

Preliminary results

for the year ended 30 June 2008

Press Release

OUTSTANDING INTERNATIONAL GROWTH & EPS UP 24%**

Year ended 30 June (in £'s million)	2008	2007	Actual growth	LFL* growth
Net fees	786.8	633.6	24%	19%
Operating profit from continuing activities**	253.8	216.1	17%	13%
Cash from operations	256.0	232.1	10%	
Profit before tax	264.4	211.7	25%	
Profit before tax (before exceptional items)**	249.1	211.7	18%	
Basic earnings per share**	12.59p	10.19p	24%	
Dividend per share	5.80p	5.00p	16%	

* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency, pre exceptional items. No adjustment is made for the one additional trading day in 2008

** continuing activities only, pre exceptional items

Financial highlights

- Strong like-for-like net fee growth of 19% and operating profit growth of 13%*
- Earnings per share up 24%** and dividend per share up 16%
- Excellent cash flow from operations of £256.0 million (101% of operating profit)
- Strong balance sheet position with net debt of £81.1 million

Operational highlights

- International business increased net fees and operating profit by 40%* and now represents 42% of Group net fees
- Temporary placement net fees up 14% and permanent placement net fees up 24%*
- Performance of UK business impacted by deteriorating market conditions in second half
- Increased investment in key efficiency projects, including automating back office functions and upgrading our front office technology

Commenting on these results, Alistair Cox, Chief Executive of Hays, said:

“This has been an excellent year for Hays. We have delivered record profits and cash flow, achieved strong growth and made significant progress in our strategy of diversifying our business across geographies and sectors. Despite clear signs of tightening economies in the latter part of the year, we delivered 24% growth in net fees (19% on a like-for-like basis*) and 17% growth in operating profit (13% on a like-for-like basis*).

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The International performance has been outstanding with 14 countries achieving organic growth in net fees of more than 40%*. In Australia & New Zealand, we outperformed the market by a considerable distance across all major specialisms and sectors. In Asia, we more than doubled the size of our business. In Continental Europe & Rest of World, we took advantage of significant structural growth in the market by opening operations in 13 new cities and rolling out new specialisms in 13 countries. Overall, our International business grew net fees and operating profit by 40%* and now represents 42% of the Group's net fees.

Currently, in the United Kingdom demand for temporary placements has flattened out and we are experiencing falling demand for permanent placements. In Australia, we are seeing good growth in demand for temporary placements but demand for permanent placements has levelled off. In both these countries our priorities are focused on cost control and maximising profitability. In most of the other countries in which we operate, we are currently seeing strong growth in demand for our services.

Our aim is to create the leading global player in the specialist recruitment industry. Although conditions in a number of our markets are likely to be challenging in the short term, we firmly believe the longer term potential to significantly grow our business around the world and across multiple specialisms is substantial. To deliver this long term goal whilst simultaneously dealing with current market trends, we will continue to run our business with a focus on operational efficiency, cost control and cash generation, combined with a targeted approach to investment in areas which offer attractive returns.”

Enquiries

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Catherine Colloms

Results presentation webcast

The preliminary results presentation at 9:00am GMT on 2 September 2008 will be available as a live webcast on our website, www.haysplc.com, and a recording will also be available on our website.

Cantos interviews

Interviews with Alistair Cox (Chief Executive) and Paul Venables (Finance Director) by Cantos will be available on our website, www.haysplc.com, on 2 September 2008.

Reporting calendar

Trading statement for quarter ending 30 September 2008	9 October 2008
Trading statement for quarter ending 31 December 2008	8 January 2009
Interim results for 6 months ending 31 December 2008	26 February 2009
Trading statement for quarter ending 31 March 2009	9 April 2009
Trading statement for quarter ending 30 June 2009	9 July 2009

Note to editors

Hays plc is the leading global specialist recruitment group. It is market leader in the UK and Australia, and one of the market leaders in Continental Europe. The Group employs 8,872 staff operating from 393 offices in 27 countries across 17 specialisms. For the year ended 30 June 2008:

- the Group had revenues of £2.5 billion, net fees of £786.8 million and operating profit before exceptional items of £253.8 million;
- the Group placed around 80,000 candidates into permanent jobs and around 300,000 people into temporary assignments;
- the temporary placement business represented 49% of net fees and the permanent placement business represented 51% of net fees.

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Chairman's statement

Hays has achieved another strong financial performance with 24% growth in basic earnings per share** against a weakening economic backdrop. It has also been an exciting year for Hays during which Alistair Cox joined as Chief Executive following Denis Waxman's retirement. This transition was extremely smooth and, since his appointment, Alistair has built on Denis's legacy. He has considerably strengthened his Management Board, taken personal responsibility for the United Kingdom & Ireland business and continued the development and diversification of our International business.

It has been a year of significant progress for Hays. In the United Kingdom & Ireland we are refining the way we manage the business, automating many processes, improving working practices and upgrading the technology we use. Whilst it will take time for these changes to convert into financial performance, particularly given the current market environment, these actions will considerably strengthen the business for the long term. Meanwhile, the International business achieved outstanding growth underlining the great opportunities available to Hays worldwide and our capability to capitalise on these opportunities. Very few businesses have achieved such strong growth across so many countries in specialist recruitment.

Dividend

Our dividend policy is designed to support a sustainable dividend across the economic cycle whilst also delivering a progressive dividend during periods of growth. In line with this policy, the Board is recommending a final dividend of 3.95 pence per share, which would bring the full year dividend to 5.80 pence per share, representing an increase in the full year dividend of 16% over 2007.

People

As a Board, and as individuals, we have visited many of our operations in the United Kingdom and the International business during the year. During these visits, we continue to be impressed with our teams' commitment and absolute client and candidate focus. I do wish to recognise their achievement and to reinforce the Board's commitment to continuing to make their roles more fulfilling and more effective.

Across the world we have an experienced management team, leading market positions, a highly cash generative business, a diversified portfolio and a flexible cost base. This solid platform provides us with both the flexibility in the short term to deal with more challenging economic conditions and the capability over the long term to capitalise on the substantial structural growth in specialist recruitment markets.

Bob Lawson

Chairman

2 September 2008

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Executive review

Summary profit and loss statement

Year ended 30 June (in £'s million)	2008	2007	Growth	
			Actual	LFL*
Turnover	2,540.0	2,110.2	20%	16%
Net fees				
Temporary	385.2	324.1	19%	14%
Permanent	401.6	309.5	30%	24%
Total	786.8	633.6	24%	19%
Operating profit**	253.8	216.1	17%	13%
Conversion rate	32.3%	34.1%		
Temporary margin***	18.0%	18.0%		
Temporary fees as % of total	49%	51%		
Period end consultant headcount****	5,798	5,022	15%	15%

* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency, pre exceptional items. No adjustment is made for the one additional trading day in 2008

** continuing activities only pre exceptional items

*** temporary margin is calculated as temporary placement net fees divided by temporary placement revenue

**** the increase in consultants is shown on a closing basis, comparing 30 June 2008 versus 30 June 2007

Group turnover increased by 20%, net fees increased by 24% (19% on a like-for-like basis*) and operating profit** increased by 17% (13% on a like-for-like basis*). The results were modestly enhanced by the acquisition of James Harvard and the disposal of a non core business in France in 2007, which together had the net effect of increasing net fees by £9.4 million and operating profit by £1.4 million. Favourable exchange rate movements, particularly the appreciation in the Australian dollar and Euro, increased net fees by £20.4 million and operating profit by £7.8 million.

Our excellent fee growth in the period has been driven by our investment in the business and strong demand in our markets, particularly in the first half. Whilst the economic cycle will always be the most important short term influence on the performance of our business, there are significant long term structural changes driving demand in specialist recruitment markets. These long term drivers include deregulation in the labour markets, particularly in Continental Europe, 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 a long term trend of increasing demand from both candidates and clients for flexible employment.

We achieved a strong performance in our permanent placement businesses across all regions in the first half of the year benefiting from continued investment in consultants and a shortage of highly skilled candidates. However, the growth rate slowed markedly in the second half in the United Kingdom & Ireland and Australia & New Zealand as a result of the wider economic issues starting to impact our markets. Overall, net fees in the permanent business, representing 51% of Group net fees, grew by 24%, with permanent placement volumes increasing by 17% and average fees per placement increasing by 6% compared to last year*.

The temporary placement business, representing 49% of Group net fees, had strong and broadly consistent growth throughout the year increasing net fees by 14% driven by volume and mix growth*. The Group temporary margin was the same as last year at 18.0%*** with a decrease in the United Kingdom & Ireland offset by an increase in the margin in the International business. The contrasting trends in the permanent and temporary placement markets during the year underline the advantage of having market leading positions in both markets.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, decreased from 34.1% last year to 32.3% due to the reduction in the conversion rate in the United Kingdom & Ireland.

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Investment

We have invested significantly in the business during the year. We increased the number of consultants by 15% compared to last year, with the net increase being in the International business. We added 19 International offices to the network, we expanded into Hungary and Denmark and we rolled out new specialisms in 17 countries.

Number of offices

	30 June 2007	opened (net)	30 June 2008
United Kingdom & Ireland	257	(2)	255
Asia Pacific	47	6	53
Continental Europe & RoW	72	13	85
Group	376	17	393

In the United Kingdom & Ireland we achieved good net fee growth particularly in many of the newer specialisms, and we commenced projects to improve our back office efficiency and front office productivity. In Australia & New Zealand, we continued to develop our newer specialisms and strengthened our market leading position with a market-beating performance. In Asia, we continued to build critical mass in the major cities increasing net fees by more than 100%. In Continental Europe, we significantly 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.

The Group now employs 8,872 staff (2007: 7,753), operating from 393 offices (2007: 376) in 27 countries (2007: 25) across 17 specialisms (2007: 17). We believe this global network represents an excellent platform for continuing the Group's development.

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United Kingdom & Ireland

Year ended 30 June (in £'s million)	2008	2007	Growth	
			Actual	LFL*
Net fees				
Accountancy & Finance	178.0	164.4	8%	8%
Construction & Property	118.6	111.8	6%	6%
Information Technology	33.3	31.5	6%	5%
Other Specialist Recruitment Activities	123.0	109.4	12%	8%
Total	452.9	417.1	9%	7%
Operating profit				
Accountancy & Finance	65.6	67.6	(3)%	(3)%
Construction & Property	41.0	44.2	(7)%	(8)%
Information Technology	11.2	11.2	0%	0%
Other Specialist Recruitment Activities	19.5	17.8	10%	6%
Total	137.3	140.8	(3)%	(3)%
Conversion rate	30.3%	33.8%		
Period end consultant headcount****	3,128	3,116	0%	0%
<i>Division as % of Group net fees</i>	58%	66%		

In the United Kingdom & Ireland, net fees increased by 9% (7% on a like-for-like basis*) to £452.9 million and operating profit growth decreased by 3% (3% on a like-for-like basis*) to £137.3 million. The difference between headline growth and like-for-like growth was due to the acquisition of James Harvard, and the appreciation of the Euro positively impacting the result from Ireland. Overall the result reflects good growth in the temporary placement business offset by a weaker performance in the permanent placement business which was impacted by a marked slowdown in activity in the second half.

The Accountancy & Finance business had solid fee growth taking advantage of good market conditions in the first half of the year, before seeing a slowdown in market growth towards the end of the year. Construction & Property, which serves both the construction and “built” environment sectors, achieved strong growth in the first half but had an increasingly difficult second half as a result of a marked slowdown in construction activity in the sector. Information Technology made progress finishing the year with better fee momentum. The Other Specialist Recruitment Activities which cover 13 specialisms and now represent 27% of United Kingdom & Ireland net fees, achieved good growth overall. Education, Human Resources, Purchasing, Sales & Marketing, and Retail achieved excellent growth, collectively increasing net fees by 21%. However, as expected, City related activities recorded weaker performances.

As previously referred to in the interim statement, profit in the United Kingdom & Ireland has been affected by the reduction in the temporary business margin that occurred last year, primarily in the public sector and the impact of legislative changes affecting the status of temporary workers in sectors in which managed service companies operate. These factors reduced operating profit by around £6 million in the year. Investment in the IT infrastructure, as part of our ongoing project to improve our use of technology, reduced operating profit by around £3 million, with most of the impact being in the second half. Additionally, the slowdown in growth in the second half of the year, particularly in Construction & Property and Accountancy & Finance, put further pressure on the conversion rate. Overall, the conversion rate declined from 33.8% last year to 30.3% reflecting a continuing decline in the second half.

We have taken action to address the 10% reduction in operating profit that occurred in the second half of the year in the United Kingdom & Ireland. In February, Alistair Cox, the Group Chief Executive Officer, took over the leadership of the United Kingdom & Ireland business. Subsequently, we have cut our cost base including reducing headcount by 7% in the second half. To improve efficiency, we are automating our back office functions and this project is progressing well with expected completion in June 2010. We are taking measures to improve front office productivity, including the development of best practice across the business and improved use of technology to reduce the administrative burden on consultants. We are also examining ways to make further savings through improved procurement. We are also developing our account management capability to better service our major clients and increase our share of their spend on

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recruitment across multiple specialisms. We have also directed resources towards our public sector clients and this has yielded 15% growth in our public sector net fees in the second half.

In view of the more challenging market conditions in the United Kingdom & Ireland, we will continue to be extremely focused on cost control, maximising productivity, and disciplined pricing.

Asia Pacific

Year ended 30 June (in £'s million)	2008	2007	Growth	
			Actual	LFL*
Net fees	176.2	114.0	55%	38%
Operating profit	83.4	54.2	54%	39%
Conversion rate	47.3%	47.5%		
Period end consultant headcount****	1,255	915	37%	37%
<i>Division as % of Group net fees</i>	22%	18%		

In Asia Pacific, our businesses continued their excellent track record in both the permanent and temporary placement markets. Net fees increased 55% (38% on a like-for-like basis*) to £176.2 million and operating profit increased 54% (39% on a like-for-like basis*) to £83.4 million. The difference between headline growth and like-for-like growth was due to the appreciation in the Australian dollar and the 2007 acquisition of James Harvard in Japan. We increased the number of consultants by 37% compared to last year, with this increase being weighted towards the first half of the year. The conversion rate remained broadly unchanged at 47.3% (2007: 47.5%).

In Australia & New Zealand, our market leading businesses recorded excellent performances across all of their specialist activities and regions, increasing net fees by 36% compared to last year*. The temporary placement business in Australia & New Zealand achieved consistently excellent growth across the year. The permanent placement business started the year strongly but the growth rate weakened across the second half, with fee growth in the second half being driven by more favourable mix. By sector, Accountancy & Finance increased net fees by 31%; Construction & Property increased net fees by 38%; Resources & Mining, created five years ago and now our third largest specialism, increased net fees by 31%; and Information Technology increased net fees by 47%*. Among the other specialisms, we increased net fees by more than 50% in Education, Executive, Healthcare, Human Resources, Legal, Logistics, Oil & Gas, Pharmaceutical and Sales & Marketing*. In addition, we opened further offices in Queensland, Victoria and New Zealand.

The Asian markets represent a source of substantial long term opportunity for us and during the year we continued our strong progress in the region increasing net fees by 100%*. In Japan, we began our geographical expansion by opening in Osaka and we continued the roll out of our Accountancy & Finance, Construction & Property and Pharmaceutical specialisms. Our new business in Singapore had a fantastic year achieving breakeven within eight months of opening, and is now rapidly growing profits. Hong Kong performed significantly ahead of our expectations, and we have continued the development of our business across China.

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Continental Europe & Rest of World ('RoW')

Year ended 30 June (in £'s million)	2008	2007	Growth	
			Actual	LFL*
Net fees	157.7	102.5	54%	43%
Operating profit	33.1	21.1	57%	44%
Conversion rate	21.0%	20.6%		
Period end consultant headcount****	1,415	991	43%	43%
<i>Division as % of Group net fees</i>	20%	16%		

The Continental Europe & RoW division continued its outstanding progress increasing net fees by 54% (43% on a like-for-like basis*) to £157.7 million and operating profit by 57% (44% on a like-for-like basis*) to £33.1 million compared to last year. The difference between headline growth and like-for-like growth was due primarily to the appreciation of the Euro and the 2007 acquisition of James Harvard. We have invested significantly in consultants, increasing the number of consultants by 43% compared to last year, with this increase being weighted towards the first half of the year. The conversion rate continued to improve, increasing from 20.6% last year to 21.0%, due to the increased scale of the business.

All countries contributed to the outstanding performance across both temporary and permanent sectors with 12 countries delivering net fee growth of more than 40% in the year*.

Germany, representing 40% of the division's net fees, took advantage of growth in the market and further improved its market share, growing net fees by an impressive 43%*. This business is the market leader in the IT contracting market and is rapidly expanding its Accountancy & Finance, Legal and newly launched Pharmaceutical specialisms. Following new office openings during the year, in Stuttgart and Nuremberg, our German business now has eight offices.

France, representing 19% of the division's net fees, grew net fees by 33%, increasing its presence in Paris and continuing its expansion into the provinces*. In line with the French specialist recruitment market, this business is predominantly focused on the permanent placement market and, following office openings in Rouen and Nancy, now has 17 offices.

Among the other countries in Continental Europe, we started operations in new cities in Spain, Italy, Switzerland, the Czech Republic and Poland, and we launched operations in Hungary and Denmark. Following the acquisition last year of James Harvard, we continue to roll out our Pharmaceutical specialism across Europe, introducing it into seven new countries during the year, bringing our Pharmaceutical presence up to 12 countries in the region. Elsewhere, we have opened new offices in Canada and Brazil and our businesses in the UAE and Brazil continue to grow rapidly.

We see great opportunities for Hays in these markets, and we will continue to invest in staff and offices, where appropriate, to capitalise on these opportunities.

Exceptional items

As explained in note 4, there is an exceptional credit of £15.3 million included in the Consolidated Income Statement in 2008. This includes a £22.0 million exceptional credit as a result of the Group amending the terms of its defined benefit pension scheme. This amendment restricts the annual increase in pensionable earnings to the lower of inflation or 5%. Also during the year, the Group has initiated a Group-wide project to transform its IT infrastructure, software and business operations. This has led the Board to conclude that the value of certain intangible and tangible assets that were used in its operations are impaired and they have been written down by £6.7 million. There was no cash impact from the exceptional items.

Net finance charge

The average interest rate paid during the year ended 30 June 2008 was 6.1% (2007: 5.7%) generating a net interest payable on bank balances of £7.2 million (2007: £5.9 million). There was a net interest credit on pension obligations of £3.0 million (2007: £1.9 million) due mainly to the higher asset position at 30 June 2007 and a higher expected return on the Scheme assets. Offsetting this was a charge for the Pension Protection Fund Levy of £0.5 million (2007: £0.4 million). Overall, the net finance charge for the year was £4.7 million (2007: £4.4 million). It is expected that in 2009 the net finance charge will increase to between

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£10 million and £12 million mainly due to the increase in the pension deficit and the lower expected rate of return on the Scheme assets which will adversely affect the IAS19 finance charge by around £6 million. This increase does not have a cash impact.

Taxation

Tax on continuing operations for the year was £76.6 million, representing an effective tax rate of 29.0% (2007: 30.0%). The reduction in the effective tax rate is primarily due to the recognition and utilisation of brought forward tax losses in our French business and the 2% reduction in the United Kingdom tax rate which came into effect from 1 April 2008. In 2009, it is anticipated that the effective tax rate will remain around 29.0%.

Earnings per share

Basic earnings per share from continuing activities increased 24% to 12.59 pence (2007: 10.19 pence)**. The improvement in earnings per share results from strong growth in profit before tax**, 18% ahead of last year, the reduction in the effective tax rate and the favourable impact of the accretion from the share buy-back programme.

Cash flow and balance sheet

Cash flow in the year was excellent, with 101% conversion of operating profit into operating cash flow (2007: 107%). Our track record of consistently strong cash flow performance reflects the highly cash generative nature of our business model and the emphasis that our management places on strong cash management.

Overall, net cash from continuing operations was £256.0 million (2007: £232.1 million). Cash outflow from working capital was £15.1 million, with working capital increasing at a lower rate than turnover. Tax paid was £74.1 million and net capital expenditure was £20.8 million. £74.0 million was paid out in dividends, £7.2 million was paid out in net interest, and £91.1 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 £81.1 million (2007: £76.2 million). This compares to bank facilities in place until February 2011 of £460 million.

Capital structure and dividend

The priorities for our free cash flow are to fund Group development, pay dividends and to buy back shares when appropriate. In view of the excellent results, the Board is proposing to pay a final dividend of 3.95 pence per share, which, if approved at the Annual General Meeting, will make a total of 5.80 pence per share for the full year (2007: 5.00 pence). This represents a 16% increase on last year. The recommended dividend will be paid on 21 November 2008 to shareholders on the register at 24 October 2008.

During the year, we purchased 73.2 million shares at a total cost of £91.0 million, representing 5% of the shares in issue at the start of the period. This share buy-back has all been funded by free cash flow. The Board believes there are considerable benefits in maintaining a strong balance sheet and will adjust the level of the share buy-back accordingly. In the year ahead, it is expected that the level of buy-back will be significantly lower than last year. So far in the current year, we have purchased 1.7 million shares at a cost of £1.4 million. Since the buy-back commenced in November 2004, the total number of shares bought back represents 22% of the shares that were in issue at the start of the programme.

Retirement benefit obligations

The Group's pension liability as at 30 June 2008 of £88.1 million (£63.4 million net of deferred tax) increased by £44.6 million compared to 30 June 2007 mainly due to a reduction in equity returns, a decrease in equity values and an increase in the long term inflation rate assumption. During the period, the company contributed £7.3 million of cash into the defined benefit scheme which included £2.5 million to fund the deficit. The total cash contribution in 2009 is expected to be around £7 million, including a further £1.2 million to fund the deficit.

Current trading

Currently, in the United Kingdom demand for temporary placements has flattened out and we are experiencing falling demand for permanent placements. In Australia, we are seeing good growth in demand for temporary placements but demand for permanent placements has levelled off. In both these countries our priorities are focused on cost control and maximising profitability. In most of the other countries in which we operate, we are currently seeing strong growth in demand for our services.

Our aim is to create the leading global player in the specialist recruitment industry. Although conditions in a number of our markets are likely to be challenging in the short term, we firmly believe the longer term potential to significantly grow our business around the world and across multiple specialisms is substantial.

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To deliver this long term goal whilst simultaneously dealing with current market trends, we will continue to run our business with a focus on operational efficiency, cost control and cash generation, combined with a targeted approach to investment in areas which offer attractive returns.

Notes

* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency. No adjustment is made for the one additional trading day in 2008

** continuing activities only pre exceptional items

*** the increase in consultants is shown on a closing basis, comparing 30 June 2008 versus 30 June 2007

**** the temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement revenue

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Treasury management

The Group's treasury operations remain straight forward and uncomplicated with Group operations financed by retained earnings and bank borrowings. The Group has a £460 million revolving credit facility in place until February 2011 and it uses this facility to manage its day-to-day working capital requirements as appropriate. The Group's net debt position was £81.1 million at 30 June 2008 and this compares to a net debt position of £76.2 million at 30 June 2007. All borrowings are raised by the Groups' UK based treasury department which manages the Group's treasury risk in accordance with policies set by the Board. The Group's treasury department does not engage in speculative transactions and does not operate as a profit centre.

Counterparty risk primarily arises from investment of any surplus funds. The Group restricts transactions to banks and money market funds that have an acceptable credit rating and limits exposure to each institution.

Principal risks facing the business

Macro economic environment

The performance of the Group has a very close relationship and dependence on the underlying growth of the economies of the countries in which it operates. The Group strategy is to continue to grow the size of its International businesses in the countries in which the Group currently operates and within new countries that the Group currently has no operations. This will reduce the Group's exposure or dependence on any one specific economy.

The Group has also expanded its business into countries where the specialist recruitment markets are less developed and are therefore less dependent on the performance of the country's underlying economy in the short-term.

Competitive environment

In the United Kingdom & Ireland and Australia & New Zealand, the markets for the provision of permanent and temporary recruitment are competitive and fragmented. In these more developed markets, competitor risk manifests itself in increased competition for clients and candidates and in pricing pressures and during the year, in the United Kingdom, the Group experienced some margin pressure within its temporary business in the major specialist activities.

In Continental Europe & Rest of the World and Asia (excluding Japan), the markets for the provision of recruitment services remain less developed and the market place is more fragmented, however, the markets in Continental Europe and Asia are developing quickly.

The Group's strategy is to rapidly grow our businesses in the International territories.

The Group's competitors in its markets range from large multi-national organisations to small, boutique, privately owned businesses. The Group is continually subject to existing and new competitors entering into the markets in which it operates. The competitive threat is from small start-up operations to large multi-nationals as the costs of entry into the specialist recruitment markets can be relatively low, although these costs have risen with the increased levels of compliance required from local regulators and clients.

Commercial relationships

The Group benefits from close commercial relationships with key clients in both the public and private sectors. Within the private sector the Group is not dependent on any single key client; however, the Group, like most companies is always subject to the risk that a large customer might be unable to fulfill its obligations to the Group, which might materially impact the Group's results.

The public sector accounts for approximately 20% of the Group's total net fees. The public sector markets that the Group operates in include a large number of national and local government organisations.

Contractual risk

Clients increasingly require more complex levels of compliance e.g. reference checking in their contractual arrangements. The Group takes its responsibilities seriously, such contracts may be allocated to dedicated teams and audits performed to reduce the risk of non-compliance.

The Group placing temporary workers represents a greater inherent risk than permanent placements. Wherever possible the contracts include clauses placing the responsibility for supervision and control of the worker with the client, exclude any consequential loss and limit the Group's total liability under the contract.

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The Group has clear guidance in place on approval of contractual terms and monitors the application thereof, especially any exceptions to our standard liability position and insurance protection which require Group Finance Director approval.

People

The business is reliant on the ability to recruit, train and develop people to meet the Group's growth strategy. The Group is focused on ensuring it has competitive pay structures which are linked to performance, a succession planning process and a process to develop talent to meet expansion needs.

In addition Management are focused on allocating resources to the best opportunities available.

Foreign exchange

The Group has significant operations outside the United Kingdom and as such is exposed to movements in exchange rates. Currently, the Group does not actively manage its exposure to foreign exchange risk by the use of financial instruments. The impact of foreign exchange will become more important for the Group as the scale of its international operations grow. In the current year, 42% of total net fees were generated by the International businesses, of which 36% was Euros or Australian dollar, and this is expected to increase in the future. The Group will continue to monitor its policies in this area.

Technology systems

The Group is increasingly reliant on a number of technology systems in providing its services to clients. These systems are housed in various datacentres and the Group has capacity to cope with a datacentre loss as a result of a significant event through the establishment of disaster recovery sites which are physically based in separate locations to the ongoing operations.

The Group is also reliant upon a number of important suppliers that provide critical information technology infrastructure. It continually monitors the performance and robustness of these suppliers to ensure business critical processes are safeguarded as far as practicably is possible.

The Group is in the process of upgrading some of its key operational and financial systems, such changes have an element of inherent risk, the Group has taken steps to mitigate these risks via the governance structure in place, ensuring that the group has high quality project management and IT resources working along side our operational managers on the projects, utilisation of specialist external resource and utilising a robust project management process. The Group will be monitoring this carefully across the life of the project.

Regulatory environment and legislative changes

The specialist recruitment industry is governed by an increasing level of compliance, which varies from country to country and market to market. The Group takes its responsibilities seriously, is committed to meeting all of its regulatory responsibilities and continues to strengthen its internal controls and processes with respect to legal obligations.

As the employment laws are changed and harmonised in certain geographies, they bring with them new risks and opportunities. The temporary market is more heavily regulated and changes in legislation e.g. changes in managed service company legislation, the planned removal of the staff hire concession, changes to temporary worker rights can have an impact on the group profitability.

The Group ensures that its policies, processes and systems reflect best practice where possible and meet the legal requirements of the markets in which it operates.

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.

Preliminary results

CONSOLIDATED INCOME STATEMENT for the year ended 30 June

<i>(In £'s million)</i>	Note	2008	2007
TURNOVER			
Continuing operations	3	2,540.0	2,110.2
NET FEES			
Continuing operations	3	786.8	633.6
Operating profit from continuing operations before exceptional items		253.8	216.1
Exceptional items	4	15.3	-
OPERATING PROFIT FROM CONTINUING OPERATIONS	3	269.1	216.1
Finance income	5	3.2	1.5
Finance cost	5	(7.9)	(5.9)
		(4.7)	(4.4)
PROFIT BEFORE TAX		264.4	211.7
Tax	6	(76.6)	(63.6)
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		187.8	148.1
PROFIT FROM DISCONTINUED OPERATIONS	7	0.4	18.4
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		188.2	166.5
Earnings per share from continuing operations before exceptional items			
- Basic	9	12.59p	10.19p
- Diluted	9	12.53p	10.13p
Earnings per share from continuing operations			
- Basic	9	13.37p	10.19p
- Diluted	9	13.30p	10.13p
Earnings per share from continuing and discontinued operations			
- Basic	9	13.40p	11.46p
- Diluted	9	13.33p	11.39p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE for the year ended 30 June

<i>(In £'s million)</i>	2008	2007
Profit for the financial year	188.2	166.5
Currency translation adjustments taken to equity	25.4	(0.9)
Actuarial (losses)/profits on defined benefit pension scheme	(71.2)	12.9
Tax on items taken directly to equity	19.9	(4.7)
Net (expense)/income recognised directly in equity	(25.9)	7.3
Total recognised income and expense for the year	162.3	173.8
Attributable to equity shareholders of the parent	162.3	173.8

Preliminary results

CONSOLIDATED BALANCE SHEET at 30 June

<i>(In £'s million)</i>	Note	2008	2007
NON-CURRENT ASSETS			
Goodwill		168.9	157.7
Other intangible assets		5.4	4.3
Property, plant and equipment		32.2	25.2
Deferred tax assets		38.7	22.7
		<u>245.2</u>	<u>209.9</u>
CURRENT ASSETS			
Trade and other receivables		442.3	375.7
Cash and cash equivalents		54.0	68.4
		<u>496.3</u>	<u>444.1</u>
TOTAL ASSETS		<u><u>741.5</u></u>	<u><u>654.0</u></u>
CURRENT LIABILITIES			
Trade and other payables		(306.5)	(252.4)
Current tax liabilities		(29.7)	(31.7)
		<u>(336.2)</u>	<u>(284.1)</u>
NON-CURRENT LIABILITIES			
Bank loans and overdrafts		(135.1)	(144.6)
Trade and other payables		(13.6)	(19.6)
Retirement benefit obligations	10	(88.1)	(43.5)
Provisions	11	(45.5)	(50.2)
		<u>(282.3)</u>	<u>(257.9)</u>
TOTAL LIABILITIES		<u><u>(618.5)</u></u>	<u><u>(542.0)</u></u>
NET ASSETS		<u><u>123.0</u></u>	<u><u>112.0</u></u>
EQUITY			
Called up share capital		14.7	15.7
Share premium account		369.6	369.6
Capital redemption reserve		2.7	1.7
Retained earnings		(307.0)	(288.7)
Other reserves		43.0	13.7
TOTAL SHAREHOLDERS' EQUITY		<u><u>123.0</u></u>	<u><u>112.0</u></u>

Preliminary results

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June

<i>(In £'s million)</i>	Note	2008	2007
OPERATING PROFIT FROM CONTINUING OPERATIONS		269.1	216.1
Adjustments for:			
Exceptional items – non cash	4	(15.3)	-
Depreciation of property, plant and equipment		9.6	7.3
Amortisation of intangible fixed assets		1.7	0.4
Net movement in provisions		(5.9)	(6.1)
Movement in employee benefits and other items		11.9	8.5
		<u>2.0</u>	<u>10.1</u>
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL		271.1	226.2
Changes in working capital			
Increase in receivables		(42.6)	(38.9)
Increase in payables		27.5	44.8
		<u>(15.1)</u>	<u>5.9</u>
CASH GENERATED BY OPERATIONS		256.0	232.1
Income taxes paid		(74.1)	(70.7)
NET CASH FROM OPERATING ACTIVITIES		181.9	161.4
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(14.8)	(12.3)
Proceeds from sale of property, plant and equipment		0.1	0.2
Purchase of intangible assets		(6.7)	(2.8)
Cash paid in respect of acquisitions made in previous years		-	(0.3)
Acquisition of subsidiaries		-	(22.8)
Sale of businesses and related assets - discontinued		0.6	0.8
Sale of businesses and related assets - continuing		-	0.8
Interest received		3.2	1.5
NET CASH USED IN INVESTING ACTIVITIES		(17.6)	(34.9)
FINANCING ACTIVITIES			
Interest paid		(10.4)	(5.9)
Equity dividends paid		(74.0)	(65.5)
Cash outflow in respect of share buy-back		(91.1)	(58.2)
Purchase of own shares		(0.7)	(0.4)
Proceeds from share option exercises		2.8	3.8
(Repayment)/issue of loan notes		(0.8)	0.2
(Decrease)/increase in bank overdrafts		(8.7)	14.6
Additional pension scheme funding		(2.5)	-
NET CASH USED IN FINANCING ACTIVITIES		(185.4)	(111.4)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(21.1)</u>	<u>15.1</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12	68.4	52.8
Effect of foreign exchange rate changes		6.7	0.5
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	54.0	68.4

Preliminary results

NOTES TO THE ACCOUNTS

1 STATEMENT UNDER S240 – PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial statements contained in this preliminary announcement do 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 year end 30 June 2008 and 30 June 2007. The financial statement for 30 June 2008, 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 2007 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 the 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 2008.

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 2007.

The consolidated financial statements have been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared on the historical cost basis.

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>	2008	2007
TURNOVER FROM CONTINUING OPERATIONS		
United Kingdom & Ireland	1,571.5	1,413.7
Continental Europe & Rest of World	482.2	353.2
Asia Pacific	486.3	343.3
	<u>2,540.0</u>	<u>2,110.2</u>
NET FEES FROM CONTINUING OPERATIONS		
United Kingdom & Ireland	452.9	417.1
Continental Europe & Rest of World	157.7	102.5
Asia Pacific	176.2	114.0
	<u>786.8</u>	<u>633.6</u>
OPERATING PROFIT FROM CONTINUING OPERATIONS		
United Kingdom & Ireland		
Operating profit from continuing operations before exceptional items	137.3	140.8
Exceptional items	15.3	-
	<u>152.6</u>	<u>140.8</u>
Continental Europe & Rest of World	33.1	21.1
Asia Pacific	83.4	54.2
	<u>269.1</u>	<u>216.1</u>

There is no material difference between the split of the Group's turnover by geographic origin and destination.

4 EXCEPTIONAL ITEMS

During the year the Group amended the terms of its defined benefit pension scheme. This amendment restricts the annual increase in pensionable pay /qualifying earnings to the lower of inflation or 5%. The effect of this change is a curtailment benefit which has been recognised in the Income Statement as an exceptional credit of £22.0 million. Also during the year, the Group has initiated a Group-wide project to transform its IT infrastructure, software and business operations. This has led the Directors to conclude that the carrying value of certain intangible and tangible assets that were previously used in its operations are impaired and they have been written down by £6.7 million. The exceptional credit generated a tax charge of £4.3 million.

There was no cash impact from the exceptional items.

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5 FINANCE INCOME AND FINANCE COSTS

Finance income

<i>(in £'s million)</i>	2008	2007
Interest on bank deposits	3.2	1.5

Finance costs

<i>(in £'s million)</i>	2008	2007
Interest payable on bank overdrafts and loans	(10.4)	(7.4)
Pension Protection Fund levy	(0.5)	(0.4)
Net interest on pension obligations	3.0	1.9
	<u>(7.9)</u>	<u>(5.9)</u>
Net finance charge	<u>(4.7)</u>	<u>(4.4)</u>

6 TAX

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

<i>(In £'s million)</i>	2008 Continuing	2008 Discontinued	2008 Total	2007 Continuing	2007 Discontinued	2007 Total
Current tax	71.8	0.2	72.0	69.7	(17.3)	52.4
Deferred tax	4.8	-	4.8	(6.1)	-	(6.1)
	<u>76.6</u>	<u>0.2</u>	<u>76.8</u>	<u>63.6</u>	<u>(17.3)</u>	<u>46.3</u>

7 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>	2008	2007
Profit from disposal of business assets	0.6	1.1
Profit before tax	0.6	1.1
Tax	(0.2)	17.3
Post tax profit from discontinued operations	<u>0.4</u>	<u>18.4</u>

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.

The tax credit of £17.3 million in the prior year was 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 were no longer required, less a £0.3 million charge on other items.

8 DIVIDENDS

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

	2008		2007	
	pence per share	£ million	pence per share	£ million
Previous year final dividend	3.40	48.2	2.90	42.3
Current year interim dividend	1.85	25.8	1.60	23.2
		<u>74.0</u>		<u>65.5</u>

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8 DIVIDENDS (CONTINUED)

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

	2008		2007	
	pence per share	£ million	pence per share	£ million
Interim dividend	1.85	25.8	1.60	23.2
Final dividend (proposed)	3.95	54.4	3.40	48.2
	<u>5.80</u>	<u>80.2</u>	<u>5.00</u>	<u>71.4</u>

The final dividend for 2008 of 3.95 pence per share (£54.4 million) will be proposed at the AGM on 12 November 2008 and has not been included as a liability as at 30 June 2008. The final dividend will be paid on 21 November 2008 to shareholders on the register at 5pm on 24 October 2008.

9 EARNINGS PER SHARE

For the year ended 30 June 2008	Earnings (£'s million)	Weighted average number of shares (million)	Per share amount (pence)
Continuing operations before exceptional items:			
Basic earnings per share from continuing operations	176.8	1,404.1	12.59
Dilution effect of share options	-	7.4	(0.06)
Diluted earnings per share from continuing operations	<u>176.8</u>	<u>1,411.5</u>	<u>12.53</u>
Continuing operations after exceptional items:			
Basic earnings per share from continuing operations	187.8	1,404.1	13.37
Dilution effect of share options	-	7.4	(0.07)
Diluted earnings per share from continuing operations	<u>187.8</u>	<u>1,411.5</u>	<u>13.30</u>
Discontinued operations:			
Basic earnings per share from discontinued operations	0.4	1,404.1	0.03
Dilution effect of share options	-	7.4	-
Diluted earnings per share from discontinued operations	<u>0.4</u>	<u>1,411.5</u>	<u>0.03</u>
Continuing and discontinued operations:			
Basic earnings per share from continuing and discontinued operations	188.2	1,404.1	13.40
Dilution effect of share options	-	7.4	(0.07)
Diluted earnings per share from continuing and discontinued operations	<u>188.2</u>	<u>1,411.5</u>	<u>13.33</u>

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.

Reconciliation of earnings

(in £'s million)	Earnings
Continuing operations before exceptional items	176.8
Exceptional items (note 4)	15.3
Tax on exceptional items (note 4)	(4.3)
Continuing operations	<u>187.8</u>

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9 EARNINGS PER SHARE (CONTINUED)

For the year ended 30 June 2007	Earnings (£'s million)	Weighted average number of shares (million)	Per share amount (pence)
Continuing operations before exceptional items:			
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
Continuing operations after exceptional items:			
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
Discontinued operations:			
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
Continuing and discontinued operations:			
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

10 RETIREMENT BENEFIT OBLIGATIONS

<i>(In £'s million)</i>	2008	2007
Deficit in the scheme brought forward	(43.5)	(55.9)
Current service cost	(5.7)	(7.1)
Past service costs/curtailments (note 4)	22.0	-
Contributions	7.3	4.7
Net financial return	3.0	1.9
Actuarial (loss)/gain	(71.2)	12.9
Deficit in the scheme carried forward	(88.1)	(43.5)

11 PROVISIONS

<i>(In £'s million)</i>	Property	Deferred employee benefits	Other	Total
Balance at 1 July 2007	14.7	1.7	33.8	50.2
Exchange adjustments	0.5	-	0.7	1.2
Reclassification	5.0	-	(5.0)	-
Utilised	(2.3)	-	(3.6)	(5.9)
Balance at 30 June 2008	17.9	1.7	25.9	45.5

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.

Preliminary results

11 PROVISIONS (CONTINUED)

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 £1.6 million (2007 - £3.7 million) relating to restructuring costs arising from the Group transformation. These provisions are expected to be utilised over the next 24 months.
- Provisions of £18.8 million (2007 - £18.9 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.
- After a detailed review of Other provisions the Directors have concluded that £5.0 million of Other provisions is more fairly presented in the Property provisions.

12 MOVEMENT IN NET CASH / (DEBT)

<i>(In £'s million)</i>	1 July 2007	Cash Flow	Exchange Movement	30 June 2008
Cash and cash equivalents	68.4	(21.1)	6.7	54.0
Bank loans and overdrafts	(144.6)	11.9	(2.4)	(135.1)
	<u>(76.2)</u>	<u>(9.2)</u>	<u>4.3</u>	<u>(81.1)</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.

13 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.

14 POST BALANCE SHEET EVENTS

As part of the share buy-back programme, the Company has purchased an additional 1.7 million shares (held as treasury shares) for a total cost of £1.4 million, after the year end.

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

15 LIKE-FOR-LIKE RESULTS

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

For the year ended 30 June 2008 this is calculated as follows:

	<i>(In £'s million)</i>
Net fees for the year ended 30 June 2007	633.6
Foreign exchange impact	20.4
Adjustment for fees from disposed of businesses	(1.9)
Net fees for the year ended 30 June 2007 at constant currency	652.1
Fees generated from acquisitions	11.3
Fees generated from organic growth	123.4
Net fees for the year ended 30 June 2008	786.8
Profit from operations for the year ended 30 June 2007	216.1
Foreign exchange impact	7.8
Adjustment for profit from disposed of businesses	(0.4)
Profit from operations for the year ended 30 June 2007 at constant currency	223.5
Profit from exceptional items	15.3
Profit from operations generated from acquisitions	1.8
Profit from operations generated from organic growth	28.5
Profit from operations for the year ended 30 June 2008	269.1