HAYS Recruiting experts worldwide

HALF YEAR REPORT
SIX MONTHS ENDED 31 DECEMBER 2010

28 February 2011

HAYS Recruiting experts worldwide

Press Release

STRONG NET FEE AND OPERATING PROFIT GROWTH DRIVEN BY INTERNATIONAL BUSINESS

6 months ended 31 December Unaudited (In £'s million)	**2010**	2009	Actual growth	LFL* growth
Net fees	**326.1**	264.8	23%	20%
Operating profit (before exceptional items)**	**52.1**	35.1	48%	38%
Profit before tax (before exceptional items)**	**48.6**	30.4	60%	
Profit before tax	**48.6**	3.4	1,329%	
Basic earnings per share (before exceptional items)**	**2.34p**	1.38p	70%	
Cash generated by operations	**24.7**	36.1	(32)%	
Dividend per share	**1.85p**	1.85p	-	

Highlights

- Strong International performance driving Group net fee growth of 20%* and operating profit growth of 38%* versus prior year
- 62% of Group net fees generated from outside the UK (2009: 54%)
- Excellent performance in Asia Pacific delivering 38%* net fee growth
  - Australia & New Zealand net fees up 35%*; record performances in Singapore, China and Japan
- Strong growth in Continental Europe & RoW with net fees up 33%*
  - Led by Germany which grew net fees by 38%* and now operating at record levels
- Consultant headcount increased by 13% across the International business with investment ongoing
- Overall net fee stability in the UK with strong growth of 27% in private sector markets, offset by tougher conditions in the public sector which was down 36%
  - Resources redirected to growth sectors such as Accountancy & Finance, IT, City-related and Corporate Accounts
- Solid cash performance, with working capital increase driven by German temp fee growth and cash phasing
- 70% growth in basic earnings per share** to 2.34p with interim dividend unchanged at 1.85p

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2010 and 2009.
** in 2009 numbers are presented before the exceptional item of £27.0 million relating to the OFT fine that is currently under appeal. There were no exceptional items in 2010.

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

"Our performance this half has been very encouraging with profit up almost 50%. 18 countries around the world grew net fees by more than 25%*, showing the depth and breadth of momentum across the business. Our outlook remains positive across nearly all of the markets in which we operate.

We continue to invest for growth and have increased our International consultant headcount by 13% this half, with further increases planned for the next six months. Our IT investment projects are now substantially complete and our focus has moved on to fully utilising these systems to drive productivity, efficiency and customer service. We opened businesses in Mexico and the United States in the second quarter, bringing the total number of country operations to 30. With almost two thirds of our net fees now generated outside the UK the business is well placed to capitalise on the excellent long term structural growth prospects ahead."

Enquiries

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Results presentation webcast

The Half Year Results presentation at 10.00am on 28 February 2011 will be available as a live webcast on our website, www.haysplc.com, and a recording will also be available on our website from 1:00pm.

Reporting calendar

Interim Management Statement for quarter ending 31 March 2011	7 April 2011
Trading Update for quarter ending 30 June 2011	7 July 2011
Preliminary Results for year ending 30 June 2011	1 September 2011
Interim Management Statement for quarter ending 30 September 2011	6 October 2011

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. As at 31 December 2010, the Group employed 7,086 staff operating from 257 offices in 30 countries across 17 specialisms. For the year ended 30 June 2010:

- the Group reported net fees of £557.7 million and operating profit before exceptional items of £80.5 million;
- the Group placed around 50,000 candidates into permanent jobs and around 180,000 people into temporary assignments;
- 26% of Group net fees were generated in Asia Pacific, 30% in Continental Europe & RoW and 44% in the United Kingdom & Ireland;
- the temporary placement business represented 58% of net fees and the permanent placement business represented 42% of net fees; and
- Hays operates in the following countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, USA and the United Kingdom.

Summary Income Statement

6 months ended 31 December (In £'s million)	**2010**	2009	growth Actual	growth LFL*
Turnover	**1,576.0**	1,288.3	22%	20%
Net fees				
Permanent	**147.4**	107.5	37%	34%
Temporary	**178.7**	157.3	14%	11%
Total	**326.1**	264.8	23%	20%
Operating profit**	**52.1**	35.1	48%	38%
Conversion rate	**16.0%**	13.3%		
Underlying temporary margin***	**15.1%**	15.5%		
Temporary fees as % of total	**55%**	59%		
Period end consultant headcount****	**4,591**	4,308	7%	

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2010 and 2009.

** in 2009 numbers are presented before the exceptional item of £27.0 million relating to the OFT fine that is currently under appeal. There were no exceptional items in 2010.

*** the underlying temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement gross revenue and relates solely to temporary 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.

**** the change in consultants is shown on a closing basis, comparing 31 December 2010 versus 31 December 2009. The number of consultants has been re-stated in 2009 to include resource analysts in addition to front line consultants.

This has been a strong six months of growth for the Group driven by excellent performances across the International business. Group turnover increased by 20%*, net fees increased by 23% (increasing by 20% on a like-for-like basis*), and operating profit increased by 48% (38% on a like-for-like basis*). Favourable exchange rate movements, principally the Australian Dollar, had a positive impact on the results increasing net fees by £6.3 million and operating profit by £2.7 million.

Net fees in the permanent business, representing 45% of Group net fees, increased by 34%*, with permanent placement volumes increasing by 34%. We capitalised on the significant improvement in trading conditions across nearly all of our markets this period, with strong performances recorded across Asia Pacific, Continental Europe, South America and UK private sector. Average fees per placement remained flat compared to last year.

The temporary placement business, representing 55% of Group net fees, increased by 11%*. This comprised an increase in volumes of 6%, a favourable increase in mix/hours worked of 8%, partially offset by underlying margins*** slightly lower at 15.1% (2009: 15.5%). Margins have remained broadly stable since October 2009. The lower level of growth relative to permanent placement reflects the temporary placement business' greater level of resilience in the prior year and its higher weighting to the UK public sector.

The Group's operating cost base, excluding exceptional items, increased by 17%* versus prior year. This was principally due to the 7% increase in consultant headcount versus prior year, together with an increase in commission payments which rose in line with net fees. The Group's conversion rate, which is the proportion of net fees converted into operating profit**, increased from 13.3% in the prior year to 16.0% this year. This was driven by higher average consultant productivity levels and strong control of the Group's overhead cost base.

Total consultant headcount increased by 3% over the six months to December 2010. This comprised a 13% increase in consultants in the International business where we continue to invest for growth across most countries in which we operate, partially offset by a 7% consultant headcount reduction in the UK where we continue to balance managing the strong recovery and growth in the private sector business with difficult markets in the public sector.

Investment

In Asia Pacific, we opened offices in Suzhou, China and Launceston, Tasmania. In Continental Europe & RoW we opened offices in Mexico City and New Jersey, representing our first entries to the Mexican and US markets respectively, and also offices in Gdynia, Poland and Campinas, Brazil. We expect to continue the roll-out of our office network during the second half of the financial year, with a selective number of openings planned. In the United Kingdom & Ireland we reduced our office network by a total of 19 offices over the period as we continued to drive efficiency savings by consolidating operations in selected towns and cities.

Office network	**31 December 2010**	opened/ (closed) (net)	30 June 2010
Asia Pacific	**45**	2	43
Continental Europe & RoW	**83**	4	79
United Kingdom & Ireland	**129**	(19)	148
Group	**257**	(13)	270

We continue to build a stronger, broader-based and more efficient business. We have completed the global roll-out of the new front office system and this now provides us with a state of the art operating platform. We are now focused on fully utilising the capacity of this system to improve service to our clients and customers, together with improving our own efficiency levels.

This period has also seen significant consultant headcount investment in most countries across the Group. The increasing level of investment in training across the business has been instrumental in improving the processes of effective selection and training of new and experienced consultants. This will be greatly beneficial to the Group as we continue to build scale by bringing in new recruits in the future. We have also continued to invest in our leadership and management, and currently a total of 150 leaders across the business are undertaking our most senior management development programmes.

Asia Pacific

6 months ended 31 December (In £'s million)	2010	2009	growth Actual	growth LFL*
Net fees	**100.5**	64.2	57%	38%
Operating profit	**36.7**	22.1	66%	45%
Conversion rate	**36.5%**	34.4%		
Period end consultant headcount****	**1,012**	753	34%	

In Asia Pacific, net fees increased by 57% (38% on a like-for-like basis*) to £100.5 million and operating profit increased by 66% (45% on a like-for-like basis*) to £36.7 million. The difference between actual growth and like-for-like growth was predominantly due to the appreciation in the Australian Dollar. The business achieved a strong conversion rate of 36.5%, up from 34.4% in the prior year, as we continued to balance rebuilding shorter term profitability with investment to capitalise on the considerable growth potential of the region.

In our market leading Australia & New Zealand business, net fees increased by 35%* versus prior year. In the permanent placement business, net fees increased by 51%* with solid momentum throughout the half. In the temporary placement business, net fees increased by 24%* with demand increasing through the half and reaching all-time record numbers of temporary workers on assignment in December. Growth continues to be broadly based across all specialisms and regions, led by the Financial Services and Resources & Mining specialisms, which each achieved net fee growth in excess of 50%* in the period. Our public sector business, which accounts for 23% of net fees in Australia & New Zealand, achieved good net fee growth of 12%* versus prior year.

In Asia, which accounted for 14% of the division's net fees in the period, net fees increased by 69%* versus prior year. All countries across the region recorded strong net fee growth with Singapore, China and Japan each achieving all-time record net fee performances during the half, driven by growth across a broad range of specialisms. We continue to aggressively invest in these businesses in order to achieve our strategy of doubling the size of the region over the next two years.

Consultant headcount in Asia Pacific increased by 15% during the half, with consultant headcount increasing by 10% in Australia & New Zealand and by 33% in Asia. The outlook in Australia & New Zealand remains good and we expect to increase consultant headcount modestly in the second half. Whilst the floods in Queensland will impact trading in the second half, this is not anticipated to be material to the Group. In Asia, the outlook remains strong and we are continuing to increase our consultant headcount in order to capitalise on opportunities for long term structural growth across the region.

Continental Europe & Rest of World ('RoW')

6 months ended 31 December (In £'s million)	2010	2009	growth Actual	growth LFL*
Net fees	**102.5**	79.1	30%	33%
Operating profit	**13.3**	6.8	96%	114%
Conversion rate	**13.0%**	8.6%		
Period end consultant headcount****	**1,468**	1,227	20%	

In Continental Europe & RoW, net fees increased by 30% (33% on a like-for-like basis*) to £102.5 million and operating profit increased by 96% (114% on a like-for-like basis*) to £13.3 million. The difference between actual growth and like-for-like growth was mainly due to the modest depreciation in the Euro. The conversion rate increased from 8.6% to 13.0% this period due to the strong net fee growth and the return to profitability in the majority of countries across the region this half.

Our German business, representing 50% of the division's net fees and most of the division's profit, recorded a 38%* increase in net fees versus prior year. Demand in Germany accelerated through the half as net fees in each of our contracting, temporary placement and permanent placement businesses returned to pre-downturn levels during the second quarter. Our strategy of diversifying our German business into Accountancy & Finance, Construction & Property, Sales & Marketing, Legal and Pharma, continues apace with these businesses collectively accounting for 25% of total net fees in the period. Our market leading position and increasing diversification of the business places us in a strong position to benefit from improving market conditions and the long term structural growth opportunities in the German market.

In our other businesses in this division, covering 21 countries, we have seen broad-based and accelerating net fee growth in the half. In France, our second largest country in the division, we recorded 18%* net fee growth versus prior year with momentum building through the half. Brazil, now our third largest country in the division, recorded an exceptional 60%* net fee growth and we recorded net fee growth in excess of 40%* in a further seven countries, with Austria, Brazil, Denmark and Poland recording new highs during the half compared to their pre-recession peaks.

Consultant headcount increased by 12% during the half with additions across most countries in the region, led by an 11% increase in Germany and 30% increase in Brazil. The outlook for the second half of the year remains strong and we are continuing to increase our consultant headcount in order to capitalise on the excellent long term structural growth opportunities that exist across this region.

United Kingdom & Ireland

6 months ended 31 December (In £'s million)	2010	2009	growth Actual	growth LFL*
Net fees	**123.1**	121.5	1%	1%
Operating profit	**2.1**	6.2	(66)%	(66)%
Conversion rate	**1.7%**	5.1%		
Period end consultant headcount****	**2,111**	2,328	(9)%	

In the United Kingdom & Ireland, net fees increased by 1% on an actual and like-for-like basis* to £123.1 million, with operating profit decreasing to £2.1 million. Net fees increased by 16% in the permanent placement business. In the temporary placement business net fees declined by 7% due to its greater weighting to the public sector markets, despite temporary placement net fee growth in the private sector of 18%. The conversion rate declined from 5.1% to 1.7% reflecting a modest increase in the operating cost base as a result of dual-running costs of the back office automation project and modest cost inflation.

Overall net fee trends have continued to be stable against both the previous six month period and the prior year. In the private sector, we have seen a return to strong growth with net fees increasing by 27% versus prior year. The recovery has been broad-based with notable growth in our Accountancy & Finance, IT, Corporate Accounts and City-related business. We have continued to respond to evolving client requirements in the Corporate Accounts market and have won a number of important new contracts including American Express, Goldman Sachs and RBS in the period.

In the public sector business, we have continued to face difficult market conditions throughout the period with net fees decreasing by 36% versus prior year, and now down 45% from peak levels. Our front-line businesses have been relatively more resilient, with net fees down 7% versus prior year. Our public sector Back Office and Construction & Property businesses continue to face difficult market conditions, with net fees now down around 60% from peak levels. The UK public sector business currently represents 26% of UK net fees and 9% of Group net fees.

Consultant headcount in the United Kingdom & Ireland decreased by 7% during the half as we continued to balance managing the recovery in the private sector with more difficult public sector market conditions. We expect to maintain consultant headcount at broadly similar levels in the second half of the year. The back office automation project is substantially complete and we are now moving a number of administrative processes to India.

Net finance charge

The net finance charge for the period was £3.5 million (2009: £4.7 million). The average interest rate on gross debt during the period was 2.5% (2009: 1.0%), generating net bank interest payable, including amortisation of arrangement fees, of £2.5 million (2009: £0.8 million). The net interest charge on the defined pension scheme obligations was £0.8 million (2009: £3.3 million) with the decrease primarily due to the higher level of scheme assets increasing expected returns. The charge for the Pension Protection Fund levy was £0.2 million (2009: £0.6 million). It is expected that the net finance charge for the year to 30 June 2011 will be around £8 million (2009: £9.4 million).

Taxation

Taxation for the period was £16.5 million, representing an effective tax rate of 34.0% (2009: 37.5%**). The decrease in the effective tax rate was due to the return to profitability in most countries in Europe this period. It is expected that the effective tax rate for the full year will remain at a similar level to the first half.

Earnings per share

Basic earnings per share before exceptional items** increased 70% to 2.34 pence (2009: 1.38 pence). The increase in earnings per share reflects the higher operating profit, the reduction in the net finance charge and the decrease in the effective tax rate.

Cash flow and balance sheet

Cash flow was solid this period with a 47% conversion of operating profit into operating cash flow. This was largely a result of net fee growth in our temporary placement business, particularly in Continental Europe, increasing the working capital requirements of the business, and the timing of cash flows in December. Trade debtor days remained unchanged at 31 days (2009: 31 days). Overall, cash outflow from working capital was £42.9 million and net cash generated by operations was £24.7 million (2009: £36.1 million). Tax paid in the period was £4.4 million (2009: £3.5 million).

Net capital expenditure was lower at £7.9 million (2009: £16.6m), reflecting the substantial completion of the Group's major IT investment programmes. Capital expenditure is expected to remain at a broadly similar level in the second half of the year.

Dividends paid in the period totalled £54.3 million and £5.7 million was paid out in net interest and banking facility arrangement fees. Net debt increased from £77.2 million at the start of the period to £125.7 million at the end of the period, primarily due to the payment of the dividend and the increase in net working capital. The Group expects the level of net debt to increase modestly in the second half of the year. The Group has a £300 million unsecured revolving credit facility available, which expires in January 2014.

Capital structure and dividend

The Board's current priorities for our free cash flow are to fund Group development, to maintain the strength of the balance sheet and to support a sustainable dividend policy. After taking account of the Board's confidence in the outlook and the strength of the Group's balance sheet, the Board proposes to pay an interim dividend of 1.85 pence per share, which is in line with last year. The interim dividend payment date will be 15 April 2011 and will be paid to shareholders on the register at the close of business on 11 March 2011.

Retirement benefits

The Group's pension liability under IAS 19 at 31 December 2010 of £35.2 million (£25.7 million net of deferred tax) decreased by £31.9 million compared to 30 June 2010 primarily due to higher than expected asset returns partially offset by changes to assumptions in respect of inflation and the discount rate. During the period, the Company contributed £8.3 million of cash into the defined benefit scheme, including £6.0 million additional funding towards the pension deficit in line with previous guidance.

Current trading

The outlook remains positive across nearly all of the markets in which we operate. In Continental Europe & RoW we continue to see strong growth and in Asia Pacific we are seeing good levels of growth despite facing tougher comparatives. In the UK, we continue to see overall stability with strong fee growth in the private sector offset by difficult public sector markets. The Board is confident in its outlook for the year and, with almost two thirds of our net fees now generated outside the UK, the business is well placed to capitalise on the excellent long term structural growth prospects ahead.

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2010 and 2009.

** in 2009 numbers are presented before the exceptional item of £27.0 million relating to the OFT fine that is currently under appeal. There were no exceptional items in 2010.

*** the underlying temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement gross revenue and relates solely to temporary 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.

**** the change in consultants is shown on a closing basis, comparing 31 December 2010 versus 31 December 2009. The number of consultants has been re-stated in 2009 to include resource analysts in addition to front line consultants.

Treasury management

The Group's treasury operations remain straight forward and uncomplicated with Group operations financed by retained earnings and bank borrowings. On 1 July 2010 the Group renewed its unsecured revolving credit facility and in the process reduced the facility from £460 million to £300 million. The facility expires in January 2014. The Group uses the facility to manage its day-to-day working capital requirements as appropriate. 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.

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

Hays plc operates an embedded risk management framework, which is monitored and reviewed by the Audit Committee. 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, competitive environment, candidate due-diligence, reliance on technology, talent, contract risk, changing legal and regulatory environment and foreign exchange. A full description of these risks and our mitigating actions is provided in the 2010 Annual Report.

Hays plc

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Responsibility Statement

We confirm that, to the best of our knowledge:

– the condensed set of financial statements has been presented in accordance with IAS 34 "Interim Financial Reporting" and gives 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 and description of principal risks and uncertainties for the remaining six months of the year); and

– the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This Half Year Report was approved by the Board of Directors and authorised for issue on 27 February 2011.

Alistair Cox
Chief Executive

Paul Venables
Group Finance Director

Cautionary statement

This Half Year Report has been prepared solely in compliance with the Disclosure Rules and Transparency Rules of the UK Financial Services Authority and is not audited. 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 should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. 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 should 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 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. 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. Nothing in this Report shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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 2010 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes 1 to 12. 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 them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 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 Services 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 2010 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 Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
27 February 2011

Condensed Consolidated Income Statement

(In £'s million)	Notes	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Turnover				
Continuing operations		**1,576.0**	1,288.3	2,691.1
Net fees *				
Continuing operations	2	**326.1**	264.8	557.7
Operating profit from continuing operations before exceptional items	2	**52.1**	35.1	80.5
Exceptional items		**-**	(27.0)	(41.4)
Operating profit from continuing operations	2	**52.1**	8.1	39.1
Finance income		**0.5**	0.3	0.7
Finance cost		**(4.0)**	(5.0)	(10.1)
	3	**(3.5)**	(4.7)	(9.4)
Profit before tax		**48.6**	3.4	29.7
Tax	4	**(16.5)**	(11.4)	(23.1)
Profit/(loss) from continuing operations after tax		**32.1**	(8.0)	6.6
Profit from discontinued operations		**0.2**	-	2.7
Profit/(loss) attributable to equity holders of the parent company		**32.3**	(8.0)	9.3
Earnings per share from continuing operations before exceptional items				
- Basic	6	**2.34p**	1.38p	3.25p
- Diluted	6	**2.29p**	1.37p	3.21p
Earnings per share from continuing operations				
- Basic	6	**2.34p**	(0.58)p	0.48p
- Diluted	6	**2.29p**	(0.58)p	0.48p
Earnings per share from continuing and discontinued operations				
- Basic	6	**2.35p**	(0.58)p	0.68p
- Diluted	6	**2.31p**	(0.58)p	0.67p

*Net fees are equal to turnover less remuneration of temporary workers and other recruitment agencies.

Condensed Consolidated Statement of Comprehensive Income

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Profit/(loss) for the period	**32.3**	(8.0)	9.3
Currency translation adjustments	**13.1**	11.2	6.8
Actuarial gain on defined benefit pension scheme	**27.3**	10.2	47.4
Tax on items taken directly to reserves	**(7.6)**	(2.8)	(13.3)
Net income recognised directly in equity	**32.8**	18.6	40.9
Total recognised income and expense for the period	**65.1**	10.6	50.2
Attributable to equity shareholders of the parent company	**65.1**	10.6	50.2

Condensed Consolidated Balance Sheet

(In £'s million)	Notes	31 December 2010 (unaudited)	31 December 2009 (unaudited)	30 June 2010
Non-current assets				
Goodwill		**191.4**	186.1	185.6
Other intangible assets		**60.7**	55.2	62.1
Property, plant & equipment		**21.3**	26.9	23.8
Deferred tax assets		**22.0**	41.7	29.0
		295.4	309.9	300.5
Current assets				
Trade and other receivables		**437.7**	365.9	407.2
Cash and cash equivalents		**42.6**	119.2	74.7
		480.3	485.1	481.9
Total assets		**775.7**	795.0	782.4
Current liabilities				
Trade and other payables		**(355.7)**	(356.5)	(371.9)
Current tax liabilities		**(27.2)**	(24.1)	(14.6)
Bank loans and overdrafts		**(3.3)**	-	(151.9)
Provisions	8	**(5.5)**	(3.2)	(7.9)
		(391.7)	(383.8)	(546.3)
Non-current liabilities				
Bank loans and overdrafts		**(165.0)**	(157.6)	-
Retirement benefit obligations	7	**(35.2)**	(101.3)	(67.1)
Provisions	8	**(34.7)**	(38.1)	(36.7)
		(234.9)	(297.0)	(103.8)
Total liabilities		**(626.6)**	(680.8)	(650.1)
Net assets		**149.1**	114.2	132.3
Equity				
Called up share capital		**14.7**	14.7	14.7
Share premium account		**369.6**	369.6	369.6
Capital redemption reserve		**2.7**	2.7	2.7
Retained earnings		**(312.4)**	(330.4)	(313.0)
Other reserves		**74.5**	57.6	58.3
Total shareholders' equity		**149.1**	114.2	132.3

Condensed Consolidated Cash Flow Statement

(In £'s million)	Notes	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Operating profit from continuing operations		**52.1**	8.1	39.1
Adjustments for:				
Exceptional items		**-**	27.0	37.3
Depreciation of property, plant and equipment		**5.3**	4.5	11.8
Amortisation of intangible fixed assets		**5.6**	0.7	2.8
Loss on disposal of property, plant and equipment		**-**	-	0.1
Movements in provisions, employee benefits and other items		**4.6**	2.2	4.3
		15.5	34.4	56.3
Operating cash flow before movement in working capital		**67.6**	42.5	95.4
Changes in working capital		**(42.9)**	(6.4)	(21.4)
Cash generated by operations		**24.7**	36.1	74.0
Income taxes paid		**(4.4)**	(3.5)	(22.1)
Net cash from operating activities		**20.3**	32.6	51.9
Investing activities				
Purchase of tangible and intangible assets		**(7.9)**	(16.6)	(29.8)
Proceeds from sales of business and related assets		**0.3**	-	1.1
Cash paid in respect of acquisitions made in previous years		**-**	-	(17.9)
Interest received		**0.5**	0.3	0.7
Net cash used in investing activities		**(7.1)**	(16.3)	(45.9)
Financing activities				
Interest paid		**(6.2)**	(3.3)	(4.0)
Equity dividends paid		**(54.3)**	(54.2)	(79.5)
Purchase of own shares		**-**	(0.4)	(0.4)
Proceeds from share option exercises		**-**	-	0.2
Repayment of loan notes		**-**	(0.8)	(0.8)
Increase in bank overdrafts & repayment of borrowings		**16.4**	103.3	98.4
Additional pension scheme funding		**(6.0)**	(0.6)	(1.2)
Net cash (used)/from financing activities		**(50.1)**	44.0	12.7
Net (decrease)/increase in cash & cash equivalents		**(36.9)**	60.3	18.7
Cash and cash equivalents at beginning of period		**74.7**	55.0	55.0
Effect of foreign exchange rate movements		**4.8**	3.9	1.0
Cash and cash equivalents at end of period	9	**42.6**	119.2	74.7

(In £'s million)	Notes			
Bank loans and overdrafts at beginning of period		**(151.9)**	(54.3)	(54.3)
Increase in period		**(16.4)**	(103.3)	(97.6)
Bank loans and overdrafts at end of period		**(168.3)**	(157.6)	(151.9)
Net debt at end of period	9	**(125.7)**	(38.4)	(77.2)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2010

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Other reserves	Total
Balance at 1 July 2010	14.7	369.6	2.7	(313.0)	58.3	132.3
Currency translation adjustments	-	-	-	-	13.1	13.1
Actuarial gains on defined benefit pension scheme	-	-	-	27.3	-	27.3
Tax on items taken directly to reserves	-	-	-	(7.6)	-	(7.6)
Net income recognised directly in equity	-	-	-	19.7	13.1	32.8
Profit for the period	-	-	-	32.3	-	32.3
Total recognised income for the period	-	-	-	52.0	13.1	65.1
Dividends paid	-	-	-	(54.3)	-	(54.3)
Share-based payment schemes	-	-	-	2.9	3.1	6.0
Balance at 31 December 2010	**14.7**	**369.6**	**2.7**	**(312.4)**	**74.5**	**149.1**

For the six months ended 31 December 2009

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Other reserves	Total
Balance at 1 July 2009	14.7	369.6	2.7	(282.6)	50.0	154.4
Currency translation adjustments	-	-	-	-	11.2	11.2
Actuarial gains on defined benefit pension scheme	-	-	-	10.2	-	10.2
Tax on items taken directly to reserves	-	-	-	(2.8)	-	(2.8)
Net income recognised directly in equity	-	-	-	7.4	11.2	18.6
Loss for the period	-	-	-	(8.0)	-	(8.0)
Total recognised income/(expense) for the period	-	-	-	(0.6)	11.2	10.6
Dividends paid	-	-	-	(54.2)	-	(54.2)
Share-based payment schemes	-	-	-	7.0	(3.6)	3.4
Balance at 31 December 2009	14.7	369.6	2.7	(330.4)	57.6	114.2

For the year ended 30 June 2010

(In £'s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Other reserves	Total
Balance at 1 July 2009	14.7	369.6	2.7	(282.6)	50.0	154.4
Currency translation adjustments	-	-	-	-	6.8	6.8
Actuarial gains on defined benefit pension scheme	-	-	-	47.4	-	47.4
Tax on items taken directly to reserves	-	-	-	(13.3)	-	(13.3)
Net income recognised directly in equity	-	-	-	34.1	6.8	40.9
Profit for the year	-	-	-	9.3	-	9.3
Total recognised income for the year	-	-	-	43.4	6.8	50.2
Dividends paid	-	-	-	(79.5)	-	(79.5)
Share-based payment schemes	-	-	-	6.5	0.7	7.2
Other share movements	-	-	-	(0.8)	0.8	-
Balance at 30 June 2010	14.7	369.6	2.7	(313.0)	58.3	132.3

Condensed Consolidated Statement of Changes in Equity – Other Reserves

For the six months ended 31 December 2010

(In £'s million)	Own shares	Equity reserve	Cumulative translation	Total
Balance at 1 July 2010	(4.7)	12.8	50.2	58.3
Currency translation adjustments	-	-	13.1	13.1
Total recognised income for the period	-	-	13.1	13.1
Share-based payment schemes	-	3.1	-	3.1
Balance at 31 December 2010	**(4.7)**	**15.9**	**63.3**	**74.5**

For the six months ended 31 December 2009

(In £'s million)	Own shares	Equity reserve	Cumulative translation	Total
Balance at 1 July 2009	(5.5)	12.0	43.5	50.0
Currency translation adjustments	-	-	11.2	11.2
Total recognised income for the period	-	-	11.2	11.2
Share-based payment schemes	(0.1)	(3.5)	-	(3.6)
Balance at 31 December 2009	(5.6)	8.5	54.7	57.6

For the year ended 30 June 2010

(In £'s million)	Own shares	Equity reserve	Cumulative translation	Total
Balance at 1 July 2009	(5.5)	12.0	43.5	50.0
Currency translation adjustments	-	-	6.8	6.8
Total recognised income for the year	-	-	6.8	6.8
Share-based payment schemes	0.8	0.7	-	1.5
Balance at 30 June 2010	(4.7)	12.7	50.3	58.3

1 Basis of preparation

The condensed consolidated interim financial statements are the results for the six months ended 31 December 2010. The condensed consolidated interim financial statements ("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 Services Authority. It is unaudited but has 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 2010, 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 ending 30 June 2010. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2010 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning 1 January 2010.

Improvements to IFRSs 2009

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 17	Leases
IAS 36	Impairment of Assets

IFRS 2	Group Cash-Settled Share-Based Payments Transactions - Amendment.
IAS 32	Financial Instrument Presentation - Amendment
IAS 39	Financial Instruments - Amendment
IFRIC 9	Embedded Derivatives
IFRIC 17	Distribution of Non-cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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, as these were not material to the Group's operations.

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 Interim Management Report.

On 1 July 2010 the Group renewed its unsecured revolving credit facility and in the process reduced the facility from £460 million to £300 million. The facility expires in January 2014. The Group uses the facility to manage its day-to-day working capital requirements as appropriate.

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.

The directors have formed the judgment, at the time of approving the condensed set of 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 condensed consolidated financial statements.

2 Segmental information

Adoption of IFRS 8, Operating Segments

The Group has adopted IFRS 8, Operating Segments, with effect from 1 July 2009. 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 split the business into three regions, Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland.

The Group's continuing operations comprise one class of business, that of specialist recruitment.

Net fees and profit from continuing operations

The Group does not split turnover by segment in internal reports, as remuneration of temporary workers and payments to other recruitment agencies, where the Group acts as principal, are not considered relevant in allocating resources to segments. The Group's chief operating decision maker instead focuses on net fees.

Net fees and profit from continuing operations

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Net fees			
Asia Pacific	**100.5**	64.2	146.3
Continental Europe & Rest of World	**102.5**	79.1	167.5
United Kingdom & Ireland	**123.1**	121.5	243.9
	326.1	264.8	557.7
Operating profit from continuing operations before exceptional items			
Asia Pacific	**36.7**	22.1	52.0
Continental Europe & Rest of World	**13.3**	6.8	17.1
United Kingdom & Ireland	**2.1**	6.2	11.4
	52.1	35.1	80.5
Operating profit from continuing operations			
Asia Pacific	**36.7**	22.1	52.0
Continental Europe & Rest of World	**13.3**	6.8	15.7
United Kingdom & Ireland	**2.1**	(20.8)	(28.6)
	52.1	8.1	39.1

3 Finance income and finance costs

Finance income

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Interest on bank deposits	**0.5**	0.3	0.7

Finance costs

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Interest payable on bank overdrafts and loans	**(3.0)**	(1.1)	(2.3)
Pension Protection Fund Levy	**(0.2)**	(0.6)	(1.1)
Net interest on pension obligations	**(0.8)**	(3.3)	(6.7)
	(4.0)	(5.0)	(10.1)
Net finance charge	**(3.5)**	(4.7)	(9.4)

4 Tax on ordinary activities

The Group's consolidated effective tax rate in respect of continuing operations for the six months to 31 December 2010 is based on the estimated effective tax rate for the full year of 34.0% (31 December 2009: 335.3%, 30 June 2010: 77.8%).

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 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Final dividend for the year ended 30 June 2009 of 3.95 pence per share	**-**	54.2	54.2
Interim dividend for the period to 31 December 2009 of 1.85 pence per share	**-**	-	25.3
Final dividend for the year ended 30 June 2010 of 3.95 pence per share	**54.3**	-	-
	54.3	54.2	79.5

The interim dividend for the period ended 31 December 2010 of 1.85 pence per share is not included as a liability in the balance sheet as at 31 December 2010.

6 Earnings per share

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Earnings from continuing operations before exceptional items	**48.6**	30.4	71.1
Tax on earnings from continuing operations before exceptional items	**(16.5)**	(11.4)	(26.6)
Basic earnings before exceptional items	**32.1**	19.0	44.5
Earnings from continuing operations after exceptional items	**48.6**	3.4	29.7
Tax on earnings from continuing operations after exceptional items	**(16.5)**	(11.4)	(23.1)
Basic earnings after exceptional items	**32.1**	(8.0)	6.6
Number of shares (million):			
Weighted average number of shares	**1,374.1**	1,376.7	1,371.1
Dilution effect of share options	**26.6**	9.5	15.0
Weighted average number of shares used for diluted EPS	**1,400.7**	1,386.2	1,386.1
From continuing operations before exceptional items:			
Basic earnings per share before exceptional items	**2.34p**	1.38p	3.25p
Diluted earnings per share before exceptional items	**2.29p**	1.37p	3.21p
From continuing operations:			
Basic earnings per share	**2.34p**	(0.58)p	0.48p
Diluted earnings per share	**2.29p**	(0.58)p	0.48p
From continuing and discontinued operations:			
Basic earnings per share from continuing and discontinued operations	**2.35p**	(0.58)p	0.68p
Diluted earnings per share from continuing and discontinued operations	**2.31p**	(0.58)p	0.67p

7 Retirement benefit obligations

(In £'s million)	**Six months to 31 December 2010 (unaudited)**	Six months to 31 December 2009 (unaudited)	Year to 30 June 2010
Deficit in scheme brought forward	**(67.1)**	(109.2)	(109.2)
Current service cost	**(2.9)**	(1.7)	(4.1)
Contributions	**8.3**	2.7	5.5
Net financial return	**(0.8)**	(3.3)	(6.7)
Actuarial gain	**27.3**	10.2	47.4
Deficit in scheme carried forward	**(35.2)**	(101.3)	(67.1)

8 Provisions

(In £'s million)	Property	Other	Total
Balance at 1 July 2010	18.6	26.0	44.6
Utilised	(1.9)	(2.8)	(4.7)
Exchange adjustments	0.2	0.1	0.3
Balance as at 31 December 2010	**16.9**	**23.3**	**40.2**

Current	5.5
Non-current	34.7
	40.2

Provisions relate to continuing and discontinued operations and are for rents on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2015 and the amounts will be paid over this period. Other provisions include warranty and environmental claim liabilities arising as a result of the business disposals and the Group transformation that concluded in 2004, deferred employee benefit provisions and restructuring provisions mainly as a result of the back office restructuring.

9 Movement in net debt

(In £'s million)	1 July 2010	Cash flow	Exchange movement	31 December 2010
Cash & cash equivalents	74.7	(36.9)	4.8	**42.6**
Bank loans & overdrafts	(151.9)	(16.4)	-	**(168.3)**
Net debt	(77.2)	(53.3)	4.8	**(125.7)**

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

On 1 July 2010 the Group renewed its unsecured revolving credit facility and in the process reduced the facility from £460 million to £300 million. The new facility expires in January 2014. The financial covenants under the renewed facility require the Group's interest cover to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The interest rate of the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range of 1.75% to 2.25%.

As at 31 December 2010, £135 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 Like-for-like results

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

For the six months ended 31 December 2010 these are calculated as follows:

(In £'s million)

Net fees for the six months ended 31 December 2009	264.8
Foreign exchange impact	6.3
Net fees for the six months ended 31 December 2009 at constant currency	271.1
Fee increase resulting from organic growth	55.0
Net fees for the six months ended 31 December 2010	**326.1**
Profit from operations for the six months ended 31 December 2009	35.1
Foreign exchange impact	2.7
Profit from operations for the six months ended 31 December 2009 at constant currency	37.8
Profit from operations increase resulting from organic growth	14.3
Profit from operations for the six months ended 31 December 2010	**52.1**

12 Like-for-like results H1 analysis by division

Net fee growth versus same period last year	Q1 2011	Q2 2011	**H1 2011**
Asia Pacific	39%	36%	**38%**
Continental Europe & Rest of World	27%	37%	**33%**
United Kingdom & Ireland	1%	1%	**1%**
Group	18%	21%	**20%**

H1 2011 is the period from 1 July 2010 to 31 December 2010.