilution effect of share options	-	8.2	(0.01)
Diluted earnings per share from discontinued operations	18.4	1,461.4	1.26
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	166.5	1,453.2	11.46
Dilution effect of share options	-	8.2	(0.07)
Diluted earnings per share from continuing and discontinued operations	166.5	1,461.4	11.39

The weighted average number of shares in issue excludes shares held in treasury and shares held by the Hays Employee Share Trust Ltd and the Hays plc Qualifying Employee Share Ownership Trust.

For the year ended 30 June 2006			
	Earnings (£'s million)	Weighted average number of shares (million)	Per share amount (pence)
<b>Continuing operations:</b>			
Basic earnings per share from continuing operations	132.4	1,523.2	8.69
Dilution effect of share options	-	8.2	(0.04)
Diluted earnings per share from continuing operations	132.4	1,531.4	8.65
<b>Discontinued operations:</b>			
Basic earnings per share from discontinued operations	52.5	1,523.2	3.45
Dilution effect of share options	-	8.2	(0.02)
Diluted earnings per share from discontinued operations	52.5	1,531.4	3.43
<b>Continuing and discontinued operations:</b>			
Basic earnings per share from continuing and discontinued operations	184.9	1,523.2	12.14
Dilution effect of share options	-	8.2	(0.06)
Diluted earnings per share from continuing and discontinued operations	184.9	1,531.4	12.08

**9 RETIREMENT BENEFIT OBLIGATIONS**

<i>(In £'s million)</i>	2007	2006
Deficit in the scheme brought forward	(55.9)	(69.7)
Current service cost	(7.1)	(8.1)
Past service costs	-	(0.1)
Contributions	4.7	5.1
Net financial return	1.9	1.1
Actuarial gain	12.9	15.8
Deficit in the scheme carried forward	<u>(43.5)</u>	<u>(55.9)</u>

**10 PROVISIONS**

<i>(In £'s million)</i>	Property	Deferred employee benefits	Other	Total
Balance at 1 July 2006	14.8	2.2	40.0	57.0
Exchange adjustments	-	-	(0.2)	(0.2)
Reclassification	2.0	-	(2.0)	-
Utilised	(2.1)	(0.5)	(4.0)	(6.6)
Balance at 30 June 2007	<u>14.7</u>	<u>1.7</u>	<u>33.8</u>	<u>50.2</u>

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 2013.

It is not possible to estimate the timing of payments against the other deferred employee benefit provisions.

Other provisions comprise liabilities arising as a result of the business disposals and the Group transformation that concluded in 2004, including the following items: -

- Provisions of £3.7 million (2006 - £7.1 million) relating to restructuring costs arising from the Group transformation. These provisions are expected to be utilised over the next 24 months.
- Provisions of £6.0 million (2006 - £6.2 million) for potential liabilities relating to the disposal of the chemicals business including certain site restitution costs.
- Provisions of £18.9 million (2006 - £19.1 million) relating to possible warranty and environmental claims in relation to businesses disposed of. It is not possible to estimate the timing of payments against these provisions.

**11 MOVEMENT IN NET CASH / (DEBT)**

<i>(In £'s million)</i>	1 July 2006	Cash Flow	Exchange Movement	30 June 2007
Cash and cash equivalents	52.8	15.1	0.5	68.4
Bank loans and overdrafts	(129.8)	(14.8)	-	(144.6)
	<u>(77.0)</u>	<u>0.3</u>	<u>0.5</u>	<u>(76.2)</u>

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

**12 CONTINGENT LIABILITIES**

In June 2006, Hays was visited by the UK Office of Fair Trading ('OFT') as part of an investigation into possible breaches of competition law by Hays and other recruitment companies in the construction recruitment sector. The OFT investigation related to a small part of Hays' Construction & Property business. Hays is co-operating fully with the OFT under the OFT's leniency programme and the Board believes that any financial impact of the matters under investigation will not be material to the Group.

**13 POST BALANCE SHEET EVENTS**

As part of the share buy-back programme, the Company has purchased an additional 7.0 million shares (held as treasury shares) for a total cost of £11.7 million, after the year end.

There are no other post balance sheet events within the Group that require disclosure.

**14 LIKE-FOR-LIKE RESULTS**

Like-for-like results represent organic growth of continuing activities at constant currency.

For the year ended 30 June 2007 this is calculated as follows:

	<i>(In £'s million)</i>
Net fees for the year ended 30 June 2006	538.2
Foreign exchange impact	(3.6)
Adjustment for fees from disposed of businesses	(1.4)
<b>Like-for-like fees for the year ended 30 June 2006 at constant currency</b>	<b>533.2</b>
Fees generated from acquisitions	9.5
Fees generated from organic growth	90.9
<b>Net fees for the year ended 30 June 2007</b>	<b>633.6</b>
Profit from operations for the year ended 30 June 2006	193.0
Foreign exchange impact	(1.5)
Adjustment for profit from disposed of businesses	(0.1)
<b>Like-for-like profit from operations for the year ended 30 June 2006 at constant currency</b>	<b>191.4</b>
Profit from operations generated from acquisitions	0.7
Profit from operations generated from organic growth	24.0
<b>Profit from operations for the year ended 30 June 2007</b>	<b>216.1</b>