Press Release

HAYS

26 February 2009

# Half Year Report

## Results for the 6 months ended 31 December 2008

## Press Release

### EXCELLENT CASH FLOW PERFORMANCE

| 6 months ended 31 December<br>Unaudited (In £'s million) | 2008 | 2007 | Actual growth | LFL* growth |
|---|---|---|---|---|
| Net fees | **383.7** | 374.8 | 2% | (2)% |
| Operating profit from continuing operations | **105.1** | 125.0 | (16)% | (20)% |
| Cash generated by operations | **137.6** | 105.0 | 31% | |
| Profit before tax | **100.8** | 122.7 | (18)% | |
| Basic earnings per share | **5.15p** | 6.05p | (15)% | |
| Dividend per share | **1.85p** | 1.85p | - | |

### Financial highlights

- Challenging market conditions resulted in a fall in Group net fees and operating profit*
- Excellent operating cash flow of £137.6 million, up 31%
- Strong balance sheet position with net debt reduced to £54.6 million
- Interim dividend maintained at 1.85p

### Operational highlights

- Successful growth of the International business, now representing 50% of Group net fees
- 9%* reduction in permanent placement net fees offset by resilient temporary placement performance
- Early and continued action to reduce costs in weakening markets
- Market share gains in public sector, now representing 21% of Group net fees
- Implementation of key IT projects continues on schedule

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

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

"Despite the increasingly tough markets we operate in, the early and decisive actions we have taken to defend and develop our business have allowed us to deliver a resilient performance. Where we have seen a slowdown in demand we have reacted quickly to reduce our cost base, particularly in the UK and Australia. At the same time, our focus on cash enabled us to generate £137.6 million of operating cash in the half year, up over 31% on last year.

We are also seeing the benefits of our strategy of growing market share, focusing on more defensive sectors, and continuing to develop our international network. Over the last year, we have invested resources in the public sector market where we have delivered 12% net fee growth in the period. We have strengthened our services in the major corporate account sector, resulting in a number of contract wins that strengthen our relationships with several blue chip organisations. Selective investment overseas included new offices in Continental Europe, Australia and entry into India. We also achieved good growth in a number of our international businesses, including Germany where we increased net fees by 35%*.

Turning to the current environment, demand for permanent placements is falling at an increasing rate in all of the countries in which we operate. Demand for temporary placements is relatively resilient in most parts of our business following a reasonable level of re-engagement of temporary workers after the Christmas holidays.

Looking ahead, our strategy is unchanged. We will continue to take decisive action to defend and develop our business in challenging market conditions. The strength of the balance sheet, our balance of permanent and temporary placement business, our international and sectoral diversification, and significant presence in the public sector stand us in good stead".

**Enquiries**

Hays plc

| | | |
|---|---|---|
| Paul Venables | Finance Director | + 44 (0) 20 73832266 |
| Martin Abell | Investor Relations | + 44 (0) 20 73832266 |

Brunswick

| | |
|---|---|
| Gill Ackers | + 44 (0) 20 7404 5959 |
| James Rossiter | |


**Results presentation webcast**

The half year results presentation at 8:00am GMT on 26 February 2009 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 GMT.

**Reporting calendar**

| | |
|---|---|
| Interim management statement for quarter ending 31 March 2009 | 9 April 2009 |
| Trading statement for quarter ending 30 June 2009 | 9 July 2009 |
| Full year results for year ending 30 June 2009 | 3 September 2009 |

**Note to editors**

Hays plc is the leading global specialist recruitment group. It is market leader in the UK and Australia, and one of the market leaders in Continental Europe. The Group employs 8,294 staff operating from 380 offices in 27 countries across 17 specialisms. For the year ended 30 June 2008:

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

## Summary profit and loss statement

| 6 months ended 31 December (In £'s million) | 2008 | 2007 | growth actual | growth LFL* |
|---|---|---|---|---|
| Turnover | **1,278.7** | 1,214.3 | 5% | 1% |
| Net fees | | | | |
| Temporary | **199.9** | 183.7 | 9% | 4% |
| Permanent | **183.8** | 191.1 | (4)% | (9)% |
| **Total** | **383.7** | 374.8 | 2% | (2)% |
| Operating profit | **105.1** | 125.0 | (16)% | (20)% |
| Conversion rate | **27.4%** | 33.4% | | |
| Temporary margin** | **18.3%** | 18.0% | | |
| Temporary fees as % of total | **52%** | 49% | | |
| Period end consultant headcount*** | **5,213** | 5,673 | (8)% | (8)% |

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

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

*** the change in consultants is shown on a closing basis, comparing 31 December 2008 versus 31 December 2007.

Consultant headcount is adjusted for the re-classification of 45 consultants within APAC to non-consultant employees as at 31 December 2007.

Group turnover increased by 5%, net fees increased by 2% (declining by 2% on a like-for-like basis*), and operating profit decreased by 16% (20% on a like-for-like basis*). The results benefited from exchange rate movements, principally the Euro and Australian dollar, which had a favourable impact increasing net fees by £18.3 million and operating profit by £5.6 million.

Net fees in the permanent business, representing 48% of Group net fees, declined by 9%*, with permanent placement volumes decreasing by 16%. The fall in permanent placement volumes reflects the increasingly difficult market conditions in nearly all of our core permanent markets. Average fees per placement increased by 8%* compared to last year due to a favourable change in mix. The temporary placement business, representing 52% of Group net fees, continued to be resilient with net fees increasing by 4%*. This represented a volume and mix increase of 2% and a 30 basis point increase in the temporary margin to 18.3% (2007: 18.0%)**. The performance of our temporary business against such a difficult economic backdrop underlines the advantage of having leading positions in both permanent and temporary placement markets.

The Group's conversion rate, which is the proportion of net fees converted into operating profit, decreased from 33.4% in the prior year to 27.4% this period. This was a result of the marked reduction in the net fee growth rate in the period having a negative leveraged impact on profit due to a higher average cost base through the period. We have responded rapidly by adjusting the cost base of the Group, including reducing the number of consultants by 9% in the six month period ended 31 December 2008. Overall the consultant headcount at the end of the period was 8% below the prior year. The majority of this decrease has been in the worst affected markets, the United Kingdom & Ireland and Australia & New Zealand.

## International network

In the United Kingdom & Ireland we reduced our office network by a total of 14 offices over the period as we have sought to drive efficiency by consolidating operations in some cities. In the International business we have continued to invest in specific strategic opportunities. We opened two new offices in the period in Continental Europe (in Germany and Poland) and new offices in Canada and Australia. The Group's first Indian office was opened in Mumbai in January 2009 and we plan to open our first Russian office in Moscow later in the year.

## Number of offices

| | 30 June 2008 | opened/(closed) (net) | **31 December 2008** |
|---|---|---|---|
| United Kingdom & Ireland | 255 | (14) | **241** |
| Asia Pacific | 53 | (1) | **52** |
| Continental Europe & RoW | 85 | 2 | **87** |
| Group | 393 | (13) | **380** |

The Group employs 8,294 staff, operating from 380 offices in 27 countries across 17 specialisms. We believe that this global network represents an excellent platform from which to continue the Group's development in the longer term.

## United Kingdom & Ireland

| 6 months ended 31 December (In £'s million) | **2008** | 2007 | growth actual | growth LFL* |
|---|---|---|---|---|
| Net fees | | | | |
| Accountancy & Finance | **76.2** | 86.9 | (12)% | (13)% |
| Construction & Property | **46.1** | 60.6 | (24)% | (25)% |
| Information Technology | **16.2** | 16.3 | (1)% | (1)% |
| Other Specialist Recruitment Activities | **54.1** | 61.5 | (12)% | (12)% |
| **Total** | **192.6** | 225.3 | (15)% | (15)% |
| Operating profit | | | | |
| Accountancy & Finance | **22.2** | 32.1 | (31)% | (32)% |
| Construction & Property | **12.9** | 22.8 | (43)% | (44)% |
| Information Technology | **4.1** | 5.6 | (26)% | (27)% |
| Other Specialist Recruitment Activities | **6.4** | 10.1 | (36)% | (36)% |
| **Total** | **45.6** | 70.6 | (35)% | (36)% |
| Conversion rate | **23.7%** | 31.3% | | |
| Period end consultant headcount*** | **2,685** | 3,355 | (20)% | (20)% |

In the United Kingdom & Ireland, net fees declined by 15% on an actual and like-for-like basis* to £192.6 million, with operating profit down 35% (36% on a like-for-like basis*) to £45.6 million. The difference between actual growth and like-for-like growth was due to the appreciation of the Euro in our Ireland business. The economy had an increasing impact during the period, with permanent placement net fees down 25%* as market conditions deteriorated in our private sector markets. Temporary placement net fees were down 6%* in the period, demonstrating resilience in all of our main markets, with the exception of the Construction & Property business. The conversion rate declined from 31.3% to 23.7% in the period.

Net fees in the Accountancy & Finance business declined by 13%*, reflecting reduced client and candidate confidence. Construction & Property, which serves both the construction and “built” environment sectors, recorded a 25%* fall in net fees as a result of very tough market conditions in the sector. Information Technology suffered from a reduction in activity and consequently net fees fell by 1%. Among the Other Specialist Recruitment Activities there were mixed performances. City-related activities, Legal and Human Resources, experienced very weak markets and reductions in demand levels, whilst Education and Healthcare continued to be our best performing areas. Overall, our public sector business, which now represents around 29% of the United Kingdom & Ireland net fees, achieved growth of 12% in the period. This performance resulted from our decision taken 12 months ago to redirect resources towards the public sector and increase our focus on leveraging our nationwide coverage and public sector expertise to take share in this market.

We have continued to take action to address the fall in net fees and operating profit that occurred in the period. We have reduced our headcount by 14% over the past six months and by a total of 20% over the 12 month period. We also closed a total of 15 offices in the period as we have sought to consolidate available office space where necessary. We have made excellent progress on our key efficiency programmes. Our back office automation project is on track to complete in June 2010 and our new front office system is on course to be rolled-out on schedule into a number of our United Kingdom & Ireland businesses by the end of the financial year. We have also continued to strengthen our national corporate account management and recruitment outsource services and these investments have yielded several important client wins in the period.

HM Revenue & Customs has recently re-confirmed it is withdrawing the staff hire concession from 1 April 2009. Under the staff hire concession, Hays is permitted to charge VAT on our net fee only and not the full cost of the temporary worker to clients. The changes resulting from its removal will be of significance to clients who are unable to reclaim their VAT in full. These are principally organisations operating in the Financial Services, Social Housing, Health and Charity sectors. Currently around £20 million of our net fees per annum are generated from temporary workers placed under the staff hire concession. Following the removal of this concession we will be required to charge VAT on the full cost of the temporary worker to these organisations, thereby increasing the cost of temporary workers to these organisations. We are continuing to work with trade bodies and our clients in lobbying the Government to reconsider the proposed legislation, as we believe the imposition of VAT on employment costs is an unfair cost on these organisations which is likely to result in job losses.

## Asia Pacific

| 6 months ended 31 December (In £'s million) | 2008 | 2007 | growth Actual | growth LFL* |
|---|---|---|---|---|
| Net fees | **88.3** | 80.6 | 10% | 3% |
| Operating profit | **38.9** | 38.6 | 1% | (4)% |
| Conversion rate | **44.1%** | 47.9% | | |
| Period end consultant headcount*** | **1,056** | 1,084 | (3)% | (3)% |

In Asia Pacific, net fees increased by 10% (3% on a like-for-like basis*) to £88.3 million and operating profit increased by 1% (but decreased by 4% on a like-for-like basis*) to £38.9 million. The difference between actual growth and like-for-like growth was mainly due to the appreciation in the Australian dollar. The business achieved a strong conversion rate of 44.1% in the period although this was down from the 47.9% achieved last year.

In our market leading Australia & New Zealand business there were contrasting performances between the permanent and temporary placement businesses. Whilst the temporary placement business continued to perform well increasing net fees by 16%*, the permanent placement business saw a significant deterioration in demand levels, particularly in the second quarter, which resulted in a 9%* fall in net fees in the period. Overall net fees in Australia & New Zealand increased by 3%* in the period. The public sector accounts for 20% of net fees in Australia & New Zealand and this continued to provide good growth, increasing net fees by 13% versus last year. Resources & Mining and the newer specialisms were the best performing areas, whereas Accountancy & Finance, Construction & Property and IT were each increasingly impacted by the economy. In Asia, market conditions weakened as the global economic issues started to impact recruitment, with net fee growth in this region decreasing to 9%* in the period.

We have responded quickly to changes in market conditions across the region by reducing headcount by 12% in the six months ended 31 December 2008. As at the end of the period, headcount was 3% below the prior year.

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

| 6 months ended 31 December (In £'s million) | 2008 | 2007 | growth actual | growth LFL* |
|---|---|---|---|---|
| Net fees | **102.8** | 68.9 | 49% | 27% |
| Operating profit | **20.6** | 15.8 | 30% | 9% |
| Conversion rate | **20.0%** | 22.9% | | |
| Period end consultant headcount*** | **1,472** | 1,234 | 19% | 19% |

The Continental Europe & RoW division delivered a good result increasing net fees by 49% (27% on a like-for-like basis*) to £102.8 million and operating profit by 30% (9% on a like-for-like basis*) to £20.6 million compared to the same period last year. The difference between actual growth and like-for-like growth was largely due to the appreciation of the Euro. The conversion rate decreased to 20.0% as a result of a marked deterioration in trading conditions in most countries towards the end of the period. Consultant headcount increased by 19% versus prior year and by 4% during the six month period to 31 December 2008. This was driven by headcount investment in the first quarter as market conditions and growth remained strong across most countries. However, as market conditions weakened in many of our markets later in the second quarter, we responded by removing 3% of headcount.

The division's strong performance was led by the continued excellent growth in Germany, representing 44% of the division's net fees, which recorded net fee growth of 35%* in the period. This business focuses predominantly on the IT and Engineering contracting markets. However, our strategy to diversify into a broader range of specialisms, including Accountancy & Finance, Legal and Pharmaceutical, has also contributed significantly to this excellent result and these newer specialisms now account for 15% of total net fees in Germany.

France, representing 18% of the division's net fees, grew net fees by 16%*. However, market conditions weakened significantly towards the end of the period in France and in a number of our other major countries in the region including Benelux and Spain and, as a result of these countries' focus on the permanent placement market, their performances weakened considerably in the second quarter.

Our smaller country businesses had mixed results. Our businesses in Italy, Brazil, Poland and Hungary achieved strong net fee growth. However, Sweden, the Czech Republic and Slovakia each faced tougher market conditions.

### Net finance charge

The net finance charge for the period was £4.3 million (2007: £2.3 million) comprising a net bank interest charge of £2.7 million (2007: £3.7 million), a net interest charge on the defined pension scheme obligations of £1.2 million (2007: £1.5 million interest credit) due to lower expected returns on the scheme assets, and a charge for the Pension Protection Fund levy of £0.4 million (2007: £0.1 million).

### Taxation

Tax on continuing operations for the period was £30.2 million. The effective tax rate remains at the same level as the corresponding period last year at 30% with the 2% reduction in the United Kingdom tax rate offset by a change in the geographical mix of profits.

### Earnings per share

Basic earnings per share from continuing activities decreased 15% to 5.15 pence (2007: 6.05 pence). The fall in earnings per share results from the reduction in profit after tax, being 18% below last year's result, partially offset by the favourable annualised impact of the accretion from the prior year's share buy-back programme.

### Cash flow and balance sheet

Cash flow in the period was very strong, with 131% conversion of operating profit into operating cash flow driven by an excellent working capital performance. Overall, net cash generated by operations was £137.6 million (2007: £105.0 million). Cash inflow from working capital was £24.3 million, resulting from the fall in net fees in the latter part of the period and an improvement in trade debtor days to 37 days (2007: 39 days). Tax paid was £36.0 million. Net capital expenditure was higher at £17.0 million, reflecting the additional expenditure on the Group's key IT projects. £54.0 million was paid out in dividends, £2.6 million was paid out in net interest, and £2.0 million was used for the share buy-back programme. Net debt decreased from £81.1 million at the start of the period to £54.6 million at the end of the period and we expect it to fall further in the second half of the year.

The Group has a £460 million unsecured revolving credit facility available, which expires in February 2011. The covenants in the 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 3:1. The Group has significant headroom within these covenants.

### Capital structure and dividend

The Board's current priorities for our free cash flow are to fund Group development, support a sustainable dividend policy and to maintain the strength of the balance sheet. During the period we purchased 1.7 million shares at a total cost of £1.4 million. The Board has no plans to buy back further shares in the current financial year.

The Board has decided 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 17 April 2009 and will be paid to shareholders on the register on 20 March 2009.

### Retirement benefits

The Group's pension liability under IAS 19 at 31 December 2008 of £96.6 million (£69.6 million net of deferred tax) increased by £8.5 million compared to 30 June 2008 primarily due to the reduction in equity values. During the period, the Company contributed £4.4 million of cash into the defined benefit scheme, which included £2.1 million additional funding.

### Management Changes

On 14 October 2008, Tim Cook was appointed Managing Director of the United Kingdom & Ireland business taking over from Alistair Cox, Group Chief Executive, who had been acting Managing Director since February 2008. Tim has held a number of roles during his 21 year career at Hays, most recently as Managing Director of the Construction & Property business in the United Kingdom & Ireland.

### Current trading

Turning to the current environment, demand for permanent placements is falling at an increasing rate in all of the countries in which we operate. Demand for temporary placements is relatively resilient in most parts of our business following a reasonable level of re-engagement of temporary workers after the Christmas holidays.

Looking ahead, our strategy is unchanged. We will continue to take decisive action to defend and develop our business in challenging market conditions. The strength of the balance sheet, our balance of permanent and temporary placement business, our international and sectoral diversification, and significant presence in the public sector stand us in good stead.

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

***references to headcount in the commentary relate to consultant headcount. Consultant headcount is adjusted for the re-classification of 45 consultants within APAC to non-consultant employees as at 31 December 2007.

### Treasury management

The Group's treasury operations remain straight forward and uncomplicated with Group operations financed by retained earnings and bank borrowings. The Group has a £460 million revolving credit facility in place until February 2011 and it uses this facility to manage its day-to-day working capital requirements as appropriate. 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

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical rates. These risks include the following:

#### Macro economic environment

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

#### Competitive environment

In the United Kingdom & Ireland and Australia & New Zealand, the markets for the provision of permanent and temporary recruitment are competitive and fragmented. In these more developed markets, competitor risk manifests itself in increased competition for clients and candidates and in pricing pressures.

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

The Group's long-term strategy is to grow our businesses in the International territories.

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

#### Commercial relationships

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

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

#### Contractual risk

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

The placement of temporary workers represents a greater inherent risk than permanent placements. Wherever possible, Group contracts include clauses placing the responsibility for supervision and control of the worker with the client and exclude any consequential loss and limit the Group's total liability. The Group has in place clear guidance on the approval of contractual terms and its application is monitored, especially in relation to any exceptions to our standard liability position and insurance protection, both of which require Group Finance Director approval.

### People

The business is reliant on the ability to recruit, train and develop people to meet the Group's long-term growth strategy. The Group is focused on ensuring it has competitive pay structures that are linked to performance, a succession planning process, a process to develop talent to meet expansion needs and allocating resources to the best opportunities available.

### Foreign exchange

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

### Technology systems

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

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

The Group is in the process of upgrading some of its key operational and financial systems. Such changes have an element of inherent risk. The Group has taken steps to mitigate these risks by establishing proper governance arrangements. These ensure that the Group has high-quality project management and IT resources working alongside our operational managers, and utilise specialist external resources and robust project management processes. The Group will continue to carefully monitor risk throughout the life of each project.

### Regulatory environment and legislative changes

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

As employment laws are changed and harmonised in certain territories, they bring with them new risks and opportunities. The temporary market is more heavily regulated and changes in legislation, for example the planned removal of the staff hire concession in the UK and changes to temporary worker rights, can have an impact on Group profitability.

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

**Hays plc**
250 Euston Road
London
NW1 2AF

## 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";

– 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).

By Order of the Board

Paul Venables
Group Finance Director
25 February 2009

### 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

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 2008 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, the consolidated reconciliation of movements in equity 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 2410 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 2008 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 Registered Auditors

London, United Kingdom

25 February 2009

# Half Year Financial Statements

## Condensed Consolidated Income Statement

| (In £'s million) | Notes | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|---|
| TURNOVER | | | | |
| Continuing operations | 2 | **1,278.7** | **1,214.3** | 2,540.0 |
| NET FEES* | | | | |
| Continuing operations | 2 | **383.7** | **374.8** | 786.8 |
| Operating profit from continuing operations before exceptional items | 2 | **105.1** | **125.0** | 253.8 |
| Exceptional items | 2 | **-** | **-** | 15.3 |
| OPERATING PROFIT FROM CONTINUING OPERATIONS | | **105.1** | **125.0** | 269.1 |
| Finance income | | **1.3** | **1.2** | 3.2 |
| Finance cost | | **(5.6)** | **(3.5)** | (7.9) |
| | 3 | **(4.3)** | **(2.3)** | (4.7) |
| PROFIT BEFORE TAX | | **100.8** | **122.7** | 264.4 |
| Tax | 4 | **(30.2)** | **(36.8)** | (76.6) |
| PROFIT FROM CONTINUING OPERATIONS AFTER TAX | | **70.6** | **85.9** | 187.8 |
| PROFIT FROM DISCONTINUED OPERATIONS AFTER TAX | 5 | **-** | **-** | 0.4 |
| PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT | | **70.6** | **85.9** | 188.2 |
| Earnings per share from continuing operations before exceptional items | | | | |
| – Basic | 7 | **5.15p** | **6.05p** | 12.59p |
| – Diluted | 7 | **5.15p** | **6.00p** | 12.53p |
| Earnings per share from continuing operations | | | | |
| – Basic | 7 | **5.15p** | **6.05p** | 13.37p |
| – Diluted | 7 | **5.15p** | **6.00p** | 13.30p |
| Earnings per share from continuing and discontinued operations | | | | |
| – Basic | 7 | **5.15p** | **6.05p** | 13.40p |
| – Diluted | 7 | **5.15p** | **6.00p** | 13.33p |

* Net fees are equal to turnover less payroll costs of temporary contractors and workers

## Consolidated Statement of Recognised Income and Expense

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| Profit for the period | **70.6** | **85.9** | 188.2 |
| Currency translation adjustments | **38.6** | **11.7** | 25.4 |
| Actuarial losses on defined benefit pension scheme | **(9.4)** | **(17.9)** | (71.2) |
| Tax on items taken directly to reserves | **2.6** | **4.4** | 19.9 |
| Net income/(expense) recognised directly in equity | **31.8** | **(1.8)** | (25.9) |
| Total recognised income and expense for the period | **102.4** | **84.1** | 162.3 |
| Attributable to equity shareholders of the parent | **102.4** | **84.1** | 162.3 |

## Half Year Financial Statements

### Condensed Consolidated Balance Sheet

| (In £'s million) | Notes | **31 December 2008 (Unaudited)** | 31 December 2007 (Unaudited) | 30 June 2008 |
|---|---|---|---|---|
| Goodwill | | **193.0** | **164.0** | 168.9 |
| Other intangible assets | | **18.7** | **4.4** | 5.4 |
| Property, plant & equipment | | **32.9** | **28.2** | 32.2 |
| Deferred tax assets | | **39.8** | **28.3** | 38.7 |
| NON-CURRENT ASSETS | | **284.4** | **224.9** | 245.2 |
| Trade & other receivables | | **436.6** | **429.7** | 442.3 |
| Cash & cash equivalents | | **53.6** | **86.3** | 54.0 |
| CURRENT ASSETS | | **490.2** | **516.0** | 496.3 |
| TOTAL ASSETS | | **774.6** | **740.9** | 741.5 |
| Trade & other payables | | **(319.3)** | **(275.7)** | (306.5) |
| Tax liabilities | | **(20.5)** | **(35.9)** | (29.7) |
| CURRENT LIABILITIES | | **(339.8)** | **(311.6)** | (336.2) |
| Bank loans & overdrafts | | **(108.2)** | **(201.2)** | (135.1) |
| Trade & other payables | | **(13.6)** | **(19.6)** | (13.6) |
| Retirement benefit obligations | 8 | **(96.6)** | **(58.8)** | (88.1) |
| Provisions | 9 | **(45.0)** | **(48.4)** | (45.5) |
| NON-CURRENT LIABILITIES | | **(263.4)** | **(328.0)** | (282.3) |
| TOTAL LIABILITIES | | **(603.2)** | **(639.6)** | (618.5) |
| NET ASSETS | | **171.4** | **101.3** | 123.0 |
| Called up share capital | | **14.7** | **14.7** | 14.7 |
| Capital redemption reserve | | **2.7** | **2.7** | 2.7 |
| Share premium account | | **369.6** | **369.6** | 369.6 |
| Retained earnings | | **(293.7)** | **(311.6)** | (307.0) |
| Other reserves | | **78.1** | **25.9** | 43.0 |
| TOTAL SHAREHOLDERS' EQUITY | | **171.4** | **101.3** | 123.0 |

## Half Year Financial Statements

### Consolidated Cash Flow Statement

| (In £'s million) | Notes | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|---|
| Operating profit from continuing operations | | **105.1** | **125.0** | 269.1 |
| Adjustments for: | | | | |
| Exceptional items – non cash | | **-** | **-** | (15.3) |
| Depreciation of property, plant & equipment | | **4.6** | **4.1** | 9.6 |
| Amortisation of intangible fixed assets | | **0.3** | **0.4** | 1.7 |
| Movements in provisions, employee benefits and other items | | **3.3** | **5.3** | 6.0 |
| | | **8.2** | **9.8** | 2.0 |
| OPERATING CASH FLOW BEFORE MOVEMENT IN WORKING CAPITAL | | **113.3** | **134.8** | 271.1 |
| Changes in working capital | | **24.3** | **(29.8)** | (15.1) |
| **CASH GENERATED BY OPERATIONS** | | **137.6** | **105.0** | 256.0 |
| Income taxes paid | | **(36.0)** | **(33.6)** | (74.1) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **101.6** | **71.4** | 181.9 |
| INVESTING ACTIVITIES | | | | |
| Purchase of tangible & intangible assets | | **(17.0)** | **(7.0)** | (14.8) |
| Proceeds from sale of property, plant & equipment | | **-** | **-** | 0.1 |
| Cash paid in respect of acquisitions made in previous years | | **-** | **-** | (6.7) |
| Sale of businesses and related assets | | **-** | **-** | 0.6 |
| Interest received | | **1.3** | **1.2** | 3.2 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(15.7)** | **(5.8)** | (17.6) |
| FINANCING ACTIVITIES | | | | |
| Interest paid | | **(3.9)** | **(4.8)** | (10.4) |
| Equity dividends paid | | **(54.0)** | **(48.2)** | (74.0) |
| Cash outflow in respect of share buy-back | | **(2.0)** | **(52.7)** | (91.1) |
| Additional pension scheme funding | | **(2.1)** | **(1.8)** | (2.5) |
| Purchase of own shares | | **-** | **(0.8)** | (0.7) |
| Proceeds from share option exercises | | **-** | **0.7** | 2.8 |
| Repayment of loan notes | | **(0.2)** | **(0.7)** | (0.8) |
| (Decrease)/increase in bank overdrafts & repayment of borrowings | | **(30.5)** | **57.3** | (8.7) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(92.7)** | **(51.0)** | (185.4) |
| NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS | 10 | **(6.8)** | **14.6** | (21.1) |
| **CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | **54.0** | **68.4** | 68.4 |
| Effect of foreign exchange rate movements | | **6.4** | **3.3** | 6.7 |
| **CASH & CASH EQUIVALENTS AT END OF PERIOD** | | **53.6** | **86.3** | 54.0 |

| (In £'s million) | Notes | | | |
|---|---|---|---|---|
| **BANK LOANS, OVERDRAFTS AND FINANCE LEASE OBLIGATIONS AT BEGINNING OF PERIOD** | | **(135.1)** | **(144.6)** | (144.6) |
| Decrease/(increase) in period | | **26.9** | **(56.6)** | 9.5 |
| **BANK LOANS, OVERDRAFTS AND FINANCE LEASE OBLIGATIONS AT END OF PERIOD** | | **(108.2)** | **(201.2)** | (135.1) |
| **NET DEBT AT END OF PERIOD** | 10 | **(54.6)** | **(114.9)** | (81.1) |

# Half Year Financial Statements

## Consolidated Reconciliation of Movements in Equity

For the six months ended 31 December 2008

| (In £'s million) | Share capital | Capital redemption reserve | Share premium account | Retained earnings | Other reserves | Total |
|---|---|---|---|---|---|---|
| Balance at 1 July 2008 | **14.7** | **2.7** | **369.6** | **(307.0)** | **43.0** | **123.0** |
| Currency translation adjustments | **-** | **-** | **-** | **-** | **38.6** | **38.6** |
| Actuarial losses on defined benefit pension scheme | **-** | **-** | **-** | **(9.4)** | **-** | **(9.4)** |
| Tax on items taken directly to reserves | **-** | **-** | **-** | **2.6** | **-** | **2.6** |
| Net (expense)/income recognised directly in equity | **-** | **-** | **-** | **(6.8)** | **38.6** | **31.8** |
| Profit for the period | **-** | **-** | **-** | **70.6** | **-** | **70.6** |
| Total recognised income for the period | **-** | **-** | **-** | **63.8** | **38.6** | **102.4** |
| Dividends paid | **-** | **-** | **-** | **(54.0)** | **-** | **(54.0)** |
| Share-based payment schemes | **-** | **-** | **-** | **4.9** | **(3.5)** | **1.4** |
| Share buy-back | **-** | **-** | **-** | **(1.4)** | **-** | **(1.4)** |
| Balance at 31 December 2008 | **14.7** | **2.7** | **369.6** | **(293.7)** | **78.1** | **171.4** |

For the six months ended 31 December 2007

| (In £'s million) | Share capital | Capital redemption reserve | Share premium account | Retained earnings | Other reserves | Total |
|---|---|---|---|---|---|---|
| Balance at 1 July 2007 | **15.7** | **1.7** | **369.6** | **(288.7)** | **13.7** | **112.0** |
| Currency translation adjustments | **-** | **-** | **-** | **-** | **11.7** | **11.7** |
| Actuarial losses on defined benefit pension scheme | **-** | **-** | **-** | **(17.9)** | **-** | **(17.9)** |
| Tax on items taken directly to reserves | **-** | **-** | **-** | **4.4** | **-** | **4.4** |
| Net (expense)/income recognised directly in equity | **-** | **-** | **-** | **(13.5)** | **11.7** | **(1.8)** |
| Profit for the period | **-** | **-** | **-** | **85.9** | **-** | **85.9** |
| Total recognised income for the period | **-** | **-** | **-** | **72.4** | **11.7** | **84.1** |
| Dividends paid | **-** | **-** | **-** | **(48.2)** | **-** | **(48.2)** |
| Share-based payment schemes | **-** | **-** | **-** | **3.9** | **1.3** | **5.2** |
| Purchase of own shares and other | **-** | **-** | **-** | **0.7** | **(0.8)** | **(0.1)** |
| Share buy-back | **-** | **-** | **-** | **(51.7)** | **-** | **(51.7)** |
| Cancellation of treasury shares | **(1.0)** | **1.0** | **-** | **-** | **-** | **-** |
| Balance at 31 December 2007 | **14.7** | **2.7** | **369.6** | **(311.6)** | **25.9** | **101.3** |

For the year ended 30 June 2008

| (In £'s million) | Share capital | Capital redemption reserve | Share premium account | Retained earnings | Other reserves | Total |
|---|---|---|---|---|---|---|
| Balance at 1 July 2007 | 15.7 | 1.7 | 369.6 | (288.7) | 13.7 | 112.0 |
| Currency translation adjustments | - | - | - | - | 25.4 | 25.4 |
| Actuarial profits on defined benefit pension scheme | - | - | - | (71.2) | - | (71.2) |
| Tax on items taken directly to reserves | - | - | - | 19.9 | - | 19.9 |
| Net income/(expense) recognised directly in equity | - | - | - | (51.3) | 25.4 | (25.9) |
| Profit for the period | - | - | - | 188.2 | - | 188.2 |
| Total recognised income/(expense) for the period | - | - | - | 136.9 | 25.4 | 162.3 |
| Dividends paid | - | - | - | (74.0) | - | (74.0) |
| Share-based payment schemes | - | - | - | 6.6 | 4.3 | 10.9 |
| Purchase of own shares and other | - | - | - | 3.2 | (0.4) | 2.8 |
| Share buy-back | - | - | - | (91.0) | - | (91.0) |
| Cancellation of treasury shares | (1.0) | 1.0 | - | - | - | - |
| Balance at 30 June 2008 | 14.7 | 2.7 | 369.6 | (307.0) | 43.0 | 123.0 |

## Consolidated Reconciliation of Movements in Equity – Other Reserves

For the six months ended 31 December 2008

| (In £'s million) | Own shares | Equity reserve | Cumulative translation reserve | Total |
|---|---|---|---|---|
| Balance at 1 July 2008 | **(1.5)** | **16.9** | **27.6** | **43.0** |
| Currency translation adjustments | **-** | **-** | **38.6** | **38.6** |
| Total recognised expense for the period | **-** | **-** | **38.6** | **38.6** |
| Share-based payment schemes | **1.1** | **(4.6)** | **-** | **(3.5)** |
| Balance at 31 December 2008 | **(0.4)** | **12.3** | **66.2** | **78.1** |

For the six months ended 31 December 2007

| (In £'s million) | Own shares | Equity reserve | Cumulative translation reserve | Total |
|---|---|---|---|---|
| Balance at 1 July 2007 | **(1.1)** | **12.6** | **2.2** | **13.7** |
| Currency translation adjustments | **-** | **-** | **11.7** | **11.7** |
| Total recognised expense for the period | **-** | **-** | **11.7** | **11.7** |
| Share-based payment schemes | **-** | **1.3** | **-** | **1.3** |
| Purchase of own shares | **(0.8)** | **-** | **-** | **(0.8)** |
| Balance at 31 December 2007 | **(1.9)** | **13.9** | **13.9** | **25.9** |

For the year ended 30 June 2008

| (In £'s million) | Own shares | Equity reserve | Cumulative translation reserve | Total |
|---|---|---|---|---|
| Balance at 1 July 2007 | (1.1) | 12.6 | 2.2 | 13.7 |
| Currency translation adjustments | - | - | 25.4 | 25.4 |
| Total recognised income for the period | - | - | 25.4 | 25.4 |
| Share-based payment schemes | - | 4.3 | - | 4.3 |
| Purchase of own shares | (0.4) | - | - | (0.4) |
| Balance at 30 June 2008 | (1.5) | 16.9 | 27.6 | 43.0 |

## 1. Basis of preparation

The condensed consolidated interim financial statements are the results for the six months ended 31 December 2008. 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 435 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 2008, 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 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 2009. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2008.

## 2. Segmental information

Continuing operations comprise one class of business, being specialist recruitment activities. The Group operates in three identified geographic segments. These results by geography are shown below.

### Turnover, net fees and profit from continuing operations

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| TURNOVER | | | |
| United Kingdom & Ireland | **720.3** | **768.2** | 1,571.5 |
| Continental Europe & Rest of World | **301.2** | **220.3** | 482.2 |
| Asia Pacific | **257.2** | **225.8** | 486.3 |
| | **1,278.7** | **1,214.3** | 2,540.0 |
| NET FEES | | | |
| United Kingdom & Ireland | **192.6** | **225.3** | 452.9 |
| Continental Europe & Rest of World | **102.8** | **68.9** | 157.7 |
| Asia Pacific | **88.3** | **80.6** | 176.2 |
| | **383.7** | **374.8** | 786.8 |
| OPERATING PROFIT FROM CONTINUING OPERATIONS | | | |
| United Kingdom & Ireland | | | |
| Operating profit from continuing operations before exceptional items | **45.6** | **70.6** | 137.3 |
| Exceptional items | **-** | **-** | 15.3 |
| | **45.6** | **70.6** | 152.6 |
| Continental Europe & Rest of World | **20.6** | **15.8** | 33.1 |
| Asia Pacific | **38.9** | **38.6** | 83.4 |
| | **105.1** | **125.0** | 269.1 |

## 3. Finance income and finance costs

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| FINANCE INCOME | | | |
| Interest on bank deposits | **1.3** | **1.2** | 3.2 |
| | **1.3** | **1.2** | 3.2 |
| FINANCE COSTS | | | |
| Interest payable on bank overdrafts and loans | **(4.0)** | **(4.9)** | (10.4) |
| Pension Protection Fund levy | **(0.4)** | **(0.1)** | (0.5) |
| Net interest on pension obligations | **(1.2)** | **1.5** | 3.0 |
| | **(5.6)** | **(3.5)** | (7.9) |
| Net finance charge | **(4.3)** | **(2.3)** | (4.7) |

## 4. Taxation on ordinary activities

The Group's consolidated effective tax rate in respect of continuing operations for the six months to 31 December 2008 is based on the estimated effective tax rate for the full year of 30.0% (31 December 2007: 30.0%, 30 June 2008: 29.0%).

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| TAX CHARGE | | | |
| United Kingdom | **13.0** | **19.0** | 40.4 |
| Overseas | **17.2** | **17.8** | 36.2 |
| | **30.2** | **36.8** | 76.6 |

## 5. Profit from discontinued operations

There was no profit or loss from discontinued operations in the period to 31 December 2008.

The profit on disposal in the year ended 30 June 2008 relates mainly to the cash receipts from loan notes arising from the disposal of the Hays US Home Delivery business, previously fully provided for.

## 6. Dividends

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| Amounts recognised per ordinary share as distributions to equity holders in the period: | | | |
| Final dividend for the year ended 30 June 2007 of 3.4 pence per share | **-** | **48.2** | 48.2 |
| Interim dividend for the period to 31 December 2007 of 1.85 pence per share | **-** | **-** | 25.8 |
| Final dividend for the year ended 30 June 2008 of 3.95 pence per share | **54.0** | **-** | - |
| | **54.0** | **48.2** | 74.0 |

The interim dividend for the period ended 31 December 2008 of 1.85 pence per share is not included as a liability in the balance sheet as at 31 December 2008.

## Half Year Financial Statements

### 7. Earnings per share

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| Earnings from continuing operations before exceptional items | **100.8** | **122.7** | 249.1 |
| Tax on earnings from continuing operations before exceptional items | **(30.2)** | **(36.8)** | (72.3) |
| Basic earnings from continuing operations before exceptional items | **70.6** | **85.9** | 176.8 |
| Earnings from continuing operations after exceptional items | **100.8** | **122.7** | 264.4 |
| Tax on earnings from continuing operations after exceptional items | **(30.2)** | **(36.8)** | (76.6) |
| Basic earnings from continuing operations after exceptional items | **70.6** | **85.9** | 187.8 |
| Earnings from discontinued operations | **-** | **-** | 0.6 |
| Tax on earnings from discontinued operations | **-** | **-** | (0.2) |
| Basic earnings from discontinued operations | **-** | **-** | 0.4 |
| Earnings from discontinued & continuing operations | **100.8** | **122.7** | 265.0 |
| Tax on earnings from discontinued & continuing operations | **(30.2)** | **(36.8)** | (76.8) |
| Basic earnings from discontinued & continuing operations | **70.6** | **85.9** | 188.2 |
| Number of shares (million): | | | |
| Weighted average number of shares | **1,370.3** | **1,419.0** | 1,404.1 |
| Dilution effect of share options | **1.6** | **12.5** | 7.4 |
| Weighted average number of shares used for diluted EPS | **1,371.9** | **1,431.5** | 1,411.5 |
| Basic earnings per share from continuing operations before exceptional items | **5.15p** | **6.05p** | 12.59p |
| Basic earnings per share from continuing operations - exceptional items | **-** | **-** | 0.78p |
| Basis earnings per share from continuing operations after exceptional items | **5.15p** | **6.05p** | 13.37p |
| Basic earning per share from discontinued operations | **-** | **-** | 0.03p |
| Total basic earnings per share | **5.15p** | **6.05p** | 13.40p |
| Diluted earnings per share from continuing operations before exceptional items | **5.15p** | **6.00p** | 12.53p |
| Diluted earnings per share from continuing operations - exceptional items | **-** | **-** | 0.77p |
| Diluted earnings per share from continuing operations after exceptional items | **5.15p** | **6.00p** | 13.30p |
| Diluted earning per share from discontinued operations | **-** | **-** | 0.03p |
| Total diluted earnings per share | **5.15p** | **6.00p** | 13.33p |

## 8. Retirement benefit obligations

| (In £'s million) | **Six months to 31 December 2008 (Unaudited)** | Six months to 31 December 2007 (Unaudited) | Year to 30 June 2008 |
|---|---|---|---|
| Deficit in scheme brought forward | **(88.1)** | **(43.5)** | (43.5) |
| Current service cost | **(2.3)** | **(3.2)** | (5.7) |
| Past service costs/curtailments | **-** | **-** | 22.0 |
| Contributions | **4.4** | **4.3** | 7.3 |
| Net financial return | **(1.2)** | **1.5** | 3.0 |
| Actuarial loss | **(9.4)** | **(17.9)** | (71.2) |
| Deficit in scheme carried forward | **(96.6)** | **(58.8)** | (88.1) |

## 9. Provisions

| (In £'s million) | Property | Deferred employee benefits | Other | Total |
|---|---|---|---|---|
| Balance at 1 July 2008 | **17.9** | **1.7** | **25.9** | **45.5** |
| Utilised | **(1.1)** | **-** | **(1.0)** | **(2.1)** |
| Exchange adjustments | **0.6** | **0.2** | **0.8** | **1.6** |
| Balance as at 31 December 2008 | **17.4** | **1.9** | **25.7** | **45.0** |

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2016. Other provisions comprise liabilities arising as a result of business disposals and the Group transformation, mainly relating to possible warranty and environmental claims for businesses disposed as part of the Group transformation during the period from March 2003 to November 2004.

## 10. Movement in net debt

| (In £'s million) | 1 July 2008 | Cash flow | Exchange movement | 31 December 2008 |
|---|---|---|---|---|
| Cash & cash equivalents | **54.0** | **(6.8)** | **6.4** | **53.6** |
| Bank loans & overdrafts | **(135.1)** | **30.7** | **(3.8)** | **(108.2)** |
| Net debt | **(81.1)** | **23.9** | **2.6** | **(54.6)** |

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

The Group has a £460 million unsecured revolving credit facility available, which expires in February 2011. The covenants in the 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 3:1 and the Group has significant headroom within these covenants. The interest rate on the facility is based upon a ratchet mechanism with a margin payable over LIBOR in the range 0.375% to 0.525%.

As at 31 December 2008, £351.8 million of the committed facility was un-drawn.

## 11. Contingent liabilities

In June 2006, Hays was visited by the UK Office of Fair Trading ('OFT') as part of an investigation into possible breaches of competition law by Hays and other recruitment companies in the construction recruitment sector. The investigation relates to a small part of Hays' Construction & Property business in the United Kingdom. In October 2008, the OFT issued a statement of objections setting out its preliminary conclusions, which Hays has responded to. Hays is co-operating fully with the OFT, under the OFT's leniency programme. The Board continues to believe that any financial impact of the matters under investigation will not have a material impact on the Group.

## 12. Events after the balance sheet date

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

### 13. Like-for-like results

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

For the six months ended 31 December 2008 this is calculated as follows:

| | (In £'s million) |
|---|---|
| Net fees for the six months ended 31 December 2007 | 374.8 |
| Foreign exchange impact | 18.3 |
| Net fees for the six months ended 31 December 2007 at constant currency | 393.1 |
| Fee reduction resulting from organic decline | (9.4) |
| **Net fees for the six months ended 31 December 2008** | **383.7** |
| | |
| Profit from operations for the six months ended 31 December 2007 | 125.0 |
| Foreign exchange impact | 5.6 |
| Profit from operations for the six months ended 31 December 2007 at constant currency | 130.6 |
| Profit from operations reduction resulting from organic decline | (25.5) |
| **Profit from operations for the six months ended 31 December 2008** | **105.1** |