HAYS Recruiting experts worldwide

HALF YEAR REPORT
SIX MONTHS ENDED 31 DECEMBER 2014

25 February 2015

EXCELLENT OPERATING LEVERAGE DRIVES 30%(1) PROFIT GROWTH FROM STRONG 10%(1) NET FEE GROWTH

Six months ended 31 December (In £'s million)	2014	2013	Actual growth	LFL(1) growth
Net fees	**383.9**	363.4	6%	10%
Operating profit	**81.5**	66.7	22%	30%
Conversion rate	**21.2%**	18.4%	280bps	
Cash generated by operations	**78.5**	59.9	31%	
Profit before tax	**77.3**	62.5	24%	
Basic earnings per share	**3.64p**	2.90p	26%	
Dividend per share	**0.87p**	0.83p	5%	

Highlights

- Excellent 30%(1) operating profit growth, with 53%(1) drop-through of incremental net fees into operating profit
- Headline operating profit grew by 22% despite significant foreign exchange headwinds of £4.1 million
- UK & Ireland delivered strong, broad-based net fee growth of 13%(1); all regions grew
  - Operating profit up 113%(1) to £21.1m; 71%(1) drop-through of incremental net fees into operating profit
  - Excellent operating leverage driven by a 3% improvement in consultant productivity and cost discipline
- Good Asia Pacific net fee growth of 8%(1), operating profit up 7%(1)
  - Australia returned to growth with net fees up 5%(1), driven by Perm up 13%(1)
  - Strong broad-based 13%(1) growth in Asia, delivering record net fees and operating profit
- Good 9%(1) net fee growth in Continental Europe & Rest of World drives excellent 21%(1) operating profit growth
  - Germany net fees up 7%(1), France up 11%(1) and Canada up 21%(1)
  - 16 countries delivered net fee growth of over 10%(1), including Poland, Spain and Switzerland
- Consultant headcount up 9%(5) year-on-year as we quickly invested where markets and outlook were supportive
- On 4 December 2014, Hays acquired 80% of Veredus Corp., a US pure-play IT staffing company, for an initial consideration of approximately $44 million (c.£29 million)
- Growth in EPS of 26%, reflecting excellent operating profit performance and lower effective tax rate
- Strong cash performance, with 96% conversion of operating profit into operating cash flow
- Interim dividend increase of 5%, in line with our strategy to build full year cover towards 3.0x earnings

Commenting on the results Alistair Cox, Chief Executive, said:

"This is an excellent first half performance, driven by an acceleration in the permanent recruitment market, as candidate confidence continued to improve in many countries.

Conditions remained supportive in most markets and we rapidly invested in headcount to deliver strong fee growth alongside profit leverage. As a result 19 countries delivered record first half net fee performances, including the key businesses of Germany, France, Canada and Japan, and Australia returned to growth. In the UK we grew net fees by 13%(1), where our investment in headcount, focus on improving consultant productivity and the on-going benefits of our largely automated back office platform, drove excellent profit leverage as 71%(1) of incremental net fees converted into operating profit.

This combination of profit leverage and targeted revenue investment is key to how we manage the company. In addition, through the half we continued to make significant progress against each of our operational and strategic objectives, notably the acquisition of Veredus in the US which gives us a significant platform in the world's largest recruitment market.

Looking ahead we exit the first half in a position of strength and we are confident in our outlook. We have the scale, diversity, people and technology to capture the many long-term opportunities available to us, as well as driving our profits along the way."

(1) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.

(2) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides major payrolling services.

(3) Exchange rate as at 23 February 2015: £1 / €1.3643; £1 / AUD1.9815.

(4) Average consultant headcount for the six months ended 31 December 2014 compared to the average consultant headcount for the six months ended 31 December 2013.

(5) Excludes the impact of the Veredus acquisition.

Enquiries

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Results presentation & webcast

The results presentation will take place at the offices of UBS at 1 Finsbury Avenue, London, EC2M 2PP at 9:00am on 25 February 2015 and will also be available as a live webcast on our website, www.hays.com/investors/results-centre. A recording of the webcast will be available on our website from 1:00pm on 25 February 2015.

A copy of this press release and presentation materials will also be made available on our website, www.hays.com/investors/results-centre.

Reporting calendar

Interim Management Statement for quarter ending 31 March 2015	9 April 2015
Trading Update for quarter ending 30 June 2015	9 July 2015
Preliminary Results for year ending 30 June 2015	27 August 2015
Interim Management Statement for quarter ending 30 September 2015	8 October 2015

Hays Group Overview

Hays has 8,748 employees in 244 offices in 33 countries. In many of our global markets, the vast majority of professional and skilled recruitment is still done in-house, with minimal outsourcing to recruitment agencies which presents substantial long-term structural growth opportunities. This has been a key driver of the rapid diversification and internationalisation of the Group, with the International business representing 65% of the Group's net fees as at 31 December 2014, compared with around 25% 10 years ago.

Our 5,741 consultants work in a broad range of sectors, with Accountancy & Finance, Construction & Property and IT representing 50% of Group net fees. Our expertise across 20 professional and skilled recruitment specialisms gives us opportunities to rapidly develop newer markets by replicating these long-established, existing areas of expertise.

In addition to this international and sectoral diversification, the Group's net fees are generated 58% from temporary and 42% permanent placement markets, and this balance gives our business model relative resilience.

This well diversified business model continues to be a key driver of the Group's financial performance.

Introduction

We have delivered a strong Group financial performance for the first half, with excellent profit growth. Net fees increased by 10% on a like-for-like basis[(1)] and 6% on a headline basis. Operating profit increased by 30% on a like-for-like basis[(1)] and 22% on a headline basis. Conversion rate increased to 21.2% (2013: 18.4%) and we converted 96% of operating profit into operating cash flow. Against a supportive market backdrop, these results reflect our investment to capitalise on growth opportunities, as well as our focus on driving improved consultant productivity and the on-going benefit of our largely automated back office platform around the Group.

Foreign exchange

Fluctuations in the rates of the Group's key operating currencies versus sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian dollar and Euro impacts net fees by £0.7 million and £1.8 million respectively per annum; and operating profits by £0.25 million and £0.6 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the six months ended 31 December 2014 averaged AUD1.83 and closed at AUD1.907. As at 23 February 2015 the rate stood at AUD1.9815. The rate of exchange between the Euro and sterling over the six months ended 31 December 2014 averaged €1.264 and closed at €1.288. As at 23 February 2015 the rate stood at €1.3643.

The impact of the material movement in foreign exchange rates we saw through the half is best illustrated by the fact that if we retranslate the Group's first half operating profit of £81.5 million at current exchange rates[(3)], it would reduce the actual reported result by c.£5.5 million to c.£76 million.

Acquisition of Veredus Corp. in the US

As announced on 4 December 2014 Hays acquired 80% of Veredus Corp., a pure-play IT staffing company headquartered in Tampa, Florida, for an initial consideration of approximately $44 million (c.£29 million), on a cash free / debt free basis. The remaining 20% of equity in Veredus is retained by the selling shareholders, all of whom continue in their senior leadership roles within the Hays US business. The cash consideration was fully funded from existing debt facilities. Hays has the option to acquire the remaining 20% from the selling shareholders (who have the equivalent right to sell), with the option first available for exercise in March 2018, at a pre-determined multiple of earnings, and is subject to a cap. Veredus generates c.85% of its net fees from contracting and temporary assignments. It has 134 consultants and 10 offices focused in the South East and Mid-West of the US, making placements across 30 states last year, and today has around 700 contractors on assignment. Trading to date has been good and we are further investing into that platform to build a sizable business that will make a significant contribution at a Group level.

Good growth in Temp business; excellent growth in Perm business

Net fees in Temp, which represented 58% of Group net fees, increased by 7%[(1)]. This comprised a volume increase of 8% partially offset by a decrease in mix/hours worked of 1%. Underlying Temp margins[(2)] were flat at 16.6% (2013: 16.6%).

Net fees in Perm increased by 14%[(1)], as volumes increased 11%, driven by improved candidate and client confidence in many key markets, most notably the UK, several European countries and, late in the half, Australia. This was supported by an increase in the average fee per placement of 3%, largely as a result of salary inflation.

Selective investment to capitalise on clear growth opportunities and increasing productivity to deliver profitable fee growth

With conditions remaining supportive in most markets, we have taken advantage by selectively investing headcount into our key growth markets. Targeting investment in this way ensures we maximise current and future growth opportunities by using productivity and efficiency to drive profitable fee growth around the world. We delivered a 2%[(1)] productivity improvement of net fees per consultant in the half, as net fees grew by 10%[(1)] and average consultant numbers were up 8%[(4)].

Movements in consultant headcount

Consultant headcount, excluding Veredus, ended December at 5,607, up 9% year-on-year and up 5% through our first half. In Asia Pacific, consultant headcount was up 13% year-on-year, within which Australia consultant headcount was up 9% year-on-year and 7% versus June 2014. In Asia, consultant headcount increased by 20% year-on-year after we invested aggressively in each of our businesses across that region. In the UK & Ireland consultant headcount was up 7% year-on-year, as we invested to capitalise on the clear opportunities for future growth which exist across that business. In our Continental Europe & Rest of World (RoW) division we increased consultant headcount by 9%(5) year-on-year, including Germany which was up 5% and France which was up 10%. The Veredus acquisition added a further 134 consultants.

Consultant headcount	**31 Dec 2014**	Net change (vs. 31 Dec 2013)	31 Dec 2013	30 Jun 2014
Asia Pacific	**1,142**	133	1,009	1,055
Continental Europe & RoW(5)	**2,310**	189	2,121	2,145
United Kingdom & Ireland	**2,155**	135	2,020	2,157
Group excluding Veredus	**5,607**	457	5,150	5,357
Acquisition of Veredus	**134**	134	-	-
Group total	**5,741**	591	5,150	5,357

Office network changes & global specialism roll-out

Our focus through the first half remained on building scale and critical mass across our existing platform of 33 countries. We continued to make further good progress in rolling out our IT Contracting business into markets such as Canada and France. During the first half we opened a new office in Edmonton (Canada) and closed offices in Brno (Czech Republic), Maidenhead (UK), Portadown (UK) and we consolidated two offices into a single location in Melbourne (Australia).

Office network	**31 Dec 2014**	Acquisition of Veredus	Net opened/ (closed)	30 Jun 2014
Asia Pacific	**46**	-	(1)	47
Continental Europe & RoW	**98**	10	-	88
United Kingdom & Ireland	**100**	-	(2)	102
Group	**244**	10	(3)	237

Investing in technology, responding to change and building intellectual property

We strongly believe that equipping our consultants with evolving technology tools improves their productivity by enabling them to find the ideal candidate for their client's roles more quickly and effectively than the competition.

To build these tools, we have invested internally in our own resources, built our own proprietary systems and intellectual property and fostered unique relationships with important players in the technology world including Google and LinkedIn. These investments are now paying off, for example allowing us to receive and process over 8 million CVs a year, take our brand to over 340 million professionals globally via the LinkedIn platform and enabling our consultants to perform complex searches of our proprietary OneTouch database in seconds.

In a world where speed of response and the quality of relationships are key to success, these tools, combined with the expertise of our consultants, are delivering us real competitive advantage and underpinning both our financial performance and the growth in our market share and leadership.

Asia Pacific

Return to good net fee growth in Australia; continued strong performance in Asia

Six months ended 31 December (In £'s million)	**2014**	2013	Growth Actual	Growth LFL[1]
Net fees	**91.4**	89.8	2%	8%
Operating profit	**25.2**	25.3	0%	7%
Conversion rate	**27.6%**	28.2%		
Period end consultant headcount	**1,142**	1,009	13%	

In Asia Pacific, net fees increased by 2% (8% on a like-for-like basis[1]) to £91.4 million and operating profit was broadly flat (up 7% on a like-for-like basis[1]) at £25.2 million, representing a conversion rate of 27.6% (2013: 28.2%). The difference between actual growth and like-for-like growth rates is primarily the result of the material depreciation in the rate of exchange between the Australian Dollar and Japanese Yen versus Sterling during the half, which reduced net fees in the division by £5.2 million and operating profits by £1.7 million. Prevailing rates of exchange, particularly the Australian dollar, continue to represent a significant sensitivity for the reported performance of the division.

In Australia & New Zealand net fees were up 7%[1] and operating profit was up 6%[1] as we invested in headcount rapidly to take advantage of improved market conditions. In Australia we delivered good net fee growth 5%[1]. Our Temp business, which represented 69% of net fees, grew by 2%[1] in the first half, whilst Perm net fees increased by a strong 13%[1] as candidate confidence improved. The major regions of New South Wales and Victoria were up 5%[1], Queensland and Western Australia were up 1%[1], while the remaining smaller states delivered excellent growth. Improvement was led by the technical specialisms as Construction & Property, our largest specialism, delivered strong growth of 11%[1] and IT grew by 5%[1]. We saw excellent net fee growth of 20%[1] in New Zealand.

In Asia, which accounted for 21% of the division's net fees, we delivered strong net fee growth of 13%[1] and operating profits increased by 12%[1] to £2.6 million. All countries in the region delivered record first half net fees. In Japan, net fees increased by 8%[1] and market conditions were good throughout the half. Net fees in China grew 25%[1], Hong Kong 13%[1], Malaysia 61%[1] and Singapore 7%[1].

Consultant headcount in the Asia Pacific division increased by 13% year-on-year. Consultant headcount in Australia & New Zealand increased by 10%. In Asia, consultant headcount increased by 20% as we invested to drive growth and capitalise on supportive market conditions across the region.

Continental Europe & Rest of World

Further good growth in Germany; excellent operating profit growth in rest of the division

Six months ended 31 December (In £'s million)	2014	2013	Growth Actual	Growth LFL[1]
Net fees	**157.4**	154.1	2%	9%
Operating profit	**35.2**	31.5	12%	21%
Conversion rate	**22.4%**	20.4%		
Period end consultant headcount[5]	**2,310**	2,121	9%	

In Continental Europe & RoW, we delivered net fee growth of 2% (9% on a like-for-like basis[1]) to £157.4 million, driving excellent operating profit growth of 12% (21% on a like-for-like basis[1]) to £35.2 million. The difference between actual and like-for-like growth rates is primarily the result of the material depreciation in the rate of exchange between the Euro versus Sterling during the half, which reduced net fees by £10.9 million and operating profit by £2.4 million. The conversion rate of the division increased to 22.4% (2013: 20.4%) driven by good net fee growth and strong drop-through of incremental net fees into operating profit, notably across several continental European markets.

Germany, which represented 53% of the division's net fees, delivered good net fee growth of 7%[1] and a record first half net fee performance. We saw growth across Contracting and Temp, which together grew by 6%[1], and Perm which grew by 7%[1]. We saw strong growth in our newer specialisms, which now represent 27% of Germany net fees, particularly Accountancy & Finance, Sales & Marketing and Life Sciences, all of which grew by 10%[1] or more. Net fees in IT, which represents 41% of Germany business, grew by 7%[1] whilst net fees in Engineering increased by 3%[1]. A degree of uncertainty regarding future regulations governing Temp and Contractor markets continued to impact recruitment decision making in certain client segments. However, the long-term structural growth opportunity in Germany remains unchanged, and we are ideally positioned to continue to benefit from the increasing demand for specialist recruitment services.

Across the rest of the division, net fees were up 12%[1] and operating profit increased by £3.7 million[1], a 47%[1] drop-through of incremental net fees into operating profit. France, our second largest country in the division, delivered record first half net fees and growth of 11%[1], a strong performance against the backdrop of a market which remained subdued throughout the half. Elsewhere, 11 other countries delivered record first half net fee performances, including Belgium, Canada, Poland and Switzerland.

In North America, Canada delivered excellent net fee growth of 21%[1] and our business in the US, excluding the Veredus acquisition, continued to perform well and increased net fees by 35%[1]. In Latin America, Chile, Colombia and Mexico all continued to perform well, although Brazil remained challenging and net fees were down 17%[1].

Consultant headcount in the division increased by 9%[5] year-on-year, including increases of 5% in Germany and 10% in France. We invested in markets which demonstrated clear growth opportunities, many of which, such as Spain where consultant headcount was up 22% and Italy, up 16%, showed sustained recovery after having been challenging for some time. Additionally, the Veredus acquisition added a further 134 consultants.

United Kingdom & Ireland

Strong broad-based fee growth across all regions; excellent operating profit leverage

Six months ended 31 December (In £'s million)	2014	2013	Growth Actual	Growth LFL[1]
Net fees	**135.1**	119.5	13%	13%
Operating profit	**21.1**	9.9	113%	113%
Conversion rate	**15.6%**	8.3%		
Period end consultant headcount	**2,155**	2,020	7%	

The United Kingdom & Ireland delivered strong net fee growth of 13%[1] to £135.1 million and increased operating profit by £11.2 million to £21.1 million (2013: £9.9 million), representing a conversion rate of 15.6% (2013: 8.3%). Our Temp business delivered good growth of 8%[1], whilst our Perm business delivered excellent growth of 21%[1] as candidate confidence remained strong.

Activity levels were strong and broad-based, with all regions delivering net fee growth. We saw stand out performances from Midlands, North West, East, South Coast & London (ex-City), each of which grew by more than 20%. Activity levels in our London City business returned to growth, increasing net fees by 1%[1], whilst in Ireland our business delivered net fee growth of 2%[1].

At the specialism level, IT delivered excellent growth of 24%[1], Construction & Property performed strongly and was up 17%[1], whilst net fees in our largest specialism of Accountancy & Finance grew by 18%[1], within which our Senior Finance business grew by 21%[1].

Our private sector business, which represented 71% of the division's net fees, delivered strong net fee growth of 13%[1] and our public sector business delivered strong net fee growth of 14%[1], driven by a particularly good performance in Education and IT.

The improvement in profitability in the UK & Ireland business was driven by strong net fee growth of 13%[1], improvement in the productivity of our consultants, up 3%, and the ongoing benefits from our largely automated back office platform. These factors combined generated the excellent 71%[1] drop-through of incremental net fee growth into operating profit. Our UK & Ireland business remains strongly placed to take full advantage of the current supportive market conditions. In the second half and medium-term we anticipate a drop-through of incremental net fees into operating profit of c.60%[1].

Consultant headcount in the division was up 7% year-on-year on a closing headcount basis and up 9% on an average basis[4]. We invested with the aim of growing market share and taking full advantage of those market segments which present clear growth opportunities going forward.

Current trading

Good net fee growth and a good return to work in temp and contractor markets overall

We continue to see good overall net fee growth and growth remains strong in several key markets. We are confident in our outlook and we will continue to invest in a targeted way to capitalise on the clear growth opportunities that exist.

Movements in the rates of exchange of the Group's key currencies, notably the Australian Dollar and the Euro, remain a material sensitivity to our reported financial performance. The impact of the material movement we saw through the half is best illustrated by the fact that if we retranslate the Group's first half operating profit of £81.5 million at current exchange rates(3), it would reduce the reported result by c.£5.5 million to c.£76 million.

Asia Pacific

We continue to see good levels of growth in Australia overall, with strong growth in our core businesses of New South Wales and Victoria, but conditions are tough in Western Australia and Queensland. The return to work in our Temp and Contractor business has been good, and we continue to see strong activity levels in our Perm business. New Zealand continues to deliver strong growth and in all of our Asia businesses, growth remains strong.

Based on the prevailing conditions across the division and after significant first half headcount investment, we expect headcount to increase modestly through the second half of the year.

Continental Europe & RoW

In Continental Europe & RoW, growth remains good overall. In Germany we continue to see solid growth, and the return to work in our Temp and Contractor business was solid. In the rest of the division, conditions in most areas are good, and in many markets conditions are strong.

Overall, we expect headcount in the division to increase on a selective basis in the second half of the year.

United Kingdom & Ireland

In the UK & Ireland growth remains strong, albeit against challenging comparatives. Growth remains strong in the Perm market, with broad-based growth across all regions and most specialisms. The return to work in our Temp and Contractor business has been good. Whilst candidate and client confidence remains strong, we are mindful of the potential negative impact on activity levels due to the upcoming General Election.

Following the seasonal uplift in consultant headcount that we saw in January, headcount will remain broadly flat until we have a clear view of any impact the General Election may have on activity levels.

FINANCIAL REVIEW

Summary Income Statement

Six months ended 31 December (In £'s million)	2014	2013	Growth Actual	Growth LFL[1]
Turnover	**1,912.0**	1,849.2	3%	7%
Net fees				
Temporary	**222.9**	216.1	3%	7%
Permanent	**161.0**	147.3	9%	14%
Total	**383.9**	363.4	6%	10%
Operating profit from continuing operations	**81.5**	66.7	22%	30%
Conversion rate	**21.2%**	18.4%		
Underlying temporary margin [2]	**16.6%**	16.6%		
Temporary fees as % of total	**58%**	59%		
Period end consultant headcount [5]	**5,607**	5,150	9%	

(1) LFL (like-for-like) growth represents organic growth of continuing operations at constant currency.

(2) The underlying Temp gross margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies and arrangements where the Company provides major payrolling services.

(3) Exchange rate as at 23 February 2015: £1 / €1.3643; £1 / AUD1.9815.

(4) Average consultant headcount for the six months ended 31 December 2014 compared to the average consultant headcount for the six months ended 31 December 2013.

(5) Excludes the impact of the Veredus acquisition.

Turnover for the six months to 31 December 2014 was up 3% (7% on a like-for-like basis[1]) and net fees increased by 6% (10% on a like-for-like basis[1]). Operating profit increased by 22% (30% on a like-for-like basis[1]). Exchange rate movements decreased net fees and operating profit by £16.3 million and £4.1 million respectively, primarily as a result of a material depreciation in the rate of exchange of the major currencies to which the Group has exposure versus Sterling, most notably the Australian dollar and the Euro which remain significant sensitivities for the Group.

Operating costs were 2% higher than prior year (6% higher on a like-for-like basis[1]), primarily due to a rise in commission payments in line with net fees and costs associated with the 9%[5] increase in Group consultant headcount.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, improved by 280 basis points to 21.2% (2013: 18.4%) as a result of this net fee growth, an increase in productivity, the on-going benefit of our largely automated back office platform and our continued strong control of operating costs.

Consultant headcount at the end of December 2014 was 5,607[5], up 9% year-on-year and up 5% versus June 2014, as we invested rapidly, but selectively, to ensure we capitalise on stronger markets and clear structural growth opportunities. In our UK & Ireland business consultant headcount was up 7% year-on-year. In our International business we increased consultant headcount by 10%[5] year-on-year.

Net finance charge

The net finance charge for the half was £4.2 million (2013: £4.2 million). The average interest rate on gross debt during the period was 2.8% (2013: 2.8%), generating net bank interest payable including amortisation of arrangement fees of £2.4 million (2013: £2.5 million). The net interest charge on the defined benefit pension scheme obligations was £1.5 million (2013: £1.4 million). The Pension Protection Fund levy was £0.3 million (2013: £0.3 million). For the full year, and taking into account the Veredus acquisition, including the non-cash unwind of the discount on the deferred consideration, we expect the net finance charge to be around £9 million.

Taxation

Taxation for the half was £25.9 million (2013: £21.9 million), representing an effective tax rate of 33.5% (2013: 35.0%). The effective tax rate reflects the Group's geographical mix of profits, with the reduction in the rate due to the significant increase in profitability in the UK. We expect the Group's effective tax rate to be 33.5% for the year to June 2015.

Earnings per share

Basic earnings per share increased by 26% to 3.64 pence (2013: 2.90 pence). The movement reflects the Group's higher operating profit and lower effective tax rate.

Cash flow and balance sheet

Cash flow in the half was strong with 96% conversion (2013: 90%) of operating profit into operating cash flow as a result of good working capital management. Trade debtor days remained at 38 days.

Net capital expenditure was £7.0 million (2013: £6.2 million). We expect capital expenditure to be around £15 million for the year to June 2015.

Dividends paid in the half totalled £25.5 million and pension deficit contributions were £7.0 million. Net interest paid was £2.5 million and the cash tax payment was £19.7 million.

Net debt was £79.2 million at the end December 2014 (30 June 2013: £62.7 million, 31 December 2013: £105.2 million), increasing modestly over the first half due to the payment in November of the Group's final dividend of £25.5 million and the acquisition of Veredus (c.£29 million). We expect net debt to reduce significantly in the second half of the financial year.

Retirement benefits

The Group's pension liability under IAS19 at 31 December 2014 of £92.9 million increased by £49.0 million compared to 30 June 2014 due primarily to a decrease in the discount rate, partially offset by Company contributions, an increase in asset values and a decrease in the inflation rate.

During the half the Company contributed £7.0 million of cash to the defined benefit scheme (2013: £6.6 million), in line with the agreed deficit recovery plan. The 2012 triennial valuation quantified the actuarial deficit at c.£150 million and the recovery plan comprises an annual payment of £12.8 million from July 2012 with a fixed 3% uplift per year, over a period of just under 10 years. The scheme was closed to future accrual in June 2012 and the next valuation is due in June 2015.

Capital structure and dividend

The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate.

We target a core dividend cover range of 2.0x to 3.0x full year earnings and our strategy is to build cover towards the upper end of that range. Following the increase in the Group's core dividend in the year to June 2014, and taking into account the strong financial performance of the Group in the first half, the Board is increasing the interim core dividend by 5% to 0.87p per share (2013: 0.83p).

The Board remains committed to this sustainable and progressive dividend policy and will continue to review the core dividend level in line with our stated dividend cover policy. Additionally, we reiterate our policy regarding the uses of excess free cash flow as follows. Once we have built a net cash position in the region of £50 million and assuming a positive outlook, it is our intention that any excess free cash flow generated over-and-above this net cash position, that is not needed for the priorities outlined above, will then be distributed to shareholders via special dividends, or other appropriate methods, to supplement the core dividend.

The interim dividend payment date will be 8 April 2015 and the ex-dividend date is 5 March 2015.

Treasury management

The Group's operations are financed by retained earnings and bank borrowings. The Group has a £300 million revolving credit facility which provides considerable headroom versus current and future expected levels of Group debt and matures in October 2017. The covenants require the Group's interest cover ratio to be at least 4:1 (December 2014: 40:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (December 2014: 0.5:1). As can be seen, the Group has significant headroom with these covenants.

All borrowings are raised by the Group's 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.

The Board considers it appropriate to use certain derivative financial instruments to reduce its exposure to interest rate movements under its floating rate revolving credit facility. The Group holds two interest rate swaps which exchange a fixed payment for floating rate receipt on a total debt value of £10 million and have maturities of up to one year. The Group does not hold or use derivative financial instruments for speculative purposes.

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

Board changes

Peter Williams joined the Board as an independent Non-executive Director on 24 February 2015 and will be a member of the Audit, Remuneration and Nomination Committees. Peter has a Law degree from Cambridge University and is a Chartered Accountant. He was, until 2011, Group Finance Director of Daily Mail & General Trust plc, a role he performed for 19 years. Since 2011 Peter has been a non-executive director of Perform Group, a leading digital sports media company.

Principal risks facing the business

Hays plc operates an embedded risk management framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Group's financial performance and position. These include risks relating to the cyclical nature of our business, business model, talent recruitment and retention, compliance, reliance on technology, data governance, contracts and foreign exchange. These risks and our mitigating actions remain as set out in the 2014 Annual Report.

Responsibility Statement

We confirm that, to the best of our knowledge:

§ the unaudited condensed consolidated interim financial statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit for the Group;

§ the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the financial year and their impact on the condensed financial statements, and description of principal risks and uncertainties for the remaining six months of the financial year); and

§ the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions in the first six months of the financial year and any changes in the related parties transactions described in the last annual report).

This Half Year Report was approved by the Board of Directors and authorised for issue on 24 February 2015.

Alistair Cox

Chief Executive

Paul Venables

Group Finance Director

Hays plc
250 Euston Road
London
NW1 2AF

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Cautionary statement

This Half Year Report (the "Report") has been prepared in accordance with the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority and is not audited. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions contained in this Report. Statements in this Report reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Report may constitute "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance shall not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities shall not be taken as a representation that such trends or activities will continue in the future. The information contained in this Report is subject to change without notice and no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this Report shall be construed as a profit forecast. This Report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Report shall be governed by English Law, and neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Report or its contents or otherwise arising in connection with this Report. Nothing in this Report shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

HAYS Recruiting experts worldwide

Independent Review Report to Hays plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, England
24 February 2015

Condensed Consolidated Income Statement

(In £'s million)	Note	**Six months to 31 December 2014 (unaudited)**	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Turnover				
Continuing operations		**1,912.0**	1,849.2	3,678.5
Net fees [(1)]				
Continuing operations	2	**383.9**	363.4	724.9
Operating profit from continuing operations	2	**81.5**	66.7	140.3
Finance income	3	**0.3**	0.3	0.5
Finance cost	3	**(4.5)**	(4.5)	(8.5)
Profit before tax		**77.3**	62.5	132.3
Tax	4	**(25.9)**	(21.9)	(46.3)
Profit from continuing operations after tax		**51.4**	40.6	86.0
Profit from discontinued operations		**-**	-	4.9
Profit attributable to equity holders of the parent Company		**51.4**	40.6	90.9
Earnings per share from continuing operations				
- Basic	6	**3.64p**	2.90p	6.13p
- Diluted	6	**3.59p**	2.86p	6.00p
Earnings per share from continuing and discontinued operations				
- Basic	6	**3.64p**	2.90p	6.47p
- Diluted	6	**3.59p**	2.86p	6.34p

(1) Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

Condensed Consolidated Statement of Comprehensive Income

(In £'s million)	**Six months to 31 December 2014 (unaudited)**	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Profit for the period	**51.4**	40.6	90.9
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurement of defined benefit pension schemes	**(54.5)**	(34.1)	(21.8)
Tax relating to components of other comprehensive income	**11.1**	5.6	1.2
	(43.4)	(28.5)	(20.6)
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments	**(7.8)**	(14.6)	(21.4)
Mark to market valuation of derivative financial instruments	**0.1**	0.3	0.4
Other comprehensive income for the period net of tax	**(51.1)**	(42.8)	(41.6)
Total comprehensive income for the period	**0.3**	(2.2)	49.3
Attributable to equity shareholders of the parent Company	**0.3**	(2.2)	49.3

Condensed Consolidated Balance Sheet

(In £'s million)	Note	**31 December 2014 (unaudited)**	31 December 2013 (unaudited)	30 June 2014 (audited)
Non-current assets				
Goodwill		**206.2**	172.7	170.6
Other intangible assets		**32.6**	40.4	36.5
Property, plant and equipment		**17.1**	19.6	17.6
Deferred tax assets		**44.8**	37.7	35.1
		300.7	270.4	259.8
Current assets				
Trade and other receivables		**533.6**	528.6	579.3
Cash and cash equivalents		**56.5**	45.4	48.0
		590.1	574.0	627.3
Total assets		**890.8**	844.4	887.1
Current liabilities				
Trade and other payables		**(394.9)**	(378.4)	(457.7)
Current tax liabilities		**(23.2)**	(35.8)	(18.6)
Bank loans and overdrafts		**(0.7)**	(0.6)	(0.7)
Provisions	8	**(3.1)**	(3.7)	(3.4)
Derivative financial instruments		**-**	(0.3)	(0.1)
		(421.9)	(418.8)	(480.5)
Non-current liabilities				
Bank loans		**(135.0)**	(150.0)	(110.0)
Trade and other payables		**(8.2)**	-	-
Retirement benefit obligations	7	**(92.9)**	(61.9)	(43.9)
Provisions	8	**(12.0)**	(17.9)	(12.0)
		(248.1)	(229.8)	(165.9)
Total liabilities		**(670.0)**	(648.6)	(646.4)
Net assets		**220.8**	195.8	240.7
Equity				
Called up share capital		**14.7**	14.7	14.7
Share premium		**369.6**	369.6	369.6
Capital redemption reserve		**2.7**	2.7	2.7
Retained earnings		**(206.6)**	(246.3)	(197.7)
Cumulative translation reserve		**25.6**	40.2	33.4
Other reserves		**14.8**	14.9	18.0
Total shareholders' equity		**220.8**	195.8	240.7

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2014	14.7	369.6	2.7	(197.7)	33.4	18.0	240.7
Currency translation adjustments	-	-	-	-	(7.8)	-	(7.8)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	0.1	0.1
Remeasurement of defined benefit pension schemes	-	-	-	(54.5)	-	-	(54.5)
Tax relating to components of other comprehensive income	-	-	-	11.1	-	-	11.1
Net (expense)/income recognised in other comprehensive income	-	-	-	(43.4)	(7.8)	0.1	(51.1)
Profit for the period	-	-	-	51.4	-	-	51.4
Total comprehensive income/(expense) for the period	-	-	-	8.0	(7.8)	0.1	0.3
Dividends paid	-	-	-	(25.5)	-	-	(25.5)
Share-based payments	-	-	-	8.6	-	(3.3)	5.3
At 31 December 2014 (unaudited)	**14.7**	**369.6**	**2.7**	**(206.6)**	**25.6**	**14.8**	**220.8**

For the six months ended 31 December 2013

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2013	14.7	369.6	2.7	(244.3)	54.8	18.9	216.4
Currency translation adjustments	-	-	-	-	(14.6)	-	(14.6)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	0.3	0.3
Remeasurement of defined benefit pension schemes	-	-	-	(34.1)	-	-	(34.1)
Tax relating to components of other comprehensive income	-	-	-	5.6	-	-	5.6
Net (expense)/income recognised in other comprehensive income	-	-	-	(28.5)	(14.6)	0.3	(42.8)
Profit for the period	-	-	-	40.6	-	-	40.6
Total comprehensive (expense)/income for the period	-	-	-	12.1	(14.6)	0.3	(2.2)
Dividends paid	-	-	-	(23.5)	-	-	(23.5)
Share-based payments	-	-	-	9.4	-	(4.3)	5.1
At 31 December 2013 (unaudited)	14.7	369.6	2.7	(246.3)	40.2	14.9	195.8

For the year ended 30 June 2014

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Other reserves	Total
At 1 July 2013	14.7	369.6	2.7	(244.3)	54.8	18.9	216.4
Currency translation adjustments	-	-	-	-	(21.4)	-	(21.4)
Mark to market valuation of derivative financial instruments	-	-	-	-	-	0.4	0.4
Remeasurement of defined benefit pension schemes	-	-	-	(21.8)	-	-	(21.8)
Tax relating to components of other comprehensive income	-	-	-	1.2	-	-	1.2
Net (expense)/income recognised in other comprehensive income	-	-	-	(20.6)	(21.4)	0.4	(41.6)
Profit for the year	-	-	-	90.9	-	-	90.9
Total comprehensive income/(expense) for the year	-	-	-	70.3	(21.4)	0.4	49.3
Dividends paid	-	-	-	(35.1)	-	-	(35.1)
Share-based payments	-	-	-	10.1	-	(1.7)	8.4
Deferred tax on share-based payment transactions	-	-	-	1.3	-	-	1.3
Other share movements	-	-	-	-	-	0.4	0.4
At 30 June 2014 (audited)	14.7	369.6	2.7	(197.7)	33.4	18.0	240.7

Condensed Consolidated Cash Flow Statement

(In £'s million)	Note	**Six months to 31 December 2014 (unaudited)**	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Operating profit from continuing operations		**81.5**	66.7	140.3
Adjustments for:				
Exceptional items		**(0.1)**	(0.1)	(0.2)
Depreciation of property, plant and equipment		**4.4**	4.9	9.2
Amortisation of intangible fixed assets		**7.0**	7.0	12.9
Loss/(profit) on disposal of property, plant and equipment		**-**	(0.1)	0.5
Net movements in provisions and other items		**(0.2)**	(0.9)	(2.0)
Share-based payments		**6.0**	5.1	8.7
		17.1	15.9	29.1
Operating cash flow before movement in working capital		**98.6**	82.6	169.4
Changes in working capital		**(20.1)**	(22.7)	6.0
Cash generated by operations		**78.5**	59.9	175.4
Pension scheme deficit funding		**(7.0)**	(6.6)	(13.5)
Income taxes paid		**(19.7)**	(16.6)	(59.3)
Net cash inflow from operating activities		**51.8**	36.7	102.6
Investing activities				
Purchase of property, plant and equipment		**(4.1)**	(2.8)	(5.7)
Proceeds from sales of business and related assets		**-**	0.1	0.1
Purchase of intangible assets		**(2.9)**	(3.4)	(6.1)
Acquisition of subsidiary		**(29.3)**	-	-
Cash paid in respect of acquisitions made in previous years		**(1.7)**	(0.3)	(0.3)
Interest received		**0.3**	0.3	0.5
Net cash used in investing activities		**(37.7)**	(6.1)	(11.5)
Financing activities				
Interest paid		**(2.8)**	(3.4)	(8.4)
Equity dividends paid		**(25.5)**	(23.5)	(35.1)
Proceeds from exercise of share options		**0.2**	0.3	0.6
Increase/(decrease) in bank loans and overdrafts		**25.0**	5.4	(34.5)
Net cash used in financing activities		**(3.1)**	(21.2)	(77.4)
Net increase in cash and cash equivalents		**11.0**	9.4	13.7
Cash and cash equivalents at beginning of period		**48.0**	40.0	40.0
Effect of foreign exchange rate movements		**(2.5)**	(4.0)	(5.7)
Cash and cash equivalents at end of period	9	**56.5**	45.4	48.0

(In £'s million)	Note			
Bank loans and overdrafts at beginning of period		**(110.7)**	(145.2)	(145.2)
(Increase)/decrease in period		**(25.0)**	(5.4)	34.5
Bank loans and overdrafts at end of period		**(135.7)**	(150.6)	(110.7)
Net debt at end of period	9	**(79.2)**	(105.2)	(62.7)

Condensed Consolidated Statement of Changes in Equity – Other Reserves

For the six months ended 31 December 2014

(In £'s million)	Own shares	Equity reserve	Hedging reserve	Total
At 1 July 2014	(0.2)	18.3	(0.1)	18.0
Mark to market valuation of derivative financial instruments	-	-	0.1	0.1
Net income recognised in other comprehensive income	-	-	0.1	0.1
Share-based payments	0.1	(3.4)	-	(3.3)
At 31 December 2014 (unaudited)	**(0.1)**	**14.9**	**-**	**14.8**

For the six months ended 31 December 2013

(In £'s million)	Own shares	Equity reserve	Hedging reserve	Total
At 1 July 2013	(0.6)	20.0	(0.5)	18.9
Mark to market valuation of derivative financial instruments	-	-	0.3	0.3
Net income recognised in other comprehensive income	-	-	0.3	0.3
Share-based payments	0.3	(4.6)	-	(4.3)
At 31 December 2013 (unaudited)	(0.3)	15.4	(0.2)	14.9

For the year ended 30 June 2014

(In £'s million)	Own shares	Equity reserve	Hedging reserve	Total
At 1 July 2013	(0.6)	20.0	(0.5)	18.9
Mark to market valuation of derivative financial instruments	-	-	0.4	0.4
Net income recognised in other comprehensive income	-	-	0.4	0.4
Share-based payments	0.4	(1.7)	-	(1.3)
At 30 June 2014 (audited)	(0.2)	18.3	(0.1)	18.0

1 Basis of preparation

The condensed consolidated interim financial statements ("interim financial statements") are the results for the six months ended 31 December 2014. The interim financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union, in accordance with International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the Financial Conduct Authority. They are unaudited but have been reviewed by the auditors and their report is attached.

The interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 as they do not include all of the information required for full statutory accounts. The interim financial statements should be read in conjunction with the statutory accounts for the year ended 30 June 2014, which were prepared in accordance with IFRS as adopted by the European Union and have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 June 2014. These accounting policies are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2014 except as where stated below.

The fair value of trade receivables, trade payables, financial assets, bank loans and overdraft is not materially different to their book value.

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 July 2014 and no new standards have been early adopted. The Group's December 2014 interim financial statements have adopted these amendments to IFRS with no significant impact on the Group's financial performance or position:

- IFRS 10 Consolidated Financial Statements (EU adoption from 1 January 2014)
- IFRS 11 Joint Arrangements (EU adoption from 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (EU adoption from 1 January 2014)
- IFRS 10, IFRS 11 and IFRS 12 (amendment) Transistion Guidance (EU adoption from 1 January 2014)
- IFRS 10, IFRS 12 and IAS 27 (amendment) Investment Entities (effective 1 January 2014)
- IAS 19R (amendment) Employee Benefits (effective 1 July 2014)
- IAS 27 (revised) Separate Financial Statements (EU adoption from 1 January 2014)
- IAS 28 (revised) Investments in Associates and Joint Ventures (EU adoption from 1 January 2014)
- IAS 32 (amendment) Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36 (amendment) Impairment of Assets (effective 1 January 2014)
- Annual Improvements to IFRSs 2012 (effective 1 July 2014)
- Annual Improvements to IFRSs 2013 (effective 1 July 2014)
- IFRIC 21 (interpretation) Levies (effective 1 January 2014)

There have been no alterations made to the accounting policies as a result of considering all of the above amendments that became effective in the period.

1 Basis of preparation continued

Going concern

The Group's business activities, together with the factors likely to effect its future development, performance and financial position, including its cash flows and liquidity position are described in the Half Year Report.

The Group has an unsecured revolving credit facility of £300 million that expires in October 2017. The Group uses the facility to manage its day-to-day working capital requirements as appropriate. As at 31 December 2014, £165 million of the committed facility was un-drawn.

The Group's facility, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including contractual and commercial commitments, future growth and any proposed dividends. Therefore the Group is well placed to manage its business risks.

The directors have formed the judgement, at the time of approving the interim financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the interim financial statements.

2 Segmental information

IFRS 8, Operating Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group continues to segment the business into three regions, Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group's continuing operations comprise one class of business, that of qualified, professional and skilled recruitment.

Net fees and profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports rather than use turnover. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Income Statement.

Net fees and profit from continuing operations

(In £'s million)	**Six months to 31 December 2014 (unaudited)**	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Net fees			
Asia Pacific	**91.4**	89.8	173.9
Continental Europe & Rest of World	**157.4**	154.1	305.0
United Kingdom & Ireland	**135.1**	119.5	246.0
	383.9	363.4	724.9
Operating profit from continuing operations			
Asia Pacific	**25.2**	25.3	49.7
Continental Europe & Rest of World	**35.2**	31.5	64.4
United Kingdom & Ireland	**21.1**	9.9	26.2
	81.5	66.7	140.3

3 Finance income and finance cost

Finance income

(In £'s million)	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Interest on bank deposits	**0.3**	0.3	0.5

Finance cost

(In £'s million)	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Interest payable on bank loans and overdrafts	**(2.7)**	(2.8)	(5.5)
Pension Protection Fund levy	**(0.3)**	(0.3)	(0.4)
Net interest on pension obligations	**(1.5)**	(1.4)	(2.6)
	(4.5)	(4.5)	(8.5)
Net finance charge	**(4.2)**	(4.2)	(8.0)

4 Tax on ordinary activities

The Group's consolidated effective tax rate in respect of continuing operations for the six months to 31 December 2014 is based on the estimated effective tax rate for the full year of 33.5% (31 December 2013: 35.0%, 30 June 2014: 35.0%).

5 Dividends

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

(In £'s million)	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Final dividend for the year ended 30 June 2013 of 1.67 pence per share	**-**	23.5	23.5
Interim dividend for the period to 31 December 2013 of 0.83 pence per share	**-**	-	11.6
Final dividend for the year ended 30 June 2014 of 1.80 pence per share	**25.5**	-	-
	25.5	23.5	35.1

The interim dividend for the period ended 31 December 2014 of 0.87 pence per share is not included as a liability in the balance sheet as at 31 December 2014.

6 Earnings per share

(In £'s million)	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)	Year to 30 June 2014 (audited)
Earnings from continuing operations	**77.3**	62.5	132.3
Tax on earnings from continuing operations	**(25.9)**	(21.9)	(46.3)
Basic earnings	**51.4**	40.6	86.0
Number of shares (million):			
Weighted average number of shares	**1,413.5**	1,402.2	1,403.9
Dilution effect of share options	**17.0**	19.1	30.0
Weighted average number of shares used for diluted EPS	**1,430.5**	1,421.3	1,433.9
From continuing operations:			
Basic earnings per share	**3.64p**	2.90p	6.13p
Diluted earnings per share	**3.59p**	2.86p	6.00p
From continuing and discontinued operations:			
Basic earnings per share	**3.64p**	2.90p	6.47p
Diluted earnings per share	**3.59p**	2.86p	6.34p

7 Retirement benefit obligations

(In £'s million)	**31 December 2014 (unaudited)**	31 December 2013 (unaudited)	30 June 2014 (audited)
Deficit in the scheme brought forward	**(43.9)**	(33.0)	(33.0)
Current service cost	**(0.6)**	(0.7)	(1.3)
Employer contributions	**7.0**	6.6	13.5
Net interest expense	**(0.9)**	(0.7)	(1.3)
Remeasurement of the net defined benefit liability	**(54.5)**	(34.1)	(21.8)
Deficit in the scheme carried forward	**(92.9)**	(61.9)	(43.9)

8 Provisions

(In £'s million)	Property	Other	Total
At 1 July 2014	5.3	10.1	15.4
Utilised	(0.2)	(0.1)	(0.3)
At 31 December 2014	**5.1**	**10.0**	**15.1**

Current	**3.1**
Non-current	**12.0**
	15.1

Provisions relate to continuing and discontinued operations. Property provisions are for rents and other related amounts payable on certain freehold and leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2015 and the amounts will be paid over this period.

Other provisions include potential warranty and environmental claim liabilities arising as a result of the business disposals that were concluded in 2004.

9 Movement in net debt

(In £'s million)	1 July 2014	Cash flow	Exchange movement	**31 December 2014**
Cash and cash equivalents	48.0	11.0	(2.5)	**56.5**
Bank loans and overdrafts	(110.7)	(25.0)	-	**(135.7)**
Net debt	(62.7)	(14.0)	(2.5)	**(79.2)**

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

The Group's £300 million unsecured revolving credit facility expires in October 2017. The financial covenants require the Group's interest cover ratio to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The covenants were comfortably met throughout the period with significant headroom. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 1.85% to 2.40%.

As at 31 December 2014, £165 million of the committed facility was un-drawn.

10 Events after the balance sheet date

There are no significant events after the balance sheet date to report.

11 Acquisition of subsidiary

On 4 December 2014 the Group acquired 80% of Veredus Corp., a pure-play IT staffing company based in Florida USA for an initial consideration of £29.3 million. The transaction has been accounted for using the acquisition method of accounting, and to reflect the substance of the transaction using the principles of IFRS10, has been accounted for as if 100% of the equity had been acquired. Provisional net assets acquired, prior to any fair value adjustments, were £7.9 million.

The deferred consideration is subject to a put/call arrangement which provides Hays with an option to acquire the remaining 20% of the equity from the shareholders (who have an equivalent right to sell the remaining 20% of the equity). The option is first available for exercise in March 2018 at a pre-determined multiple of earnings, and is subject to a cap. The maximum potential amount of all future payments that the Group could be required to make under the contingent consideration arrangement is £27.6 million.

Due to the timing of the acquisition Veredus Corp. did not contribute any material net fees or profit to the results of the Group in the period between the acquisition date and 31 December 2014. Acquisition related costs included within administrative expenses amount to £0.8 million.

Had the acquisition been completed on the first day of the financial year, Group net fees for the half year would have increased by £7.9 million and operating profit by £2.0 million.

12 Like-for-like results

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

For the six months ended 31 December 2014 these are calculated as follows:

(In £'s million)

Net fees for the six months ended 31 December 2013	363.4
Foreign exchange impact	(16.3)
Net fees for the six months ended 31 December 2013 at constant currency	347.1
Net fee increase resulting from organic growth	35.6
Net fee increase resulting from acquisition	1.2
Net fees for the six months ended 31 December 2014	**383.9**
Profit from operations for the six months ended 31 December 2013	66.7
Foreign exchange impact	(4.1)
Profit from operations for the six months ended 31 December 2013 at constant currency	62.6
Profit from operations increase resulting from organic growth	18.9
Profit from operations increase resulting from acquisition	-
Profit from operations for the six months ended 31 December 2014	**81.5**

13 Like-for-like results H1 analysis by division

Net fee growth versus same period last year	**Q1 2015**	**Q2 2015**	**H1 2015**
Asia Pacific	6%	11%	**8%**
Continental Europe & Rest of World	8%	9%	**9%**
United Kingdom & Ireland	13%	14%	**13%**
Group	9%	11%	**10%**

H1 2015 is the period from 1 July 2014 to 31 December 2014.
The Q1 and Q2 net fee like-for-like growth percentages are as reported in the Q1 Interim Management Statement and the Q2 Trading Update.