HAYS Recruiting experts worldwide

MANAGING THE SHORT TERM INVESTING FOR THE LONG TERM

Annual Report & Financial Statements 2009

ACCOUNTANCY & UCATION/PHARM
MA/CONSTRUCTI TY/CONTACT CEN
CONTACT CENTR URING & OPERATI
ATIONS/EDUCATI ON TECHNOLOGY
HNOLOGY/LEGAL NT/HEALTH & SAF
SAFETY/POLICY& NKING/RESOURC
OURCES & MINING INSURANCE/ENG
NGINEERING/HU RESOURCES/LOG
LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL
CIAL SERVICES/SOCIAL CARE/SALES & MARKETI
ING/ENERGY/OFFICE SUPPORT/RESPONSE MANA
HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS
& DEVELOPMENT/PUBLIC SERVICES/ACCOUNTAN
NCY & FINANCE/EDUCATION/PHARMA/CONSTRU
NSTRUCTION & PROPERTY/RESOURCE MANAGEM
MENT/MANUFACTURING & OPERATIONS/RETAIL/I
INFORMATION TECHNOLOGY/SALES & MARKETING
RATEGY/BANKIN PUBLIC SERVICES
MARKETING/ENE RESOURCES & MIN
INING/TELECOMS ENGINEERING/H
HUMAN RESOURC CONTACT CENTRI
TRES/FINANCIAL ES/SOCIAL CARE
PHARMA/MANUF NG/ENERGY/HEA
HEALTHCARE/AR OFFICE SUPPORT
PROCUREMENT/H LEGAL/OIL & GAS

Contents

THIS YEAR HAYS DEALT WITH THE TOUGHEST RECRUITMENT MARKETS ON RECORD...

...and still delivered good levels of profitability and continued its record of excellent cash flow performance.

Financial and Operational Highlights

Financial highlights

Year ended 30 June (In £'s million)	2009	2008	Actual growth	LFL* growth
Net fees	**670.8**	786.8	(15)%	(18)%
Operating profit from continuing operations**	**158.0**	253.8	(38)%	(40)%
Cash generated by operations	**260.9**	256.0	2%	
Profit before tax	**151.0**	264.4	(43)%	
Basic earnings per share**	**7.72p**	12.59p	(39)%	
Dividend per share	**5.80p**	5.80p	–	

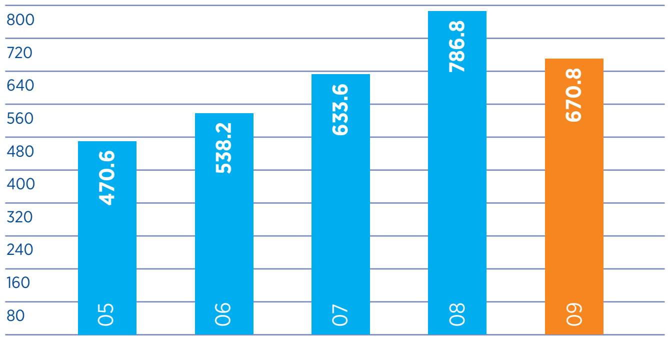
- Difficult market conditions, particularly in the second half, resulted in a fall in Group net fees and operating profit
- Increase in cash generated by operations to £260.9 million, primarily due to unwind of working capital
- Strong balance sheet with net cash position of £0.7 million (2008: net debt of £81.1 million)
- Dividend maintained at 5.80p

Operational highlights

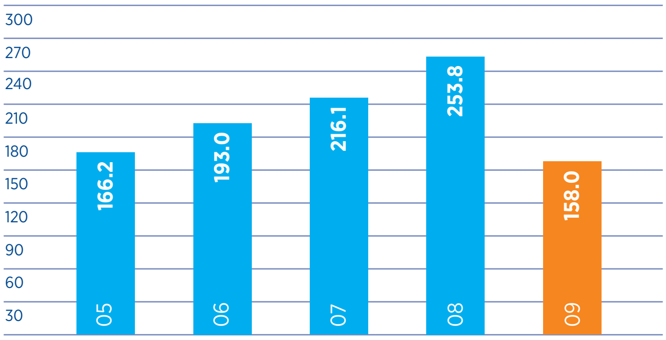
- Temporary placement net fees down 7%* and permanent placement fees down 29%*
- Advantage taken of opportunities in resilient markets, particularly in the public sector and in Germany
- 24% reduction in cost base in June 2009 versus June 2008 following early and continued action taken to protect profits
- Selective development of the International business, now representing 51% of Group net fees
- Investing for the long term, including key IT efficiency projects and corporate account development

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2009 and 2008.
** Continuing activities only. 2008 numbers are presented pre-exceptional items. There were no exceptional items in 2009.

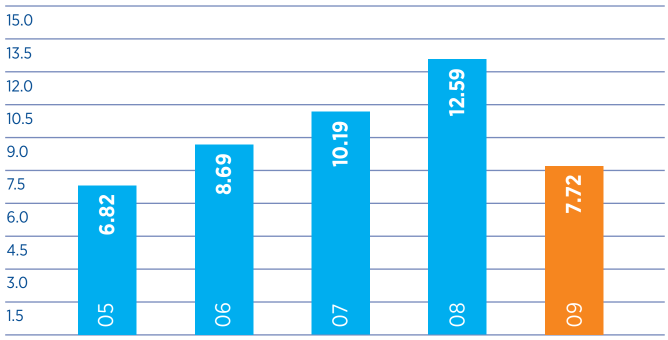
Net fees (£m)



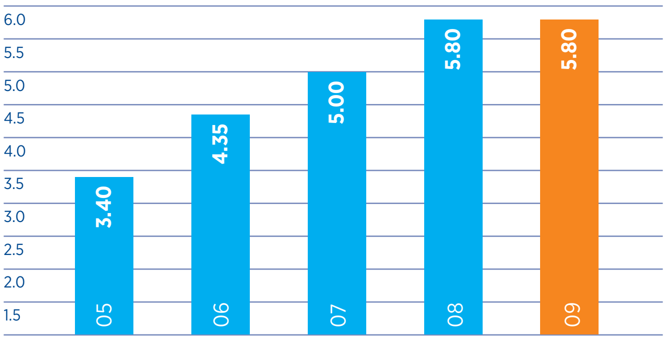
Profit from continuing activities (£m)**



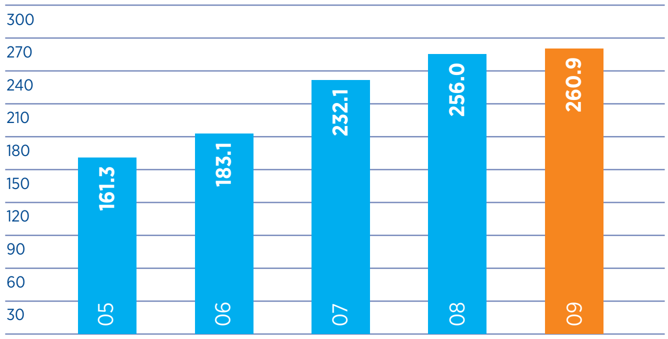
Basic earnings per share (pence)**



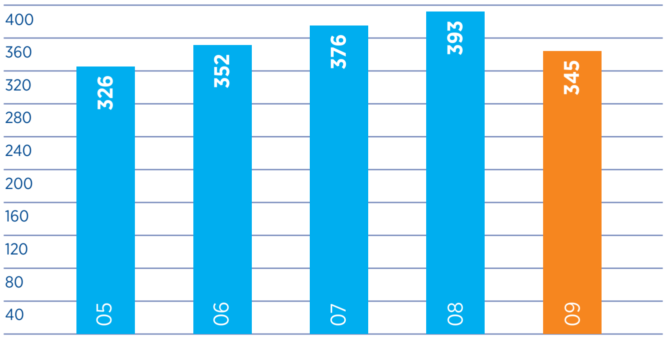
Dividend per share (pence)



Cash from operations (£m)



Number of offices



Chairman's Statement

BUILT TO WITHSTAND TOUGH TIMES

Bob Lawson
Chairman

Last year, we anticipated that the economies in which we operate would be challenging and in fact the markets for recruitment have proved the toughest on record. We are positioned in one of the most cyclical sectors of the economy and, as a result, many of our markets in the later stages of the year were experiencing reductions in year-on-year demand of over 40% as the economic downturn increasingly impacted client and candidate confidence. The business has adapted well to these conditions, with all of our largest businesses remaining very profitable and cash generative. On a Group basis, we protected profits well and delivered an excellent cash flow performance. I think this financial performance is testimony to the decisiveness with which our management team acted to reduce the cost base and the agility of our business model.

Whilst we are disappointed to report a 39% reduction in earnings per share* for the year, we consider it a good result in the current environment, and we believe we have achieved one of the market-leading financial performances in our sector.

Last year I also expressed my confidence that Hays will emerge from any downturn a more efficient business, with an increased market share. Whilst dealing with short-term trading conditions has been the priority this year, we have been careful not to lose sight of these longer-term objectives. We have continued to expand into new markets, which we believe present significant long-term opportunities, including entry into two of the world's largest economies: India and Russia. We have continued to commit resources to areas of the market that have been relatively resilient, particularly in the public sector, both in the UK and Australia. Our financial strength has enabled us to protect our infrastructure in businesses that are at early stages of development, particularly in Continental Europe and Asia. As we set out later in this Annual Report, we have continued to innovate through the downturn, refining how we operate and go to market, including the enhancements we have made to our account management structure, training programmes and branding. On the efficiency front, we have ring-fenced our investment in upgrading our IT systems to ensure that we will go into the economic recovery with the most capable and efficient IT systems in our sector. Your Board has already tasked the executive with preparing robust planning scenarios to enable us to capitalise on an improvement in the global economies, whenever that may occur.

Dividend

Our dividend policy is designed to support a sustainable dividend across the economic cycle, whilst also delivering a progressive dividend during periods of growth. In view of the current economic conditions, the Board is proposing to hold the final dividend at last year's level of 3.95 pence. This would result in a full-year dividend of 5.80 pence (2008: 5.80 pence).

Board governance

The Board has met 10 times this year, which included two overseas visits to the Group's operations in Ireland and Germany. In addition, the Board discussed the development of our strategic priorities. These priorities focus upon developing scale in key international markets, developing our use of IT for competitive advantage, brand deployment and creative use of web-based technologies.

* Continuing activities only, pre-exceptional items.

Four key characteristics that have enabled us to deal with the current economic conditions:

BALANCED PORTFOLIO
28 countries/17 specialisms/temp & perm

STRONG COST CONTROL
Market leading conversion rate & flexible cost base

HIGHLY CASH GENERATIVE
With low capital intensity

STRONG MANAGEMENT
With proven track record underpinned by 'Hays DNA'

Our Board evaluation process is now beginning to demonstrate its value to your Company, in that all directors feel that the Board has become more effective in the last year and has clear priorities going forward, centred on our people and skills, further increasing the international component of the business and driving efficiency. Fundamentally, we have little forward visibility and so developing an organisation and culture that is flexible and agile is going to be a key component of our future success, and Board time is being devoted to this complex subject.

People
This has been a particularly tough year for our people. Many have had to leave in order to match our resources to the market and those remaining have had to accept additional roles and responsibilities whilst experiencing a reduction in income from the variable element of their pay.

As indicated through this Annual Report, our staff have continued to apply themselves with energy and passion and, on our many visits to our companies and offices, I have been immensely impressed with their spirit and enthusiasm. Such commitment and application bodes well for the future of the Company. It is my privilege on behalf of the Board to express our thanks to all our people around the world.

Corporate responsibility
Our approach to corporate responsibility encompasses a broad range of philosophies, activities and standards, which are provided in detail later in the Annual Report. Here, I would like to single out our charitable work. As an organisation we encourage and support our employees to participate in a diverse range of charitable activities all over the world. For example, in Australia we are involved in Camp Quality, which provides activities for children with cancer. In New Zealand, we support United Way, bringing together resources between businesses and their local communities. In Germany, we finance a doctor who works with children with cancer at a major university hospital and support a number of initiatives that further help children with cancer. In France, many of our consultants were recently cycling around Paris to raise funds for the Medical Research Foundation Against Breast Cancer. In the UK this summer, around 40 of our employees hiked 26 miles across Yorkshire to raise money for charity. Over the last three years, we have raised almost £500,000 in the UK for the Marie Curie Cancer Care charity, which provides support for terminally-ill patients. This year, some great initiatives have been undertaken by our people, much in their own time, to support charities that they have chosen. I think these activities are a great example of the spirit that pervades the Hays organisation.

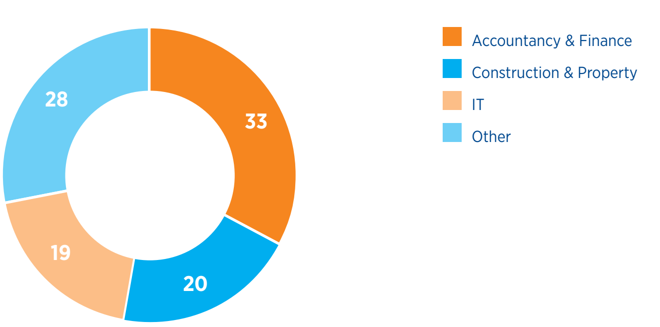
Summary
Whilst I expect tough trading conditions to persist through the next year, I am confident that the experience of our management teams, our leading market positions, the early actions we have taken to reduce the cost base, our financial strength and strategy of continuing to invest in the long term position us well to deal with both the short-term challenges and to capitalise on the longer-term opportunities ahead.

Bob Lawson
Chairman

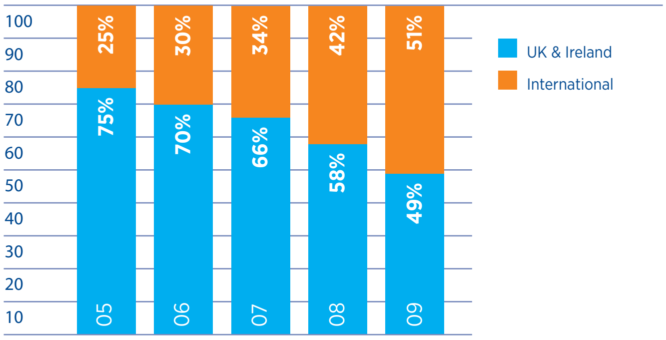
Group profile

WE ARE THE WORLD'S LEADING RECRUITING EXPERTS IN QUALIFIED, PROFESSIONAL AND SKILLED WORK. BY TRULY UNDERSTANDING OUR CLIENTS AND CANDIDATES, LOCALLY AND GLOBALLY, WE HELP PEOPLE AND COMPANIES ACHIEVE LASTING IMPACT.

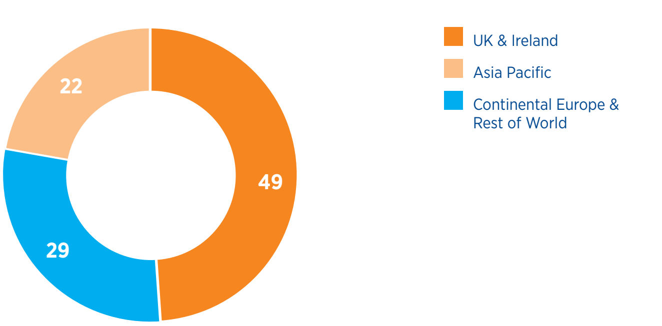
Net fees by specialism (%)



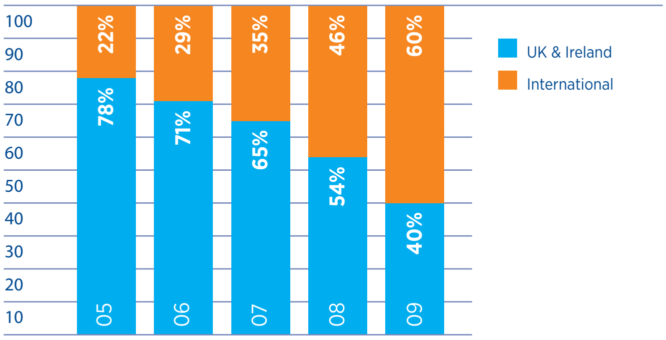
Net fees (£m)



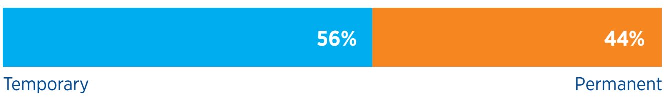
Net fees by division (%)



Operating profit (£m)*



Temporary: Permanent (%)



Private: Public sector (%)

* Continuing activities only, pre-exceptional items.

Areas of specialism

WE EMPLOY 6,933 STAFF OPERATING FROM 345 OFFICES IN 28 COUNTRIES ACROSS 17 SPECIALISMS. WE ARE MARKET LEADER IN THE UK AND AUSTRALIA AND ONE OF THE MARKET LEADERS IN CONTINENTAL EUROPE.

■ >10% of country activity
□ <10% of country activity

	UK & Ireland	Aus & NZ	China & HK	Japan	Singapore	Austria	Belgium	Brazil	Canada	Czech Rep.	Denmark	France	Germany	Hungary	India	Italy	Luxembourg	Netherlands	Poland	Portugal	Russia	Spain	Sweden	Switzerland	UAE
Accountancy & Finance	■	■	■	□	■	□	■	■	■	■	■	■	■	■	□	■	■	■	■	■	□	■	■	■	■
Construction & Property	■	■	■	□	□		■	■	■	□	□	■	□	□	□	■		■	■	■		■	□	□	■
Information Technology	□	□	□	■		■	□		■	■	□	□	■	■	■	□		□	■	■	□	■	■	■	□
Sales & Marketing	□	□	□	□			■	■	□	■	■	□	□	■	□	■		□	■	■	□	■	■	□	□
Banking	□	□	□	□	□		□	□		□		□			□	□	□	□		□		□		□	□
Contact Centres	□	□													□			□							
Education	□	□																							
Executive	□	□	■		■		□			□	■	□				■		□	□	□		□	■		
Financial Services	□	□	□	□	□		□					□					□	□		□		□			
Healthcare	□	□																	□						
Human Resources	□	□		□			□	□	□	□		□				□		□		□		□	□		□
Legal	□	□	□		□		□	□				□	□			□		□		□		□			□
Oil & Gas	□	□			□				□						□			□							□
Pharmaceutical	□	□		□		□	□	□	□	■	■	□	□	■	□	□		□	□	□	■	□	□	■	
Purchasing	□	□					□	■				□						□		■		□			
Resource Management	□	□		□						□		□	□					□						□	
Resources & Mining		□	□		□														■						

BALANCING SHORT TERM ACTIONS WITH LONG TERM INVESTMENT

We are balancing the actions taken to protect current profitability with the investment required to build leadership both now and in the next cycle of growth.

Chief Executive's Strategic Review

A GOOD PERFORMANCE IN A DIFFICULT MARKET ENVIRONMENT

Alistair Cox
Chief Executive

Review of 2009

Year ended 30 June (In £'s million)	2009	2008	Actual growth	LFL* growth
Net fees	**670.8**	786.8	(15)%	(18)%
Operating profit from continuing activities**	**158.0**	253.8	(38)%	(40)%
Basic earnings per share**	**7.72p**	12.59p	(39)%	

* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency. There were the same number of trading days in 2009 and 2008.

** Continuing activities only. 2008 numbers are presented pre-exceptional items. There were no exceptional items in 2009.

*** Relates to the change in consultants shown on a closing basis, comparing 30 June 2009 versus 30 June 2008.

The recruitment markets this year have been the most challenging on record. We responded early by rapidly adjusting the cost base, focusing on cash generation, redirecting resources into more resilient markets and investing to grow market share. This approach has delivered good levels of profitability in a difficult market environment combined with an excellent cash flow performance.

Addressing the cost base

During the year, we have carefully balanced short-term actions to protect current profitability with longer-term investment to build our business. To address the short-term conditions, we have cut costs significantly, primarily by reducing global headcount by 26%*** and consolidating a number of our offices, principally in the UK & Ireland. These actions resulted in our cost base at the end of the year being 24% below the cost base at the start of the year.

Investment

We have also invested in our business to grow market share both in the short term and long term. Firstly, we have defended infrastructure in businesses that are at early stages of development, particularly in Continental Europe and Asia, where the long-term growth opportunities are substantial. Secondly, we have added resources into more resilient sectors including Healthcare, Education, Oil & Gas, and Pharmaceutical and the wider public sector where we see good opportunities for growth. Thirdly, we have invested in our account management infrastructure to increase our share of the large corporate market. Fourthly, we have continued to selectively invest internationally, starting operations during the year in India and Russia.

Innovation

Having built an infrastructure that covers the globe, has deep expertise across a wide range of skills and sectors and is increasingly enabled by technology, we are now innovating and developing ways to leverage that infrastructure to further differentiate ourselves in the market. Whilst the core of our business, helping our clients find the experts they need for their own businesses and helping candidates find the right role for themselves, will remain unchanged, we are developing new ways of delivering our services.

During the year, we launched a global resourcing service called 'LOCATE', which uses our international network to help find and attract skilled physicians and nurses for our clients from all over

"We have defended infrastructure in businesses that are at early stages of development, particularly in Continental Europe and Asia, where the long term opportunities are substantial."

the world. We also launched Hays Digital and Creative, which provides a broad range of technology-driven communication products and services, from candidate attraction, mobile messaging and web-based recruitment, through to video production and the use of social media. We are seeing high levels of interest in these services and currently have around 200 bespoke client recruitment microsites online.

By having deep expertise across a wide range of job categories, national and international coverage and an ability to source temporary, permanent and interim staff, we are uniquely able to provide a complete solution to our clients to cover all their professional, qualified and skilled recruiting needs. To best leverage this array of services, we continue to strengthen our major accounts infrastructure. As a result, we have made good progress in signing multi-specialism contracts with an increasing number of large private and public sector organisations across the world. Many of our clients are further benefiting from our ability to manage their entire recruitment process on an outsourced basis, providing them with greater levels of cost control and transparency than via the more traditional in-house recruiting model. For example, in the UK we recently signed a 10-year contract as exclusive partner to Buckinghamshire County Council to recruit all their professional and skilled people across a wide range of job categories. Our ability to combine the management of a client's recruitment process, with the delivery of the skills they require across multiple disciplines, is a further important differentiator for us.

Finally, we have made excellent progress rolling out our new IT systems. These programmes are designed to give our global front office the best database systems available, as well as automate significant portions of our UK back office administration. When completed, we will have the best platforms in the industry, which will make us more efficient and further enhance our services to customers. I am pleased to say both programmes are on track and are due for completion in 2010.

These are just some examples of the ways we are investing in our business to build long-term differentiation with the aim of ensuring that we are well positioned to take full advantage when our markets improve.

Our strategy

Strategy and priorities for 2010

Our underlying aim and strategy remains fundamentally unchanged irrespective of the economic backdrop. Our aim is to build the pre-eminent global business in specialist recruitment. Our strategy for achieving this divides into four components: improving operational effectiveness, developing the best people in the industry, applying a 'Hays way' of doing things consistently across the world, and growing our business by replicating what we do geographically and sectorally. For 2010, this strategy translates into the following key areas of focus:

1. Cash, profit and productivity maximisation

We will continue to deal with challenging short-term trading conditions by focusing on profit, productivity and cash flow maximisation. This will require continued close control of the cost base, reducing it further where necessary. However, we will be cautious about reducing costs further in those parts of our business where operations are at an early stage of development or where we see the need to retain infrastructure to allow us to rapidly build a market-leading position once the market stabilises.

"We will be ready to add resources into the more cyclical sectors when we see signs of recovery in our markets."

2. Increase market share

We believe that recession provides a good opportunity for financially strong businesses like ours to increase market share. Our broad capability means we can target resources on those areas of the market that are both currently resilient and have attractive long-term growth characteristics. Firstly, this means continuing to invest in more resilient sectors like Healthcare, Education, Oil & Gas, Pharmaceutical and the wider public sector. Secondly, we will leverage our new account management infrastructure to win more large corporate accounts. Thirdly, we will continue to selectively invest in the international network taking account of both current economic trends and long-term opportunities. Fourthly, we will be ready to add resources into the more cyclical sectors when we see signs of recovery in our markets.

3. Complete rollout of IT systems

We are already half way through the rollout of our new front office and back office IT systems. The priority this year is to complete the rollout in 2010 and to start exploiting the systems to their full advantage with the dual aim of improving customer service and the efficiency of our business. As this process approaches completion, we will start to shift our focus to developing our online capability and presence: we are market leaders in specialist recruitment and we want to fully develop a powerful online presence that reflects this.

4. Strengthen our brand positioning

Market-leading companies have market-leading brands. We want our brand to be synonymous with 'Powering the world of work'. To achieve this, we are refreshing our branding to address areas where we have identified improvement is needed. This Report is a reflection of some of the changes we are already making. In addition, we plan to increase our investment per head in training to ensure that our recruitment consultants have the expertise in their sectors that our clients and candidates demand. This will allow us to live up to our promise of 'Recruiting experts worldwide'.

Whilst we anticipate that 2010 will be another tough year for our industry, we must not lose sight of the fact that many of the markets in which we operate are at very early stages of development and will provide us with substantial growth opportunities over the long term. We will, therefore, continue to take advantage of the downturn to build market share and maintain our investment in a wide range of operational areas to strengthen our business for the long term. Whilst current market conditions persist, we will manage this balance, remaining confident in the resilience of our business as well as excited about how we will develop our business in the future.

Alistair Cox
Chief Executive

SHORT TERM VISIBILITY: LIMITED
LONG TERM OPPORTUNITIES: LIMITLESS

Market drivers

The multiplier effect and cyclical growth
As positions are filled, new vacancies are automatically created generating a multiplier effect on demand. Hence economic growth has a leveraged impact on our business.

Increasing deregulation
Deregulation, particularly in Continental Europe, is opening up new markets for our services, generally making it easier for us to operate and grow.

Cultural changes
Increasing awareness and willingness to use specialist recruitment services in sectors and countries that, historically, have not been familiar with specialist recruitment services.

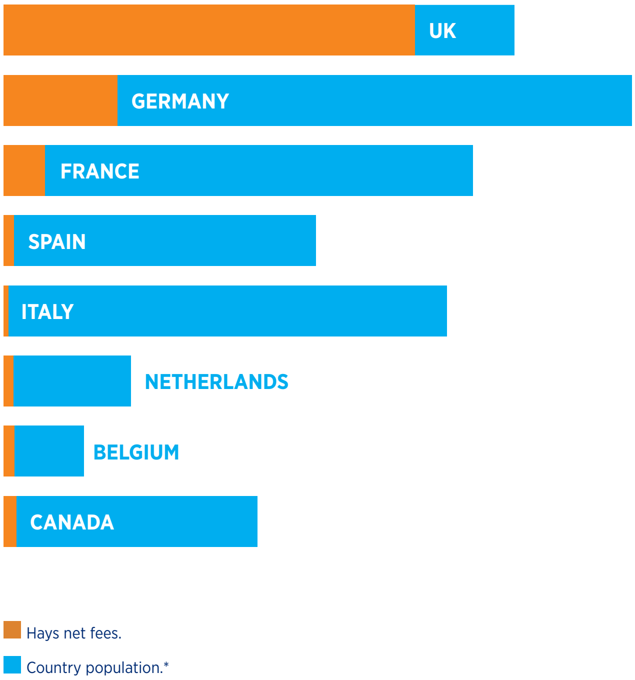
Structural skills shortage
Skill shortages means businesses are using our services to help fill highly-skilled roles.

Increasing flexibility demands
Increasing demand by employers and employees for flexible employment is driving longer-term growth in the temporary placement market.

Increasing job velocity
People are changing jobs more frequently, which will create a greater demand for our services.

Market opportunities*

OUR INTERNATIONAL MARKETS ARE AT VERY EARLY STAGES OF DEVELOPMENT WITH SUBSTANTIAL LONG TERM GROWTH AHEAD OF THEM



* Hays view the country population as a useful indicator of the long-term potential market size in each country.

TIMING OF ECONOMIC RECOVERY: UNCERTAIN

HAYS' ABILITY TO TAKE ADVANTAGE WHEN IT COMES: CERTAIN

Four key characteristics that position Hays well for the upturn:

PURE PLAY SPECIALIST RECRUITMENT
£2.4bn revenue/345 offices

MARKET LEADING POSITIONS
Number 1 in UK & Australia and top 3 in most of Continental Europe

ATTRACTIVE MARKETS WORLDWIDE
With strong long term growth drivers

BUSINESS MODEL REPLICATES
On global scale with low expansion risk

Areas of Operation

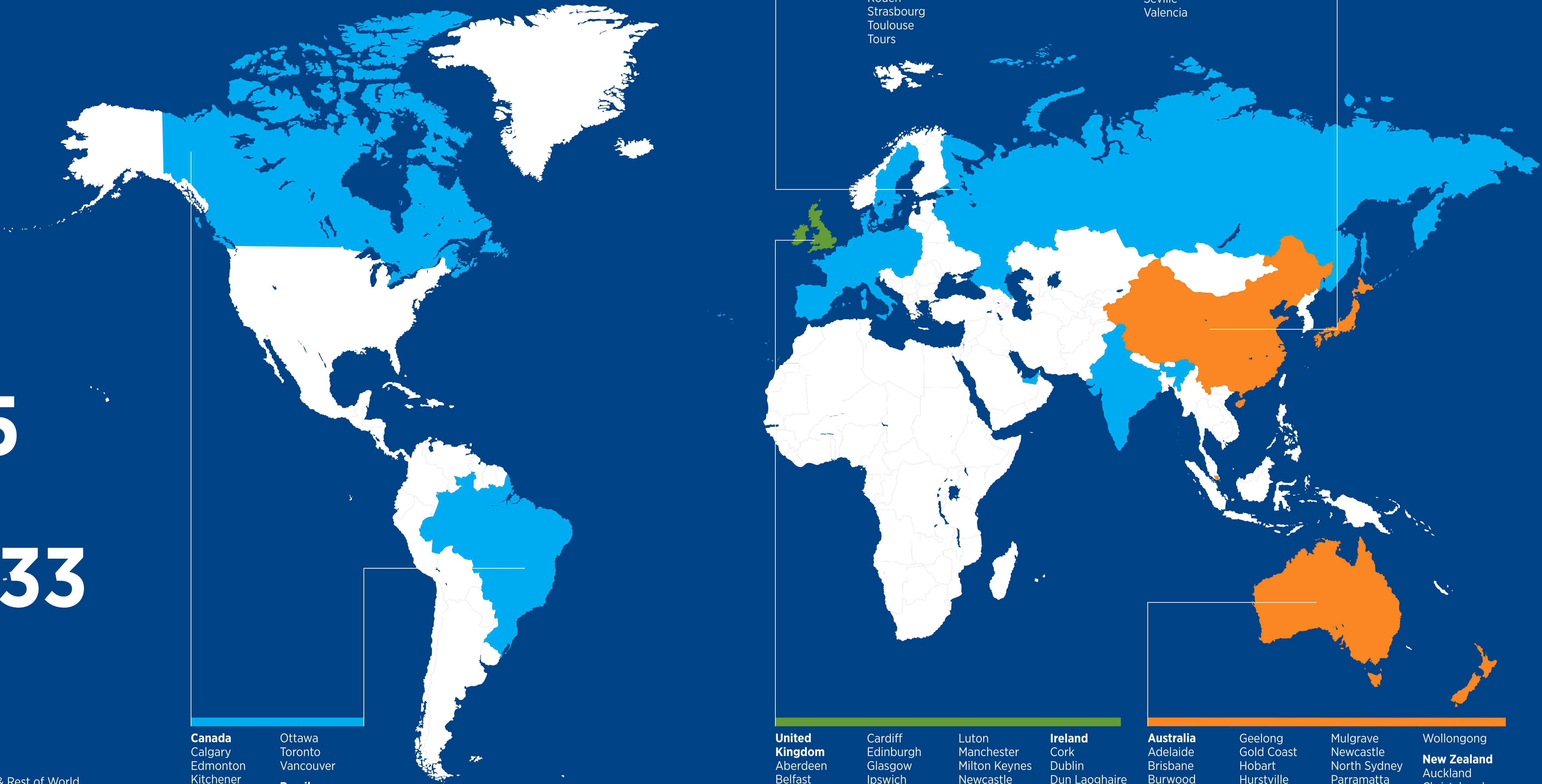
DEVELOPING OUR INTERNATIONAL NETWORK

28
Countries

17
Specialisms

345
Offices

6,933
Employees



Key to regions
- UK & Ireland
- Asia Pacific
- Continental Europe & Rest of World

Major office locations only.

Canada
Calgary
Edmonton
Kitchener
Mississauga
Montréal
North York
Ottawa
Toronto
Vancouver

Brazil
São Paulo
Rio de Janeiro

Austria
Vienna

Belgium
Antwerp
Bruges
Brussels
Dendermonde
Kortrijk
Roeselare
Wavre
Zaventem

Czech Republic
Brno
Prague

Denmark
Copenhagen

France
Aix en Provence
Bordeaux
Dijon
Lille
Lyon
Montpellier
Nancy
Nantes
Nice
Paris
Rennes
Rouen
Strasbourg
Toulouse
Tours

Germany
Berlin
Dortmund
Düsseldorf
Frankfurt
Hamburg
Mannheim
Munich
Nürnberg
Stuttgart

Hungary
Budapest

India
Mumbai

Italy
Bologna
Milan
Rome

Luxembourg

Netherlands
Amsterdam
Breda
Den Bosch
Eindhoven
Nijmegen
Rotterdam
Tilburg
Utrecht

Poland
Katowice
Krakow
Warsaw
Wroclaw

Portugal
Lisbon
Oporto

Russia
Moscow

Spain
Barcelona
Bilbao
Madrid
Seville
Valencia

Sweden
Stockholm

Switzerland
Basel
Geneva
Zürich

United Arab Emirates
Dubai

China
Beijing
Shanghai

Hong Kong

Japan
Osaka
Tokyo

Singapore

United Kingdom
Aberdeen
Belfast
Birmingham
Brighton
Bristol
Cambridge
Cardiff
Edinburgh
Glasgow
Ipswich
Leeds
Leicester
Liverpool
London
Luton
Manchester
Milton Keynes
Newcastle
Nottingham
Reading
Southampton

Ireland
Cork
Dublin
Dun Laoghaire
Galway
Limerick
Waterford

Australia
Adelaide
Brisbane
Burwood
Camberwell
Canberra
Chatswood
Darwin
Geelong
Gold Coast
Hobart
Hurstville
Liverpool
Melbourne
Mt Gravatt
Maroochydore
Mulgrave
Newcastle
North Sydney
Parramatta
Perth
St Kilda Road
Sydney
Townsville
Wollongong

New Zealand
Auckland
Christchurch
Wellington

Case Studies

POWERING THE WORLD OF WORK

WORLDWIDE

Supporting international expansion

In the last year, our Pharma specialist business has provided services to its top 20 clients across 28 countries. For Icon, one of the world's largest clinical research companies, Hays has co-ordinated their worldwide recruitment, hiring people in 16 countries including their in-country managers in Czech Republic, Russia and Hungary. Since acquiring James Harvard in 2006, we have nearly tripled the size of our Pharma business by leveraging James Harvard's Pharma expertise across Hays' international network.

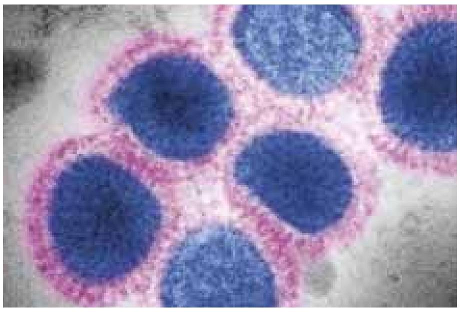
EUROPE

International knowledge exchange and best practice

Hays' Sales & Marketing specialists used our international network to recruit Walt Disney's in-house web teams in France, Spain and Italy. Being able to co-ordinate assignments across different countries, with a market-leading presence on the ground, is a service that few of our competitors can match.

AUSTRALIA

Helping manage the public response to swine flu



Hays has helped set up emergency teams to deal with the public response to swine flu. In Victoria, Australia, Hays recruited around 250 administrators and managers, taking responsibility for managing the interviewing, onboarding, referencing and rostering. Drawing on our unrivalled candidate databases and project management expertise, we achieved all this in the space of 48 hours.

INDIA

January 2009: Hays arrives in India

In January 2009 we opened our first Indian office in Mumbai. We entered India this year not because the short-term prospects are great, but because we think the long-term opportunities are considerable. With a population of over one billion, India promises to be one of the largest specialist recruitment markets of the future and Hays is the first international specialist recruitment group to enter this market organically.

RUSSIA

March 2009: Hays arrives in Russia

In March 2009 we opened our first Russian office in Moscow. We entered Russia because it has the eighth largest economy in the world and a specialist recruitment market that is at very early stages of development. Our business has successfully replicated into countries as diverse as Brazil, Singapore, UAE, Hungary and Denmark in recent years, and so we are very confident that it will take off in Russia too.

INNOVATING FOR THE FUTURE

'LOCATE'

Finding international solutions to local market issues

In our Health and Social Care business, we have responded to structural shortages of skilled physicians, nurses and qualified social workers in most developed nations by launching a global resourcing service called 'LOCATE', which identifies and attracts candidates from all over the world. This year, we have recruited hundreds of healthcare professionals from India, the EU and the Middle East into the UK and Australia. As populations age, we expect the structural shortage of skilled physicians in the more developed countries to become more severe and so we see these services as a great source of long-term growth.

CORPORATE ACCOUNT MANAGEMENT

Upgrading corporate account capabilities

Our enhanced corporate accounts structure brings together all Hays' capability across multiple specialisms, in both temporary and permanent placement markets, into one point of contact for large public sector and private sector clients. This year in the UK, we have recently won a contract with Buckinghamshire County Council to source all their skilled recruitment over the next 10 years, which will involve 1000s of hires every year. In Australia, we have been selected as a preferred supplier across multiple specialisms for Westpac Group and ANZ Bank, which are two of the largest banks in the country. In Singapore and Hong Kong, we have been appointed preferred supplier to all GE's businesses.

RECRUITMENT PROCESS OUTSOURCING

Managing all recruitment requirements

Hays has partnered Abbey since 2004, managing all their recruitment needs. Our onsite team provide end-to-end services, from candidate attraction, screening and interviewing to onboarding. Last year we recruited around 6,000 people for Abbey from administration staff to lawyers and accountants. We have not only improved the quality of their recruitment, but we have also reduced their recruitment costs. This year the contract was extended to include Santander's Alliance & Leicester and Bradford & Bingley operations.

'HAYS LEADERSHIP'

Providing expert career counselling

'Hays Leadership' works alongside the National College for School Leadership providing career opportunities and counselling to headteachers. Over the last two years, we have advised 1,200 potential headteachers and placed hundreds into new roles. Overall in the UK, our Education recruitment business has grown by more than 40% over the last two years and we are now one of the top three leaders in this market.

HAYS DIGITAL & CREATIVE

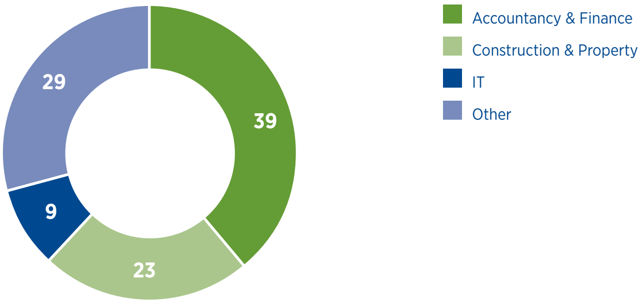
Building bespoke recruitment microsites for our clients

Hays Digital & Creative provides a broad range of technology-driven communication products and services, from candidate attraction, mobile messaging and web-based recruitment, through to video production and the use of social media. We are seeing high levels of interest for these services. For example, this year we have built 330 bespoke recruitment microsites for our clients across 20 countries. Hays Digital & Creative has recently built a microsite for the Greater Gorgon Gas Fields Project, recruiting experts from around the world to work on Australia's largest natural resources project.

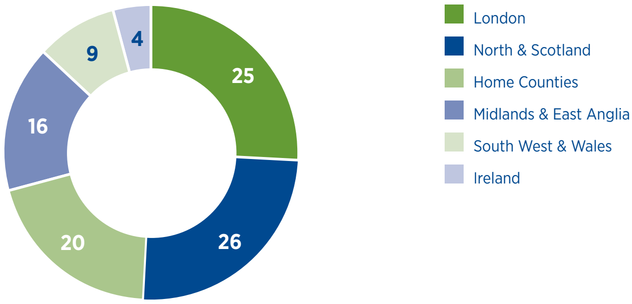
Operating Review:

UK & IRELAND

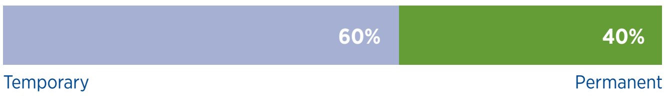
Net fees by specialism (%)



Net fees by region (%)



Temporary: Permanent (%)



Private: Public sector (%)

Regional highlights

Specialisms	**16**	• Number 1 market position
Consultants	**2,315**	• Diverse sector exposure
Offices	**212**	• Broad geographic coverage

2009 highlights

- Private sector market conditions deteriorated through the year, particularly in our permanent placement business
- Public sector net fees increased 5%*
- Early and continued actions taken to reduce the cost base
- Excellent progress on our IT efficiency projects
- Enhanced account management and service offering has yielded several major client wins
- Well placed to deal with the market conditions and capitalise when markets improve

Operating performance

Year ended 30 June (In £'s million)	2009	2008	Actual and LFL* growth
Net fees			
Accountancy & Finance	**128.8**	178.0	(28)%
Construction & Property	**75.7**	118.6	(36)%
Information Technology	**28.4**	33.3	(15)%
Other Specialist Recruitment Activities	**97.8**	123.0	(20)%
Total	**330.7**	452.9	(27)%
Operating profit**			
Accountancy & Finance	**31.3**	65.6	(52)%
Construction & Property	**17.7**	41.0	(57)%
Information Technology	**4.9**	11.2	(57)%
Other Specialist Recruitment Activities	**9.6**	19.5	(51)%
Total	**63.5**	137.3	(54)%
Conversion rate	**19.2%**	30.3%	
Period-end consultant headcount***	**2,315**	3,128	(26)%
Division as % of Group net fees	**49%**	58%	

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. These were the same number of trading days in 2009 and 2008.
** Continuing activities only, pre-exceptional items.
*** The change in consultants is shown on a closing basis, comparing 30 June 2009 versus 30 June 2008.

In the United Kingdom & Ireland, net fees declined by 27% to £330.7 million, with operating profit down 54% to £63.5 million. Permanent placement net fees decreased by 40% as market conditions deteriorated in our private sector markets. Temporary placement net fees decreased by 15%, with most of the decline in the second half of the year. The underlying temporary placement margin was broadly in line with last year. The conversion rate declined from 30.3% last year to 19.2%.

Across all our specialisms, activity in the private sector was impacted considerably by reduced client and candidate confidence, and net fees declined by 37% versus prior year. Our public sector businesses, which represented 33% of the United Kingdom & Ireland net fees, achieved growth of 5% in the year, although fees declined in the second half. This performance resulted from our decision taken 18 months ago to redirect resources towards the public sector and increase our focus on leveraging our nationwide coverage and public sector expertise, in order to take share in this part of the market.

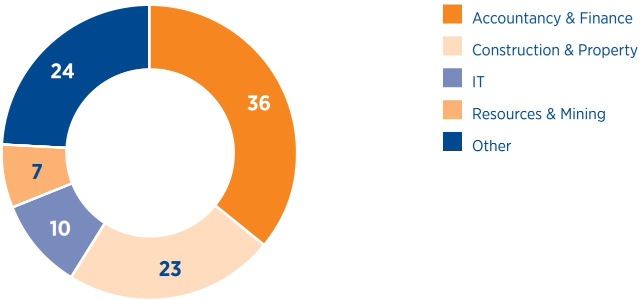
We have continued to take action to address the falls in demand. We have reduced our headcount by 26%*** over the past 12 months and have closed a total of 43 offices in the year as we have sought to consolidate office space. We have made excellent progress on our investment programmes with over 80% of our temporary workers now paid online (versus 25% at the end of last year) and our back office automation project remains on track to complete by June 2010. We have successfully rolled out our new front office system into half of our United Kingdom & Ireland businesses. We have enhanced our market offering, both in our national corporate accounts and recruitment outsource services, and these investments have yielded several important client wins, particularly in the public sector and financial services sector. These actions are designed to ensure that the business is in the strongest possible position to deal with current market conditions and to take advantage when markets recover.

As we stated in our Half Year Report, HM Revenue & Customs withdrew the staff hire concession from 1 April 2009. This change has made the cost of temporary workers more expensive for a number of our clients who are unable to reclaim VAT and we estimate that, to date, this has resulted in a reduction of around 800 temporary workers hired through Hays or around £5 million in net fees per annum. This represents less than 2% of total United Kingdom & Ireland net fees.

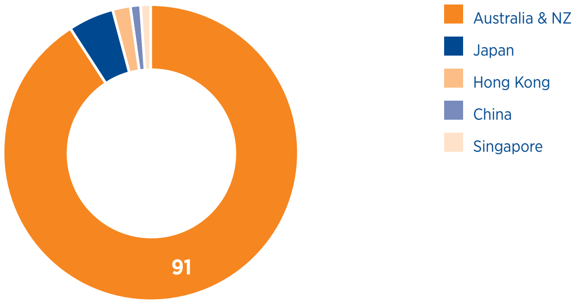
Operating Review:

ASIA PACIFIC

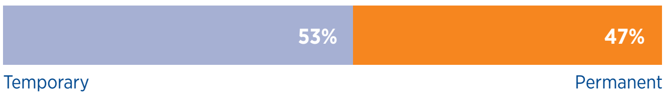
Net fees by specialism (%)



Net fees by country (%)



Temporary: Permanent (%)



Private: Public sector (%)

Regional highlights

Specialisms	**17**	• Number 1 market position
Consultants	**771**	• Diverse sector exposure
Offices	**49**	• Broad geographic coverage

2009 highlights

- A market-leading performance in a difficult trading environment
- Our permanent placement business faced increasingly tough conditions in all markets
- A resilient performance by our temporary placement business
- Australia & New Zealand public sector net fees increased by 4%*
- Focus on cost control resulted in excellent profit protection

Operating performance

Year ended 30 June (In £'s million)	2009	2008	Actual growth	LFL* growth
Net fees	**149.1**	176.2	(15)%	(20)%
Operating profit**	**61.4**	83.4	(26)%	(29)%
Conversion rate	**41.2%**	47.3%		
Period-end consultant headcount***	**771**	1,206	(36)%	(36)%
Division as % of Group net fees	**22%**	22%		

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2008 and 2009.

** Continuing activities only, pre-exceptional items.

*** The change in consultants is shown on a closing basis, comparing 30 June 2009 versus 30 June 2008. Consultant headcount is adjusted for the reclassification of 49 consultants within Asia Pacific to non-consultant employees at 30 June 2008.

In Asia Pacific, net fees decreased by 15% (20% on a like-for-like basis*) to £149.1 million and operating profit decreased by 26% (29% on a like-for-like basis*) to £61.4 million. The difference between actual growth and like-for-like growth was mainly due to the appreciation in the Australian Dollar. The business again achieved a strong conversion rate of 41.2% in the year, although this was lower than the 47.3% achieved last year.

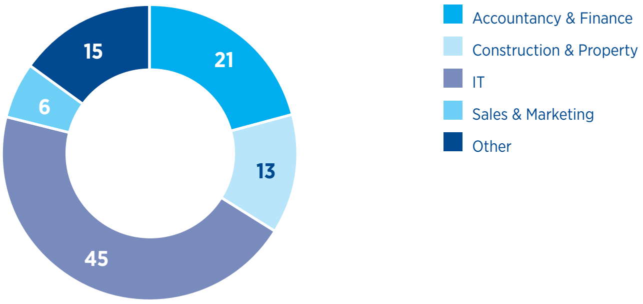
In our market-leading Australia & New Zealand business there were contrasting performances between the permanent and temporary placement businesses. Temporary placement net fees decreased by 3%* in the year following a good first half and resilient second half performance. The permanent placement business saw much tougher market conditions with net fees down 35%*. Overall, total net fees in Australia & New Zealand decreased by 20%* in the year. The public sector accounts for 23% of net fees in Australia & New Zealand and provided good growth, increasing net fees by 4%* versus last year, although this market weakened towards the end of the year. IT remained the most resilient sector, with net fees down 10%*, whereas Accountancy & Finance, Construction & Property and Resources & Mining were each impacted significantly by the economy. After a strong start to the year, our businesses in Asia saw fees decrease by 17%* in the year, with Singapore proving to be the most resilient business with fees increasing by 13%*. The Asian markets represent an excellent source of long-term opportunity for Hays and hence we remain committed to maintaining our office network in the region.

We have responded quickly to changes in market conditions across the region by reducing headcount by 36% in the year. As part of our strategy of continuing to selectively expand our geographical footprint, we started operations in the Northern Territory in Australia with an office opening in Darwin.

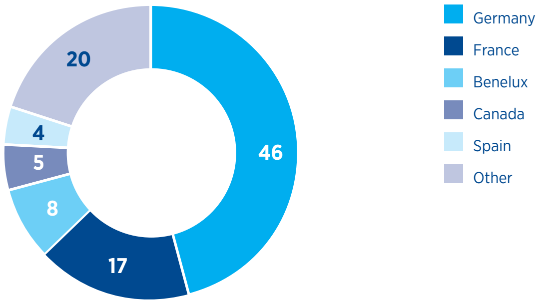
Operating Review:

CONTINENTAL EUROPE & REST OF WORLD

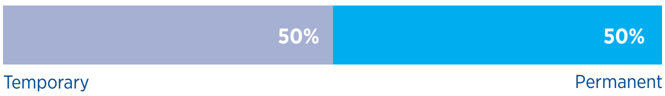
Net fees by specialism (%)



Net fees by country (%)



Temporary: Permanent (%)



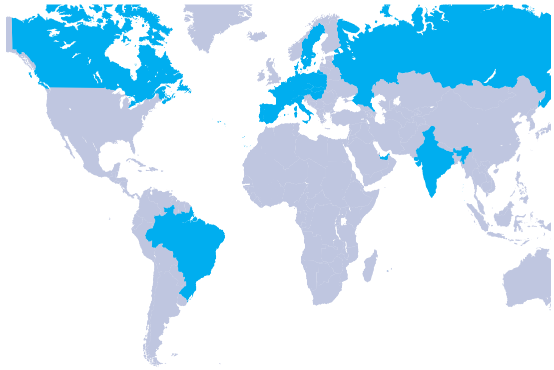
Private: Public sector (%)

Regional highlights

Specialisms	**16**	• Leading market positions
Consultants	**1,173**	• Diverse sector exposure
Offices	**84**	• Broad geographic coverage

2009 highlights

- Excellent performance in Germany, which increased net fees and operating profit by 19%* and 31%*, respectively
- Other countries were impacted by rapidly deteriorating markets, particularly in the second half of the year
- Businesses launched in India and Russia, as part of our ongoing selective investment
- Actions taken to align the cost base
- Protecting the infrastructure in strategically important markets



Operating performance

Year ended 30 June (In £'s million)	2009	2008	Actual growth	LFL* growth
Net fees	**191.0**	157.7	21%	5%
Operating profit**	**33.1**	33.1	0%	(16)%
Conversion rate	**17.3%**	21.0%		
Period-end consultant headcount***	**1,173**	1,415	(17)%	(17)%
Division as % of Group net fees	**29%**	20%		

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2008 and 2009.
** Continuing activities only, pre-exceptional items.
*** The change in consultants is shown on a closing basis, comparing 30 June 2009 versus 30 June 2008.

In Continental Europe & Rest of World, net fees increased by 21% (5% on a like-for-like basis*) to £191.0 million and operating profit remained flat (but decreased by 16% on a like-for-like basis*) at £33.1 million. The difference between actual growth and like-for-like growth was predominantly due to the appreciation in the Euro.

The division experienced a significant weakening in its markets in the second half of the year, which was reflected in the net fee growth rate of 27%* in the first half falling to a 13%* decline in the second half, versus the same period last year. We responded rapidly by reducing consultant headcount by 17% during the year. The conversion rate decreased to 17.3% (2008: 21.0%) as a result of the marked fall in net fees in the second half.

Our German business, representing 46% of the division's net fees and nearly all the region's profit in the year, achieved a strong performance, increasing net fees by 19%*. This business focuses predominantly on the IT contracting market, which has been relatively resilient in the downturn so far, although demand was falling in the final quarter. Our strategy to diversify Germany into a broader range of specialisms, including Accountancy & Finance, Construction & Property, Legal and Pharmaceutical, also contributed to this excellent result and these newer specialisms now account for 16% of total net fees in Germany.

Our other businesses in this division, covering 19 countries, are focused principally on the permanent placement markets and, hence, were more exposed to the impact of the economic downturn. We responded to falling demand by reducing the consultant headcount collectively in these countries by 24% in the second half of the year.

We view our international businesses as central to our strategy of positioning Hays to capitalise on the substantial long-term structural growth opportunities that exist in these markets, cognisant of the fact that most of these businesses were achieving annualised organic growth rates in excess of 40%* before the economic downturn. Consequently, we will be very cautious about reducing the cost base further in countries where our operations are at an early stage of development.

ANOTHER YEAR OF EXCELLENT CASH FLOW PERFORMANCE

£260.9 million cash flow generated from operations, representing 165% conversion of operating profit into operating cash flow.

Financial Review

Paul Venables
Group Finance Director

The performance of the Group has been impacted by deteriorating conditions in all our markets, particularly in the second half of the year. Group turnover decreased by 4%, net fees decreased by 15% (declining by 18% on a like-for-like basis*), and operating profit decreased by 38% (40% on a like-for-like basis*). The results benefited from exchange rate movements, principally the Euro and Australian Dollar, which increased net fees by £34.7 million and operating profit by £9.5 million.

The Group experienced much tougher market conditions in the second half of the year compared to the first half. As a result, net fees fell from £383.7 million in the first half to £287.1 million in the second half and operating profit fell from £105.1 million to £52.9 million.

Net fees in the permanent business, representing 44% of Group net fees, declined by 29%*, with permanent placement volumes decreasing by 35% as a result of difficult market conditions across all of our permanent placement markets. Average fees per placement increased by 8%* compared to last year, due to a favourable change in mix.

The temporary placement business, representing 56% of Group net fees, was more resilient with net fees decreasing by 7%*. This represented a volume decrease of 6%, and a 10 basis point decrease in the underlying temporary margin to 16.8% (2008: 16.9%)***. The temporary placement business achieved growth in the first half of the year, but volumes fell in the second half as demand weakened. The relative resilience of the temporary placement business, against such a difficult economic backdrop, highlights the advantage of having leading positions in both permanent and temporary placement markets.

Summary income statement

Year ended 30 June (In £'s million)	2009	2008	Actual growth	LFL* growth
Turnover	**2,447.7**	2,540.0	(4)%	(8)%
Net fees				
Temporary	**373.4**	385.2	(3)%	(7)%
Permanent	**297.4**	401.6	(26)%	(29)%
Total	**670.8**	786.8	(15)%	(18)%
Operating profit**	**158.0**	253.8	(38)%	(40)%
Conversion rate	**23.6%**	32.3%		
Underlying temporary margin***	**16.8%**	16.9%		
Temporary fees as % of total net fees	**56%**	49%		
Period-end consultant headcount****	**4,259**	5,749	(26)%	(26)%

* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency. There were the same number of trading days in 2009 and 2008.
** Continuing activities only. 2008 numbers are presented pre-exceptional items. There were no exceptional items in 2009.
*** The temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement gross revenue. We have presented the underlying temporary margin since the withdrawal of the staff hire concession has had the effect of reducing our headline gross margin, as the full cost of the relevant temporary worker is now required to be recognised in turnover whereas under the staff hire concession only our commission on these temporary workers was recognised within turnover.
**** The change in consultants is shown on a closing basis, comparing 30 June 2009 versus 30 June 2008. Consultant headcount is adjusted for the reclassification of 49 consultants within Asia Pacific to non-consultant employees as at 30 June 2008.

The reduction in net fees and the impact of tightening demand on productivity levels caused the Group's conversion rate, which is the proportion of net fees converted into operating profit, to decrease from 32.3% last year to 23.6% this year. The conversion rate decreased across the year as market conditions became tougher and, as a result, the conversion rate in the second half of the year was 18.4%. We responded rapidly to these worsening market conditions by cutting costs significantly, including reducing headcount by 26% in the year. We also closed a total of 48 offices (net of openings) in the year, principally in the United Kingdom & Ireland, reducing the total office network to 345 offices. Most of the cost reduction has been achieved through natural attrition, performance management and selectively exiting offices when leases expire. However, we have incurred some restructuring costs during the year totalling £8 million across the Group. These costs have been broadly offset by the release of long term incentive plan accruals following the reduction in profit levels.

As a result of these cost measures, the Group's cost base at June 2009 versus June 2008 has been reduced by 24%, at constant currency, which represents an annualised cost saving of c.£140 million. Currently, we are continuing to maintain close control of the cost base, reducing it further where necessary. Our ability to deliver significant levels of profits in our main businesses, despite the tough trading environment, underlines the flexibility of our cost base, the calibre of our management and strength of the Group's operating model.

Net finance charge

The average interest rate paid during the year ended 30 June 2009 was 3.2% (2008: 6.1%), generating a net interest payable on bank balances of £3.5 million (2008: £7.2 million). There was a net interest charge on pension obligations of £2.4 million (2008: £3.0 million credit), mainly due to the lower return on scheme assets, and a charge for the Pension Protection Fund Levy of £1.1 million (2008: £0.5 million). Overall, the net finance charge for the year was £7.0 million (2008: £4.7 million). It is expected that the net finance charge in 2010 will increase to around £15 million mainly due to a lower expected return on scheme assets increasing the net interest charge on the pension obligations and an expected increase in net interest charge on bank balances.

Taxation

Tax on continuing operations for the year was £45.2 million, representing an effective tax rate of 29.9% (2008: 29.0%). The increase in the effective tax rate versus 2008 was mainly a result of the changing geographical mix of profits. It is anticipated that the effective tax rate will increase further in 2010.

Earnings per share

Basic earnings per share from continuing activities decreased 39% to 7.72 pence (2008: 12.59 pence**). The fall in earnings per share resulted from the reduction in profit after tax, being 44% 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

Net cash generated by operations was £260.9 million (2008: £256.0 million), representing a 165% conversion of operating profit into operating cash. This strong cash flow performance represents the highly cash-generative nature of our business model, the unwind of working capital and the emphasis that our management places on strong cash management. Cash inflow from working capital was £90 million, largely resulting from the fall in temp fees in the second half of the year, and an improvement in trade debtor days to 35 days (2008: 39 days), which was an excellent performance given the deteriorating economic backdrop. In addition, the Group received a one-off cash inflow in June 2009 of £20 million following the withdrawal of the staff hire concession, which has subsequently been paid

2009 review of Group permanent and temporary businesses

£297.4m

44% of Group net fees

Permanent

-29% net fee decrease

-35% volume decrease

+8% average permanent fees

£373.4m

56% of Group net fees

Temporary

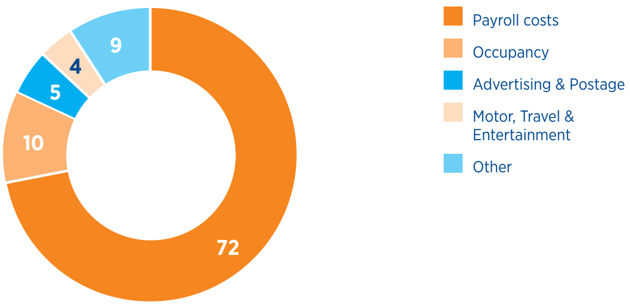
-7% net fee decrease

-6% volume decrease

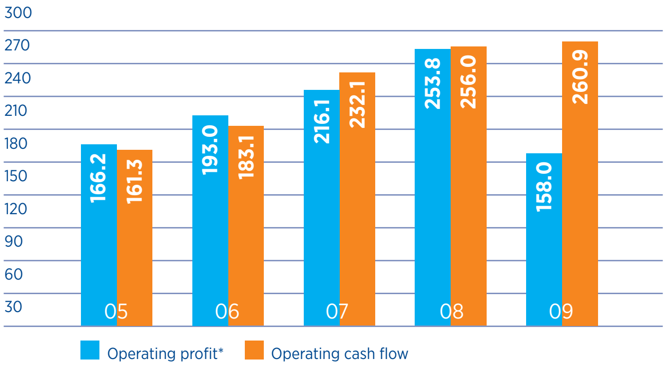
-10 bps underlying margin decrease

“Our track record of consistently strong cash flow performance reflects the highly cash generative nature of our business model.”

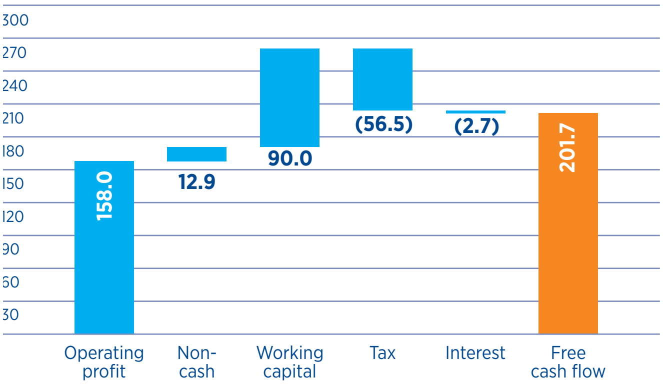
Cost base analysis (%)



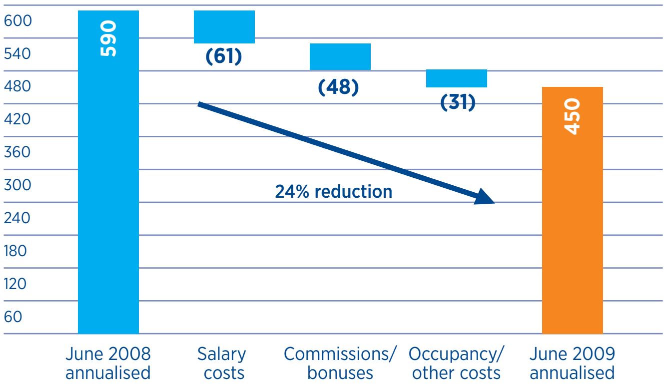
Operating profit* and operating cash flow (£m)



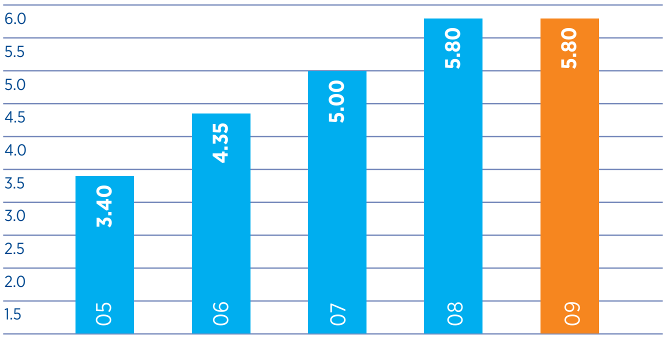
Cash flow analysis (£m)



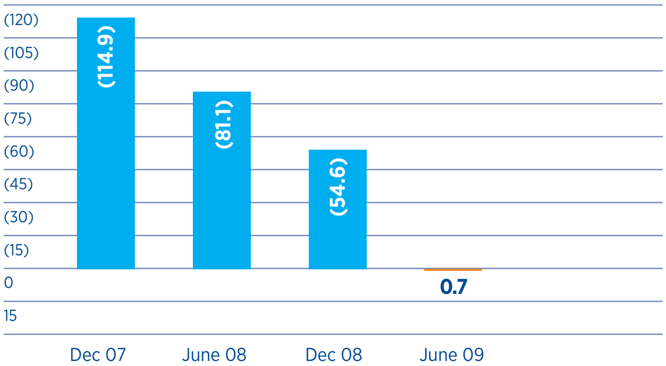
Operating cost run-rate: June 2008 versus 2009 (£m)**



Dividend per share (pence)



Net (debt)/net cash (£m)



* Continuing activities only, pre-exceptional items.

** Represents the movement in the annualised operating cost base in June 2009 versus the annualised operating cost base in June 2008. Operating cost base is presented at constant currency based on the closing year-end exchange rates and excludes one-off cost items, bad debt charges, share-based payments and depreciation and is extracted from Hays plc management information.

"Our ability to deliver significant levels of profits in our main businesses, despite the tough trading environment, underlines the flexibility of our cost base, the calibre of our management and strength of the Group's operating model."

out to other agencies after year end. Tax paid in the year was £56.5 million. Net capital expenditure was higher at £37.0 million, reflecting the expenditure on the Group's key IT projects. As these projects complete, capital expenditure is expected to reduce to £25 million this year, before falling back to historical levels in the following year. £79.3 million was paid out in dividends, £2.7 million was paid out in net interest, and £2.1 million was used to buy back shares in the first quarter. Net debt decreased from £81.1 million at the start of the year to a net cash position of £0.7 million at the end of the year. Following the payment of the proposed final dividend the Group will return to a net debt position.

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, maintain the strength of the balance sheet and to support a sustainable dividend policy. In the first quarter, we purchased 1.7 million shares at a total cost of £1.4 million before suspending the share buy-back programme.

The Board is proposing to pay a final dividend of 3.95 pence per share, equating to £54 million, which is in line with last year and, if approved at the Annual General Meeting, will make a total of 5.80 pence per share for the full year (2008: 5.80 pence). The recommended dividend will be paid on 20 November 2009 to shareholders on the register at the close of business on 23 October 2009.

Retirement benefits

The Group's pension liability under IAS 19 as at 30 June 2009 of £109.2 million (£78.6 million net of deferred tax) increased by £21.1 million compared to 30 June 2008, primarily due to the lower than expected return on scheme assets, partially offset by an increase in the discount rate. During the year, the Group made a cash contribution of £7.0 million into the defined benefit scheme, which included £2.7 million additional funding towards the pension deficit.

During the current financial year, the defined benefit pension scheme will undergo its triennial actuarial valuation as at 30 June 2009. It is expected that this valuation will lead to an increase in the actuarial pension deficit largely due to lower asset values and changes in the expected long-term inflation rate assumptions. As a result, Hays' deficit funding into the pension scheme is expected to increase to between £10 million and £20 million per annum.

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

Currently we are seeing initial signs of stability in the United Kingdom and Asia Pacific markets although no indications of recovery. The Continental European markets, which entered the downturn later than the other regions, are still experiencing deteriorating conditions. Whilst we anticipate that 2010 will be another tough year for our industry, we will continue to take advantage of the downturn to build market share and pursue our investment plans to strengthen our operations for the long term. We are managing the short term whilst investing for the long term.

Treasury management

The Group's treasury operations remain straightforward 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.

Paul Venables
Group Finance Director

Principal Risks

Macroeconomic 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. This is mitigated in part by maintaining:

- a balance of temporary and permanent recruitment in both the public and private sectors;
- a broad exposure across multiple countries and sectors;
- a flexible cost base that enables us to react swiftly to changes in market conditions by increasing or reducing costs as appropriate; and
- a strong balance sheet with manageable debt levels.

A key part of the Group's strategy is to continue to grow the size of its international businesses to reduce the Group's reliance on any one specific economy.

Competitive environment

The Group continues to face competitor risk in the markets where the provision of permanent and temporary recruitment is most competitive and fragmented: the UK & Ireland and Australia & New Zealand. There is strong competition for clients and candidates and we face pricing and margin pressures in our temporary business across our major specialist activities. The Group's strategy is to continue to grow its international businesses in the less-developed markets of Asia Pacific and Continental Europe & Rest of World, whilst also improving the efficiency and operations of our businesses throughout the organisation.

Customer credit risk

The Group benefits from close commercial relationships with key clients in both the public and private sectors. The Group is not reliant on any single key client in the private sector. However, the Group is always subject to the risk that a large customer might default on its payments, which might materially impact the Group's results.

Contractual risk

Clients increasingly require more complex levels of compliance in their contractual arrangements. In response to this, contracts may either be allocated to dedicated teams, with audits performed to reduce the risk of non-compliance or form part of periodic review by Hays' compliance and/or internal audit teams. The Group also has clear guidance on the approval of contractual terms and monitors the application thereof, especially any exceptions to our standard liability position and insurance protection, which require the approval of the Group Finance Director. The placing of temporary workers generally brings greater risk for the organisation than permanent placements. Wherever possible, our contracts include provisions placing the responsibility for supervision and control of the temporary worker with the client, excluding any consequential loss and limiting the Group's aggregate liability under the contract.

People

The business is reliant on the ability to recruit, train and develop people to meet the Group's growth strategy. At the same time, the Group's business model demands flexibility to consolidate or expand, depending on the economic environment. In response to this, the Group is focused on engaging with and developing its leaders in each market. The Group is committed to providing competitive pay and benefits structures that are linked to performance. Through training and development, it seeks to provide individuals with the leadership, sales and key customer management skills that support expansion needs, whilst providing a rewarding career.

Technology

The Group is increasingly reliant on delivering its service to clients through a number of technology systems. These are housed in various data centres and the Group has capacity to cope with a data centre loss as a result of a significant event through the establishment of disaster recovery sites that are physically based in separate locations to the ongoing operations. The Group is also reliant upon a number of important suppliers that provide critical information technology infrastructure. It continually monitors the performance and robustness of these suppliers to ensure business-critical processes are safeguarded as far as is practicably possible. The Group is in the process of replacing certain key operational and financial systems. Such changes have an element of inherent risk. The Group has taken steps to mitigate these risks by putting in place clear governance structures to review project status, ensuring the necessary specialist resources are available and by following a clear project management process.

Regulatory environment and legislative changes

The 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 geographies, they bring with them new risks and opportunities. The temporary market is more heavily regulated and changes in legislation (e.g. the removal of the staff hire concession and changes to temporary worker rights) may impact the Group's 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.

Foreign exchange

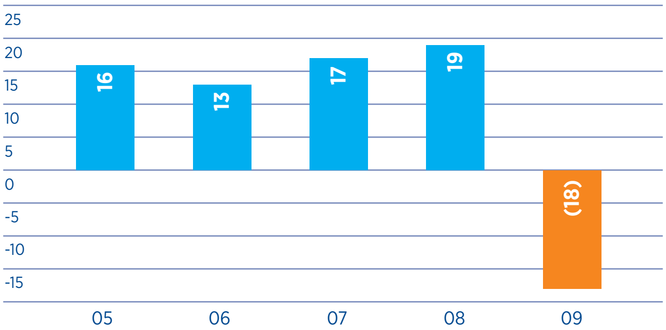
The Group has significant operations outside the UK and is therefore exposed to movements in exchange rates. As profits from the Australian and Euro-based markets increase in proportion to the Group's total profits, the foreign exchange risk also increases. The Group does not actively manage foreign exchange risk through the use of financial instruments but will continue to monitor its policies in this area.

Pension scheme liabilities

The Group operates a defined benefit pension scheme, which is now closed to new members. The scheme currently has an accounting deficit of £109.2 million as at 30 June 2009. During the current financial year, the scheme will undergo its triennial actuarial valuation, which is expected to lead to an increase in the actuarial pension deficit and, therefore, the annual cash contribution from the Group to reduce that deficit.

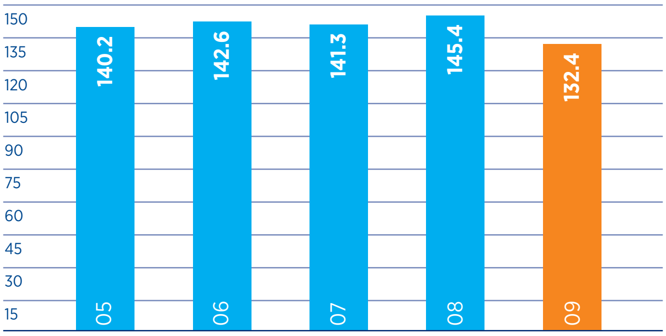
Key Performance Indicators

Net fees growth (%)*



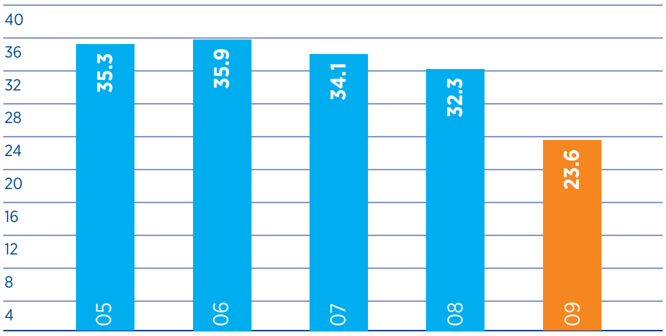
- The year-on-year growth in our net fees provides a measure of the business development and growth in each period.
- In 2009, net fees decreased by 18% as a result of weak conditions in all our markets, particularly in the second half of the year.
- Between 2005 and 2009, we achieved total net fee growth of 43%, representing an average annual increase of 9%.

Net fees per consultant (£'000)



- The average net fees generated per sales consultant represents how productive fee earners are in the business.
- In 2009, net fees per consultant decreased by 9% as average consultant productivity levels decreased due to the increasingly difficult market conditions.

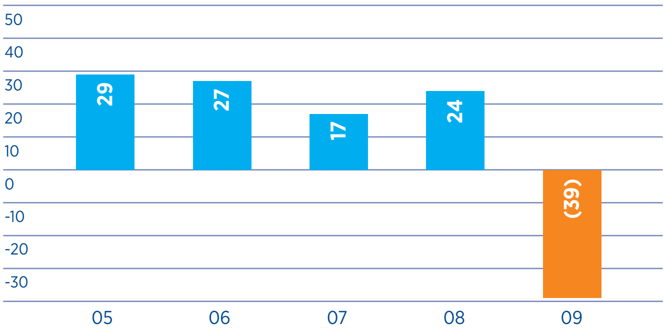
Conversion rate (%)



- The conversion rate is the operating profit stated as a percentage of net fees and measures how effective the Group is at controlling the costs and expenses associated with its normal operations and its level of investment for the future.
- Conversion rate decreased in 2009 as the difficult market conditions reduced average consultant productivity and resulted in an increased level of fixed cost in the business relative to net fees.

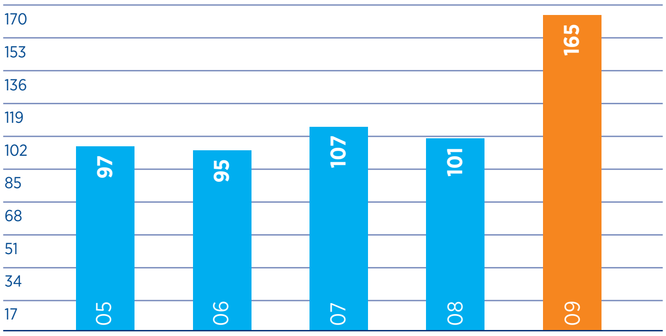
* LFL (like-for-like) growth represents organic growth for continuing activities at constant currency. There were the same number of trading days in 2009 and 2008.
** Continuing activities only, pre-exceptional items.

Earnings per share growth (%)**



- Earnings per share is calculated as profit before exceptional items for the year, attributable to the equity shareholders of the Group, divided by the weighted average number of shares in issue during the year. This is a measure of the profit performance of the Group.
- Earnings per share decreased by 39% in 2009, reflecting the fall in the underlying profitability of the Group.
- Since 2005, earnings per share has increased by a total of 13%.

Cash conversion (%)



- Cash conversion is calculated as the operating cash flow for the year, stated as a percentage of operating profit before exceptional items and is a measure of the Group's ability to convert profit into cash.
- Cash conversion increased by 64% to 165% in 2009. This was due to our continued focus on credit control together with the working capital inflow resulting from the reduction in revenue billed.

DEVELOPING THE SKILLS WE NEED TO LEAD THE UPTURN

Controlling discretionary spend is a priority, however this year we are increasing our focus on people development, as we view excellent consultant training as non-discretionary.

PEOPLE MAKING A DIFFERENCE

Alistair Cox
Chief Executive

Dear shareholder

At Hays we play an important role in powering the world of work by helping clients and candidates make the most of employment opportunities. Each week around 250,000 people go to Hays.com, our jobs portal, for advice and opportunities and, in the past year, we placed around 320,000 people into temporary and permanent roles across 28 countries and 17 specialisms.

Each of these placements represents a need satisfied for a client, and a chance to build something new for a candidate. We are proud of our role in this process. Our consultants build a deep understanding of a client's business and its culture, to ensure we connect the right person to the right job at every opportunity. We believe that a new employee can be revitalising for a business, and for a candidate, a new job can be a life-changing experience.

In this fast-paced world of business, it is sometimes easy to forget that we play an integral role in the communities within which we operate and live. Our people work hard for good causes, supporting both charities and initiatives that play an important part in the wider world of work. We lead a number of employment programmes globally, using our expertise to help job seekers improve their prospects and adapt to the difficult market conditions that they are currently experiencing. Whether this be by sponsoring academic courses or working with the unemployed to coach them on CV writing techniques, Hays is working to share skills and knowledge with others.

I recently received a letter from the Chief Executive of Marie Curie Cancer Care thanking us for raising almost £500,000 over the last three years in the UK. This impressive total was contributed to by hundreds of people in their own way, all showing that they wanted to be part of making a difference. Globally across the Group we have similar success stories, where our people are making a difference by supporting various charities in their local markets.

As a significant quoted company in the UK, we recognise Hays' broader role in setting a leading example in corporate responsibility and we believe that it is an important contributor to our strategic success. Customers increasingly expect companies to conduct their business in a responsible way and we recognise the ethical importance of managing the impact of our business on people, the world and its resources.

Climate change is rightly a concern for everyone. Although Hays' carbon footprint is small in relation to the size of our business, we are committed to reducing our impact. We are pleased that Hays plc is included in the FTSE4Good Global, Europe and UK Indices, which provide tools for responsible investors to identify and invest in companies that meet globally-recognised corporate responsibility standards.

We touch many lives around the world and, as a result of this, we have a long-standing commitment of conducting our business in a responsible, ethical and sustainable manner. We will continue to ensure that we address the issues that our employees, clients, shareholders and other stakeholders view as important.

Alistair Cox
Chief Executive

CORPORATE RESPONSIBILITY OBJECTIVES

Corporate responsibility encompasses a broad range of philosophies, activities and standards. Our objective is to consider the issues that are material to our business in order to make substantive progress and to achieve the best possible outcomes for all our stakeholders.

We have identified the areas that, for us, represent key areas of focus at present. From these we have developed our current corporate responsibility objectives, which will help us to channel our resources toward improvement plans and, in turn, to improve transparency and accountability.

This corporate responsibility objectives matrix is a living document that will evolve in line with our three-year corporate responsibility business plan. We have highlighted some of these initiatives further in the remainder of this Report.

Current corporate responsibility objectives	Associated work programmes
1. To continue our programme of enhancing the services provided to our clients.	• Rolling out a global candidate database. • Improving performance monitoring via Customer Services experience measures. • Developing and improving our in-house training resources to cover all aspects of our business.
2. To continue the development of our leadership development and employee engagement programmes.	• Developing our internal communications activities. • Improving our employee satisfaction measure (through our TALKback survey). • Continuing to embed our Hays Leadership and Management Competencies into our key people-related processes.
3. To improve the collection of carbon emission data in relation to our activities and to continue the development and implementation of a meaningful carbon emission reduction programme.	• Developing our involvement with Green500. • Extending the span and quality of our carbon emission data collection and management arrangements. • Exploring the use of energy-saving technology.
4. To establish an international network of Hays Charity Forums in support of good causes.	• Rolling out Hays Charity Forums in our principal operating countries. • Developing staff engagement through improved communications and creative participation opportunities.
5. To establish a standard approach to health and safety management and compliance across our principal countries of operation.	• Rolling out compliance and competence training globally to employees and employed temporary workers.
6. To improve the quality and depth of our corporate responsibility reporting.	• Established a corporate responsibility steering group to drive strategy and improve internal communications. • Developing a three-year rolling corporate responsibility business plan. • Giving shareholders greater visibility of our corporate responsibility activities.

EMPLOYEES

Our business is entirely dependent upon our employees, not only those who deal with clients and candidates, but also those who support them. As a consequence, our people strategy is focused on ensuring that we have the necessary capabilities, resources and work environment appropriate for a high-performing organisation.

We want to attract, retain and develop the best people in the industry to work for Hays. In order to achieve this, we have focused on a number of key themes. In particular, 2009 has seen significant developments in the areas of employee engagement, talent management and leadership development.

Employee engagement

Each year we receive a very good response to TALKback, our employee engagement survey, that runs across all the geographies in which Hays operates. 2009 was no exception, with participation levels well in excess of 80% of employees expressing their views and opinions in all aspects of their workplace environment, our brand, our values, our leadership and development activity and the work that we do for clients.

Gathering our employees' views enables us to understand and monitor levels of engagement and highlight any areas of concern that we need to address. Key drivers of employee engagement in Hays are career development, leadership and direction, culture and collaboration. Overall reported engagement levels were good, at 77%, reflecting positive responses to most of the items that make up this dimension.

KPI: Employee engagement

Employee engagement comprises a number of components that explore areas such as employees' sense of belonging, discretionary effort, personal motivation and job satisfaction.

Talent attraction, identification and development

Our resourcing, training and development programmes are designed to ensure that we have a pool of well qualified, talented individuals, able to meet both the operational needs of our business and our clients, as well as the future strategic challenges facing the Company. We are committed to providing our employees with opportunities to develop and grow their skills, but we will also continue to bring in new capabilities to the business through targeted, external recruitment.

Employees are encouraged to take a proactive approach to developing their careers. Employee training and development takes many forms, from the more traditional classroom teaching through to 'lunch and learn' sessions, e-learning, on-the-job coaching, development projects and secondments.

Additionally, Hays aims for all employees to have regular discussions with their managers regarding their performance, potential and individual development needs.

Hays conducts an annual succession planning process to assess the strengths and development opportunities of the Group at all levels globally. The picture of Group succession is built bottom up by specialism, country and region. Succession plans are maintained for key areas of the business and are reviewed annually by both management and the Board.

Leadership development

The calibre of our leadership and management cadre is critical to the success of our business. We have introduced the 'Hays Advance' development programme and have been working throughout the year to design the next phase of our leadership activity. Under the auspices of the Waxman Scholarship, we are ensuring our executive development activity is tailored and aligned to the succession planning needs of the business. This programme combines formal classroom training with coaching, project-based work and action learning.

Values and behaviour

Hays believes that the way our employees work is just as important as what they do in the workplace. To supplement our leadership and management development activity, we have focused on the behaviours and values that are important to the way that we run the business. The Hays Leadership and Management Competencies cover key areas of, and expectations around, behaviour and are being embedded into our key, people-related processes.

Reward and recognition

We seek to reward and recognise people's contributions to the business appropriately, both as individuals and as a team. Programmes to achieve this are cascaded through the organisation to ensure that there is a focus on short-term and, where appropriate, long-term performance. Senior executive remuneration is linked to the Group's annual and long-term plans, which is described in the Remuneration Report on pages 56 to 66.

Diversity

Hays believes that diversity is a key driver of the organisation's effectiveness, both now and in the future. We actively encourage different viewpoints, styles and approaches and are committed to providing a workplace free from discrimination of any kind. A notable success in this area has come in Australia, where we were awarded the 'Employer of Choice for Women' status for 2009. Hays was the first recruitment company to achieve this award and the only one to achieve it consecutively for seven years. This citation is awarded to non-government organisations that have demonstrated policies and practices that support women across the organisation and have had a positive outcome for both women and the business. This award strengthens our competitive edge and allows us to promote publicly our commitment to recruiting, developing and retaining women at Hays.

HAYS IN THE COMMUNITY

Hays plays an active role in the community by providing an essential recruitment service for local people; finding the right role for every candidate is one of the most important objectives of the business. We also have a strong record of contributing to these communities through employee engagement, supporting local activities and good causes, national fundraising activities for selected charities and, in many of the countries where we have a presence, strategic support for initiatives that benefit the wider world of work.

Work in the community

Many Hays employees volunteer their expertise to help job seekers and new entrants to the job market gain the skills to be successful during the interview process and at work. In 2009, we held enterprise days in schools, bringing team-building exercises into the classroom and we also hosted career workshops around the UK, providing essential CV writing advice and practical interview training for job seekers. We operate similar programmes in other countries.

We support the Chartered Institute of Building Services bursary scheme by helping to fund a promising student through a university degree course in a building services related field. Hays also sponsors numerous university awards to promote, recognise and reward excellence in the field of architecture.

Prime Minister's Global Fellowship

Hays China hosted two UK students as part of the UK Prime Minister's Global Fellowship, a high-profile scheme that aims to develop young British people's global understanding, talent and enterprise to engage successfully with other cultures and business environments. The scheme was launched in 2008 and is funded by the Department for Children, Schools and Families (DCSF) in the UK. Hays China was able to give the students an overview of how they operate locally and the various challenges and benefits of working globally. The two students worked closely with a Hays mentor to help identify future development goals and equip them with the necessary tools to secure a career with a global company.

Charitable support

In the UK over the last three years we have supported one major charity, Marie Curie Cancer Care, which was chosen by UK employees. The charity provides care to around 25,000 terminally-ill patients in the community and hospices in the United Kingdom, along with support for their families. In the three years to June 2009, Hays raised a grand total of £483,000, which will provide 24,150 hours of free nursing care to patients with terminal cancer and other illnesses.

Supporting Action for Children

action for children

Following on from the work we have done with Marie Curie Cancer Care, our focus in the UK is now on re-investing in the pool of resources from which we draw as an organisation. In July 2009, employees voted to support Action for Children through fundraising, mentoring and voluntary activities. We are pleased to be a pioneer partner with Action for Children's employability programme, 'Step Ahead'. We will be providing strategic input and consultation along with several other companies in the design of the programme, which is due to be launched in 2010.

Creating opportunities with the Prince's Trust

Prince's Trust

The Construction & Business Services Leadership Group
Building Better Lives

As a member of the Prince's Trust Construction & Business Services Leadership Group, Hays Construction and Property in the UK will be supporting the Prince's Trust's 'Get into Construction' scheme. 'Get into Construction' is designed to provide young people, especially those who have struggled at school, are in care, are long-term unemployed or have been in trouble with the law, with an opportunity to enter the construction industry through increased skills and experience. We are also assisting with the gratis placement of successful graduates across the UK when they come to the end of their courses.

Fundraising at 'La Parisienne' run

In September 2008, Hays France sponsored 15 consultants to run 'La Parisienne' race around the Eiffel Tower with 13,000 other female runners, raising cash for the valuable work of the Medical Research Foundation Against Breast Cancer.

We have for several years supported a good cause in Germany in the form of Waldpiraten (Forest Pirates) Camps, organised by the German Childhood Cancer Foundation, which are held in Germany, Austria and Switzerland. Hays makes a cash contribution to the Waldpiraten campaign each time we place a candidate. Continuing its social commitment to children with cancer, Hays Germany also sponsors a paediatrician, Dr Soha Asgari, within the oncology unit of a children's hospital in Heidelberg to assist the team in caring for the unit's young cancer patients.

Meeting needs

Dr Soha Asgari and one of her young patients.

"The employment of an additional physician means a reduction in the burden on both the hospital team and the waiting children. That's why I am extremely grateful that Hays has decided to support us."

Professor Dr Andreas Kulozik, Director, Paediatric Department, Heidelberg University Hospital.

In Australia, we continued our involvement with Camp Quality, a children's cancer charity using fun therapy to bring optimism and happiness to the lives of children and families affected by cancer. Camp Quality is known for its activity camps where cancer takes a back seat to allow 'the kids to be happy kids again'. Hays Australia raised $130,000 in the year, $65,000 from donations to be matched by $65,000 from Hays. This outstanding effort has enabled us to fund camps for over 200 children.

Hays New Zealand continued its support for United Way, which works alongside individuals and the community to provide funding assistance, volunteer time and necessary skills to help local human welfare charities. Hays New Zealand's Managing Director also volunteers his time by sitting on the Board of Trustees of United Way.

To help build our community strategy, we are establishing a network of Charity Forums in the countries where we have our largest business presence. These Charity Forums will help us to promote community engagement, support charity selection and help co-ordinate and report our activities.

MANAGING THE ENVIRONMENTAL IMPACT OF HAYS AND ITS SUPPLIERS

Whilst our business has a low environmental impact, we are committed to achieving continuous improvement in environmental performance and to preventing pollution. We seek to minimise our impact by reducing our use of energy, water and raw materials, increasing efficiency and reusing wherever possible.

Hays recognises that environmental initiatives do not work in isolation. So we operate an environmentally-sensitive procurement policy that encourages suppliers and contractors to support our programmes and to minimise the impact of the goods and services that they provide to us. Before we select a new supplier, we establish through a questionnaire the supplier's policy, practice and targets in the areas of corporate responsibility and environmental management. In the coming year, we will introduce reviews of suppliers' own assurance reports, where available.

Actions taken under the Environmental Policy
Actions of particular note included:

- We promote recycling and the use of recycled materials and we design energy efficiency into new services and offices and manage energy efficiently in all operations. We use relatively little space, with high office density and hot-desking the norm.
- In 2008, we joined the Green500 group, funded by the London Development Agency, to help deliver the Mayor of London's target to cut London's emissions by 60% by 2025. During the year, we were awarded the Green500 Silver Award in recognition of work undertaken since joining the scheme, including our efforts in energy use reduction by aiming to introduce PC power down systems to save 30% on our annual fuel bills.

- We have formulated an action plan and the basis of a framework for global environmental management.

Promoting health and safety

It is the policy of Hays that all reasonably practicable steps will be taken to ensure the health, safety and welfare of its employees and the protection of others not in its employment. Hays recognises its statutory obligations to maintain standards of safety and its obligation to members of the public, contractors and visitors.

Managers work to provide and maintain safe and healthy working conditions, carry out suitable risk assessments of all premises and tasks carried out within them and monitor safety procedures. They involve employees, who are required to co-operate fully in the operation of the health and safety policy. The policy is reviewed annually and is revised appropriately in the light of legislative or organisational changes.

Actions taken under the Health and Safety Policy

Actions of particular note included:

- We developed an online training course to promote understanding, compliance and competency in health and safety, and to reinforce our approach and embed policy arrangements. The training course has now been launched across the whole of the UK, with completion and pass rates of 94% and 89% respectively. We will be rolling this out globally.
- We continued our programme to roll out standard health and safety induction material to new starters in overseas territories.

POLICIES THAT SUPPORT OUR BUSINESS AIMS

Our good conduct is a foundation for the trust our customers place in us. We are a commercial organisation and we will pursue the best possible economic return for our shareholders. However, in making economic decisions, we have regard to the impact of those decisions on other stakeholders, including society and the environment.

Our business operates in accordance with the Combined Code on Corporate Governance published by the Financial Reporting Council. All Hays employees are aware of our Code of Conduct & Ethics Policy ('Code of Conduct'), which aims to ensure the Company's values are upheld. The Code of Conduct sets out a number of behavioural principles, including:

- Hays employees are expected to communicate transparently and honestly, within the legal framework of privacy and confidentiality.
- Our relationships with clients, candidates, employees, business partners, suppliers and the communities within which we operate are based upon respect for individuals and their human rights.
- All Hays companies and employees are expected to adhere to the highest ethical and legal standards in business dealings throughout the world. Conflicts of interest that interfere with proper performance or independent judgment, and offers or acceptance of hospitality, gifts and bribes (including improper offers or payments) that might appear to place third parties or employees under an obligation, are prohibited.
- We pursue equality of opportunity and treatment and diversity through our employment policies and encourage our employees to reach their full potential through training and development. We are committed to upholding the core standards of the International Labour Organisation.
- We have a whistle-blowing policy that provides an independent and confidential process for raising concerns and reporting any breaches of procedure through a confidential telephone hotline.

Actions taken under the Code of Conduct

Actions of particular note included:

- The Audit Committee continued its monitoring of reports to the confidential telephone hotline during the year. Of the 14 calls to our confidential hotline since its launch in July 2008, 11 involved employees seeking advice or information and three involved circumstances requiring investigation, none of which were material. We intend to increase employees' awareness of the hotline by further promotion in the forthcoming year.
- We carried out online competition law training for the second year running. All fee-earning employees and their managers, comprising approximately 4,300 individuals from around the Group, completed the online course, achieving a completion rate of 99.9%.
- In the UK, diversity awareness training was provided to key managers to support the Group's equal opportunities policy.

CONTINUOUS IMPROVEMENT

We will continue our programme of continuous improvement in the area of corporate responsibility and we will seek to develop the quality of our reporting year-on-year. In last year's Corporate Responsibility report, we said that we would review the metrics we use to assess the success of our corporate responsibility programme with the aim of identifying Key Performance Indicators suitable for disclosure. We have approved one KPI for disclosure in 2009: the Employee Engagement KPI stated in the Employee section of this Report. We will keep the need for any further KPI disclosures under review.

Board of Directors

A FOCUSED TEAM


1


2


3


4


5


6


7


8


9

1. Bob Lawson[1]
Chairman, 64
Appointed Chairman of the Board and of the Nomination Committee on 1 July 2001. He joined the Company as a non-executive director on 1 July 1998 and became Deputy Chairman on 11 November 1999. Educated at Cambridge University, Mr Lawson is a qualified engineer with an MBA. His career has spanned several United Kingdom and continental groups, including three years as Managing Director of Vitec Group plc and 10 years as Chief Executive of Electrocomponents plc. On 1 June 2008, he joined the Board of Barratt Developments PLC and became their non-executive Chairman on 1 July 2008.

2. Alistair Cox
Chief Executive, 48
Appointed to the Board on 1 September 2007 and became Chief Executive on 15 November 2007. His career began at British Aerospace before moving to Schlumberger in 1982. He is a Chartered Engineer and has an MBA from the Stanford Business School in California. He previously worked for McKinsey & Company before joining Blue Circle Industries (latterly called Lafarge Group) in 1994, where he was Group Strategy Director before being appointed as Regional Director for Asia. He was previously Chief Executive at Xansa plc. He will join the board of 3i Group plc as a non-executive Director on 1 October 2009.

3. Paul Venables
Group Finance Director, 47
Appointed Group Finance Director on 2 May 2006. A Chartered Accountant, he joined the Company from DHL Logistics, a division of Deutsche Post World Net. Prior to the acquisition of Exel plc by Deutsche Post in December 2005, he was Deputy Group Finance Director, a member of the executive board of Exel plc and Chairman of their Acquisitions and Projects Review Board. During 13 years with Exel he held a number of senior finance and operational roles, including Finance Director of Exel's european and global operations. He joined the board of Wincanton plc as a non-executive Director on 2 September 2009.

4. Lesley Knox[1,2,3]
Independent Non-Executive Director, 56
Appointed non-executive Director on 30 April 2002, she is Chairman of the Remuneration Committee and is Senior Independent Director for the purposes of the Combined Code. She graduated in law from Cambridge University and worked in the UK and US. Subsequently she went on to a career in merchant banking at Kleinwort Benson where she became a group director and was also Head of Institutional Asset Management. In 1999, she co-founded British Linen Advisers (a specialist corporate finance adviser) and remained as a director until 2002. She is Chairman of the Alliance Trust plc, a non-executive Director of HMV Group plc and a Governor of the Museum of the Port of London and Docklands.

1 Nomination Committee
2 Audit Committee
3 Remuneration Committee

5. William Eccleshare[1,2,3]
Independent Non-Executive Director, 53
Appointed non-executive Director on 24 November 2004. He was Chairman and Chief Executive of BBDO Europe where he was responsible for all BBDO advertising, direct marketing, digital and public relations agencies in 44 countries. Prior to that he was Chairman and CEO of Young & Rubicam EMEA and Wunderman EMEA and held senior executive roles at McKinsey & Company where he was also a Partner. In September 2009 he became President and Chief Executive of Clear Channel International.

6. Paul Harrison[1,2,3]
Independent Non-Executive Director, 45
Appointed non-executive Director on 8 May 2007 and is Chairman of the Audit Committee. He is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. He joined The Sage Group plc as Group Financial Controller in 1997 and became their Group Finance Director in April 2000. Prior to that he served as a Senior Manager in Price Waterhouse, now PricewaterhouseCoopers, and was responsible for the provision of audit and advisory services to larger private and public sector companies.

7. Richard Smelt[1,3]
Independent Non-Executive Director, 52
Appointed non-executive Director on 15 November 2007. He holds a degree in Psychology from Leeds University, is a fellow of the Chartered Institute of Personnel and Development and has an MBA from the London Business School. With over 20 years experience in HR management, he was Group Human Resources Director of Carphone Warehouse Group plc until he joined Northern Rock plc as Group Human Resources Director in September 2008.

8. Paul Stoneham[1,2,3]
Independent Non-Executive Director, 47
Appointed non-executive Director on 24 November 2004. He is currently Chief Executive Officer of ghd Group Holdings Ltd, a professional hair care company backed by Montagu Private Equity. He was formerly President of Global Business Development at Colgate-Palmolive Co where he was responsible for leading the Oral Care, Personal Care and Home Care global categories. Prior to that he was Managing Director of Boots Healthcare International and a member of the Boots PLC Executive Committee.

9. Alison Yapp
Company Secretary and General Legal Counsel, 43
Appointed Company Secretary and General Legal Counsel on 30 January 2006. Her career as a solicitor began in practise at Turner Kenneth Brown, advising corporate and commercial clients before moving in-house. She has in excess of 15 years experience in industry within a number of international groups. She was previously Company Secretary and Group Legal Adviser of Charter plc, an international engineering company, and prior to that held senior legal and secretarial positions in Johnson Matthey plc and Cookson Matthey Ceramics plc.

Corporate Governance

Bob Lawson
Chairman

The Board of Hays plc is committed to the highest standards of corporate governance and bases its actions on the principles set out in the June 2008 Combined Code on Corporate Governance (the 'Code') published by the Financial Reporting Council. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk.

The Financial Services Authority requires listed companies incorporated in the UK to disclose how they have applied the main principles set out in Section 1 of the Code and whether they have complied with the principles in Section 1 throughout the financial year. This statement describes how the Company applied the principles of the Code.

Throughout the year ended 30 June 2009, the Company has, without exception, complied with the provisions set out in Section 1 of the Code.

The Board

The Board provides leadership and stewardship. The Board comprises the Chairman, Chief Executive, Group Finance Director and five independent non-executive directors. All directors served throughout the financial year. The biographical details for all of the directors appear on page 45 and demonstrate the range of experience and independent judgement they each bring to the Board on all matters.

The Board has a formal schedule of matters specifically reserved for its decision, including the review of the financial results, material contracts, Group strategy, investor relations, Board appointments, dividend recommendations, major capital projects and acquisitions and disposals. The Board met 10 times during the year.

The Chairman, in conjunction with the Company Secretary, plans the programme for Board visits to operations in the UK and overseas and presentations from senior executives. During the year, the Board visited the Company's businesses in Ireland and Germany, reviewing operations and receiving presentations from local management on performance and opportunities. The Board also received presentations from other senior management within the Group.

The agenda for the Board and its Committee meetings is considered by the relevant Chairman and issued with supporting papers during the preceding week. For each Board meeting, directors receive a Board pack, including monthly management accounts, briefing papers on commercial and operational matters and major capital projects, including acquisitions.

The attendance of those directors in place at the year end at Board and Committee meetings held during the year was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
No. held	10	4	1	8
No. Attended				
R A Lawson	10	–	1	–
A R Cox	10	–	–	–
C W Eccleshare	9	3	0	6
P S Harrison	10	4	1	8
L M S Knox	10	4	0	8
R J Smelt	10	–	1	8
P H Stoneham	10	4	0	7
P Venables	10	–	–	–

A procedure exists for the directors, in the furtherance of their duties, to take independent professional advice if necessary, under the guidance of the Company Secretary and at the Company's expense. All directors have access to the advice and services of the Company Secretary, who is responsible to the Chairman for ensuring that Board procedures are complied with and that applicable rules and regulations are followed.

On appointment, directors receive a formal induction, which includes visits to relevant business units and functions and discussions with senior management. These are tailored to the individual needs of the directors and continue throughout their tenure. Briefing sessions on legislative and accounting developments are held for the Board when appropriate.

Board independence

The roles and responsibilities of the Chairman and Chief Executive are separate. A formal division of each individual's responsibilities has been agreed and documented by the Board.

The non-executive directors bring an independent view to the Board's discussions and the development of its strategy. Their range of experience ensures that management's performance in achieving the business goals is challenged appropriately. In conjunction with the executive directors, they ensure that financial controls and systems of risk management are both rigorous and adequate for the needs of the business.

All the non-executive directors are considered by the Board to be independent as detailed in the Code.

The letters of appointment for non-executive directors are available for review at the Registered Office and prior to each annual general meeting. A pro forma letter of appointment is also available on the Company's website, haysplc.com.

Under the Code, the Board appoints one of the non-executive directors to act as Senior Independent Director whose main responsibility is to be available to shareholders should they have concerns that they have not been able to resolve through normal channels, or when such channels would be inappropriate. Mrs L M S Knox serves as the Senior Independent Director.

Board effectiveness

An external review of the Board's effectiveness and the effectiveness of its Committees was undertaken in 2007 by Egon Zehnder. In 2008 and 2009 the Board conducted its own reviews. The findings of the 2009 review have been considered by the Board and certain actions will be implemented as a result. The Chairman has met with the non-executive directors individually, without the executive directors being present, to consider the findings of the review. The Senior Independent Director has also met with the other non-executive directors to review the Chairman's performance, having consulted with the executive directors. This has enabled constructive feedback to be given to each director. As part of the review, the effectiveness of the Remuneration, Audit and Nomination Committees was also considered. The Audit Committee also undertook its own separate review reported on page 53.

Following the review, the Chairman is satisfied that each of the directors being put forward for re-election at the forthcoming Annual General Meeting continues to be effective, that their ongoing commitment to the role is undiminished and that each non-executive director being put forward for re-election continues to be independent.

Powers of directors

The directors are responsible for the management of the business and may exercise all powers of the Company subject to legislation, any directions given by special resolution and the Company's constitution.

At the Annual General Meeting of the Company held on 12 November 2008, shareholders authorised the directors, until the conclusion of the Annual General Meeting to be held on 11 November 2009, to purchase up to 206,364,799 Ordinary shares of 1 pence each in the Company and to allot new shares up to an aggregate nominal amount of £4,585,884, being approximately one third of the Company's issued share capital. The authority to allot shares was not used. Renewal of both authorities will be proposed to shareholders at the forthcoming Annual General Meeting.

The Board intends to continue to return surplus cash to shareholders where circumstances allow and it is not required to finance the organic expansion of the business, acquisitions and dividend payments, via the on-market purchase of its own shares. Shares will only be purchased if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. No share purchases are anticipated in the 2010 financial year.

The Board will be seeking the approval of the shareholders to renew this authority at the forthcoming Annual General Meeting as detailed in the separate Circular to Shareholders.

Appointment and replacement of directors

The Company may by ordinary resolution appoint any individual to the Board. The Board may appoint any individual willing to act as a director either to fill a vacancy or act as an additional director. The appointee can only hold office until the next annual general meeting whereupon he/she will be put forward for election.

The Articles of Association prescribe that there shall be no less than five and no more than 15 directors. Should the number reduce below five, then the Board shall, as soon as practical, appoint an individual to fill the vacancy. The Company may by ordinary resolution vary the minimum number of directors.

At each annual general meeting, not less than one third of the directors must retire by rotation and any director who has been in office for three years or more since his/her last appointment or re-appointment must retire by rotation. A retiring director is eligible for re-election.

Responsibilities and membership of Board Committees

The Board has agreed written terms of reference for the Nomination Committee, Remuneration Committee and Audit Committee. The terms of reference for all three Board Committees are published on the Company's website, haysplc.com, and are also available upon request from the Company Secretary at the Registered Office.

Nomination Committee

Mr R A Lawson chairs the Nomination Committee. Mrs L M S Knox and Messrs C W Eccleshare, P S Harrison, R J Smelt and P H Stoneham were members of the Committee throughout the year. The Chief Executive attends by invitation when appropriate.

The Nomination Committee identifies and selects candidates in connection with any proposed new appointments of directors and makes recommendations to the Board in respect of such appointments.

No new directors were appointed to the Board during the financial year. As part of the review of the effectiveness of the Board and its Committees, during the year there was a review of the composition of the Board to determine whether it remained sufficient for the needs of the Company.

Remuneration Committee

Mrs L M S Knox, an independent non-executive director, chairs the Remuneration Committee. Messrs C W Eccleshare, P S Harrison, R J Smelt and P H Stoneham were members of the Committee throughout the year.

The Remuneration Committee determines, on behalf of the Board, the remuneration and benefits of the Chairman and executive directors of the Company and monitors the levels of remuneration and benefits of selected senior managers of the Group. In formulating its remuneration policy, the Remuneration Committee gives full consideration to the matters set out in Schedule A to the Code. The Group's remuneration policy is described in the Remuneration Report on pages 56 to 66.

The Board as a whole determines the level of fees of non-executive directors, after taking into account fees payable by comparable companies and receiving external advice. There has been no change to the fees of the non-executive directors in the year. The fees were last reviewed in June 2008.

Audit Committee

Mr P S Harrison chairs the Audit Committee. Mrs L M S Knox and Messrs C W Eccleshare and P H Stoneham were members of the Committee throughout the year.

The Audit Committee monitors the appropriateness of financial statements and announcements, monitors the relationship with the external auditors and their independence and reviews the Company's internal controls and risk management systems. A full report on the activities of the Audit Committee is included on pages 52 and 53.

Conflicts of interest

In line with the Companies Act 2006, the Articles of Association were amended at the 2008 Annual General Meeting to allow the Board to authorise actual and potential conflicts of interest and duties that may arise and to impose such limits and conditions as it thinks fit. Conflicts of interest and duties can only be authorised by those directors who do not have an interest in the matter being considered, and in making such decision, the directors must act in a way they consider, in good faith, will most likely promote the success of the Company. The Company has established a procedure whereby actual and potential conflicts of interest and duties are advised to the Company Secretary and are reviewed annually. Appropriate authorisations are sought for any ad-hoc notifications of any new conflicts of interest or duties, or any changes to existing conflicts of interest or duties. The Board has undertaken a review of these procedures and considers them to have operated effectively during the year.

Internal control

The directors are responsible for the Group's system of internal control and for maintaining and reviewing its effectiveness. The Board has delegated responsibility for the review of the Group's internal controls to the Audit Committee. A review has been completed for the year ended 30 June 2009 in accordance with the recommendations of the Turnbull Report. The Group's systems and controls are designed to manage risks, safeguard the Group's assets and to ensure the reliability of information used both within the business and for publication.

Systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The key features of the internal control systems which operated throughout the period covered by the financial statements and up to the date of signing the accounts are described below.

Day-to-day responsibility for the management and operations of the business has been delegated to the Chief Executive and his Management Board, comprising the Group Finance Director, Regional Managing Directors, the Group Human Resources Director, the Group Marketing Director, the Group IT Director and the Company Secretary (who is also the General Legal Counsel). The Company Secretary also acts as Secretary to the Management Board. Clear levels of authority exist for the Management Board in their day-to-day activities. As far as possible, the business units are given autonomy, whilst operating within an established internal control environment, as set out in the Group Policies and Procedures Manual. This manual is designed to ensure that significant risks, investment decisions and management issues are escalated to Board level at the earliest appropriate opportunity. The Group Policies and Procedures Manual is updated on an ongoing basis to reflect changes in procedures as and when they occur. The Group's Code of Conduct & Ethics Policy outlines the way in which employees are expected to conduct themselves when carrying out their business activities.

Certain specific administrative functions are controlled centrally by the Group. Taxation, treasury and insurance functions report to the Board via the Group Finance Director. The legal, compliance and health and safety functions report to the Board via the Company Secretary. Procedures are clearly defined to ensure that the activities of these functions reduce the risk profile of the organisation. An overview of the Group's treasury policy is set out on page 32. The Group has an ongoing process for the identification, evaluation and reporting of major business risks, the results of which are outlined in the Principal Risks statement on page 33. Progress on the management of key issues is reported through the management structure to executive management and to the Board.

The Group operates a comprehensive budgeting and financial reporting process. Annual budgets are reviewed and approved at business and Group level. This process includes the identification and quantification of significant risks relating to markets and operations. Monthly performance is reported against budget and prior year. The monthly management accounts analyse and explain variances against budget and report on key indicators, with detailed explanations for variances and movements in forecasts provided to the Board.

The Group has an Internal Audit department. The resources of this department are focused on facilitating the identification of risks and carrying out review and testing of the controls in place to mitigate them. The team's resource is augmented with independent expert external resources, wherever necessary, to review risk and monitor compliance with the Group's policies and procedures. Regular reviews of the most important controls are undertaken to ensure that key control objectives are achieved. Reports on the effectiveness of operational and financial controls are regularly presented to executive management and to the Audit Committee and recommendations are agreed upon and implemented.

The monitoring of control procedures is achieved through review by executive management reporting to the Board. This is supplemented by reviews undertaken by the Internal Audit department of the controls in operation in the business units. These processes have successfully been applied for the year under review and up to the date of the approval of the Annual Report and Financial Statements.

This internal control statement has been reviewed and approved by the Audit Committee.

Relations with shareholders

The executive directors of the Company have a regular dialogue with analysts and substantial shareholders. All non-executive directors are aware of the programme of proposed visits and are invited to attend. Investors are offered the opportunity to meet the Senior Independent Director and the Chairman.

Published broker reports are circulated to the Board which considers any issues raised within them. The Group's advisers maintain a dialogue with major shareholders and after each investor roadshow compile a report of shareholders' views on key issues and management performance. A summary of this report is subsequently provided to the Board.

The annual general meeting is used as an opportunity to communicate with all shareholders. In addition, preliminary results, half yearly results and quarterly interim management statements are posted on the Company's website, haysplc.com, as soon as they are announced. Also, at least four times a year, the Company hosts a teleconference for analysts and investors.

The Notice of the Annual General Meeting to be held on Wednesday, 11 November 2009, is contained in the separate Circular to Shareholders and was either sent or made available to shareholders at least 20 working days before the meeting. Each substantially separate issue is proposed in the Notice of Annual General Meeting as a separate resolution and there are separate resolutions relating to the Annual Report and Financial Statements and the directors' Remuneration Report. Furthermore, it is intended that the Chairmen of the Nomination, Audit and Remuneration Committees will be present at the Annual General Meeting.

Restrictions on voting deadlines

The notice of any general meeting shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote at a general meeting. It is the Company's policy at present to take all resolutions at a general meeting on a poll and the results of the poll are published on the Company's website, haysplc.com, shortly after the meeting.

Significant direct and indirect holdings of securities

As at 2 September 2009, the Company had been notified of the following voting rights attaching to Hays shares in accordance with the Disclosure and Transparency Rules of the United Kingdom Listing Authority:

	% of total voting rights
Morgan Stanley Investment Management Ltd	9.93%
Chainpoint Limited	5.81%
Majedie Asset Management Ltd	5.03%
Baillie Gifford & Co	Below 5%
Capital Research and Management Co	4.54%
Legal & General Group	3.99%
Barclays Global Investors	3.96%

An update will be provided in the Notice of the 2009 Annual General Meeting.

Amendment of the Company's Articles of Association
At the 2009 Annual General Meeting, a special resolution will be put to shareholders proposing amendments to the existing Articles of Association, primarily to accommodate provisions contained in the Companies Act 2006 and the implementation of The Companies (Shareholders' Rights) Regulations 2009. Details of the proposed amendments can be found in the Notice of the 2009 Annual General Meeting. The Company's Articles of Association ordinarily can only be amended by a special resolution at a general meeting of shareholders.

Going concern
The financial statements have been prepared on the going concern basis as the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Further details can be found in note 2 to the consolidated financial statements on page 71.

Directors' responsibilities
The directors are responsible for preparing the Directors' Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations. Corporate law requires the directors to prepare financial statements for each financial year. The directors are required by the International Accounting Standards (IAS) Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS Regulation.

IAS 1 requires that IFRS financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent Company accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent Company accounts are required by law to give a true and fair view of the state of affairs of the Company. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent Company accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board confirms to the best of its knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditors

As required by section 418 of the Companies Act 2006, each of the directors as at 2 September 2009 confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

On behalf of the Board.

Bob Lawson
Chairman

Audit Committee Report

Paul Harrison
Audit Committee Chairman

The Audit Committee is appointed by the Board from the non-executive directors of the Company. The Audit Committee's terms of reference include all matters indicated by the June 2008 Combined Code on Corporate Governance (the 'Code') published by the Financial Reporting Council. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval.

Composition of the Audit Committee

Mr P S Harrison, an independent non-executive director, chairs the Audit Committee. Mrs L M S Knox and Messrs C W Eccleshare and P H Stoneham were members of the Committee throughout the year.

Mr Harrison, a Chartered Accountant, is the Group Finance Director of The Sage Group plc. As such, he is considered suitably qualified to be the Audit Committee Chairman.

At the invitation of the Audit Committee, the Chairman of the Board, the Chief Executive, the Group Finance Director, Head of Internal Audit, Group Financial Controller and external auditors regularly attend.

Membership of the Committee is reviewed by the Chairman of the Committee and the Company Chairman, who is not a member of the Committee, and they recommend new appointments to the Nomination Committee for onward recommendation to the Board. The Committee comprises four independent non-executive directors and two members constitute a quorum.

Role of the Audit Committee

The terms of reference of the Audit Committee are published on the Company's website, haysplc.com and are also available from the Company Secretary at the Registered Office.

The key responsibilities of the Committee are to:

- monitor the appropriateness of the financial statements and formal announcements relating to the financial performance including any significant judgements;
- recommend to the Board for approval by shareholders, the appointment, re-appointment or removal of the external auditors;
- monitor the relationship with the external auditors, including consideration of their fees, the audit scope and the terms of their engagement;
- review the effectiveness and objectivity of the external audit as well as the external auditors' independence;
- review the policy on engagement of the external auditors for the provision of non-audit services and monitor compliance;
- review the Company's internal controls and risk management systems;
- monitor the effectiveness of the Company's internal audit function; and
- ensure the Company maintains suitable arrangements for employees to raise concerns in confidence.

Activities of the Audit Committee

The Committee met four times during the financial year ended 30 June 2009. Attendance at meetings is shown on page 46.

During the year, the Committee discharged its responsibilities as follows:

Financial statements

The Audit Committee reviewed the draft annual financial statements and half yearly report prior to recommending their approval to the Board. The Committee discussed with the executive directors and external auditors the appropriateness of accounting polices adopted, significant estimates and judgements, whether the financial statements gave a true and fair view and the appropriateness of the going concern assumption.

External auditors

The Audit Committee is responsible for recommending to the Board for approval by the shareholders the appointment of the external auditors. Deloitte LLP are the external auditors of the Company, and under ethical guidance, they are required to introduce a new audit partner every five years. The current audit partner has been in place for three years.

In line with its terms of reference, the Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by Deloitte LLP on an annual basis, seeking the views and feedback of the Audit Committee and fellow Board members, together with those of Group and divisional management. There are no contractual restrictions on the Committee as to the choice of external auditors.

The Committee considered the scope and materiality for the audit work, approved the audit fee and reviewed the results of the audit work.

The Committee has met the external auditors without management being present several times during the year.

The Committee reviewed the policy on the engagement of Deloitte LLP for non-audit services and confirmed the applicability of that policy in satisfying itself that their independence and objectivity was not impaired.

The key features of this policy are as follows:

- work closely related to the audit e.g. taxation or financial reporting matters can be awarded to Deloitte LLP by the executive directors provided the work does not exceed £150,000 in fees per item; and
- all other work either requires Audit Committee approval or forms part of a list of prohibited services, where it is felt independence or objectivity may be compromised.

The Committee has reviewed the non-audit services performed by Deloitte LLP in the year and has concluded that the policy has been applied and their independence and objectivity has not been impaired as a result. Details of fees paid to Deloitte LLP during the financial year are set out in note 6 to the consolidated financial statements on page 76.

After due and careful consideration, taking account of the processes above, the Committee has recommended to the Board that Deloitte LLP be re-appointed at the Annual General Meeting to be held on 11 November 2009.

Internal controls and risk management

The Audit Committee reviewed the Company's internal controls and risk management systems by considering the Group's risk assessment process and the effectiveness of the controls to mitigate those risks. It considered the results of testing performed by both the internal and external audit teams in evaluating the effectiveness of such controls.

Internal Audit

The Audit Committee oversees the Internal Audit function.

In the previous financial year, the Committee assessed the performance of Internal Audit through an external review carried out by BDO Stoy Hayward LLP. Certain recommendations have been implemented during the year, with an increased focus on the role of Internal Audit in relation to the risk assessment process.

The Committee also reviewed the Internal Audit activities, including the annual audit plan and resource requirements. The plan has delivered both geographic and financial coverage as well as risk-based assurance behind key programmes and central processes, such as the treasury function and pension arrangements.

The Committee received details of all key audit findings and management updates on progress made in implementing agreed actions.

The Committee has met the internal auditors without management being present.

Raising concerns in confidence

The Audit Committee reviewed the Group's procedures enabling employees to raise concerns in confidence. Employees are able to raise concerns or report compliance issues through an independent third-party organisation. The Committee receives reports of any serious concerns raised at each meeting.

Audit Committee effectiveness

The Audit Committee prepared and reviewed with the Board an annual performance evaluation, which concluded that the Committee has acted in accordance with its terms of reference, is operating effectively and met all legal and regulatory requirements. As part of this review, the Chairman of the Audit Committee met with each Committee member individually to discuss the findings and to obtain feedback.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Audit Committee.

Paul Harrison
Audit Committee Chairman

Other Statutory Information

Directors

The following were directors during the year and held office throughout the year:

R A Lawson, Chairman
A R Cox, Chief Executive
P Venables, Group Finance Director
C W Eccleshare*
P S Harrison*
L M S Knox*
R J Smelt*
P H Stoneham*

* Independent non-executive directors.

In accordance with the Company's Articles of Association, Messrs A R Cox, P S Harrison and Mrs L M S Knox will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Biographical details for all directors are shown on page 45.

Structure of share capital

As at 30 June 2009, the Company's authorised share capital of £88,980,947 comprised 8,898,094,700 Ordinary shares of 1 pence each. As at 30 June 2009, the Company's issued share capital of £14,640,965.66 comprised 1,464,096,566 Ordinary shares of 1 pence each. No shares were allotted during the year. Under the Companies Act 2006, companies will no longer need to have an authorised share capital and a resolution will be put to the Company's shareholders at the forthcoming Annual General Meeting to take advantage of this deregulating measure.

During the year, from 1 July 2008 to 30 June 2009, the Company purchased 1,717,597 Ordinary shares of 1 pence at a weighted average price, including transaction costs, of 79.02 pence and the total aggregate consideration was £1,357,320.70. The percentage of issued capital purchased was 0.1%.

Chapter 6 of part 18 of the Companies Act allows companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The directors may use the authority to purchase shares and hold them in treasury (and subsequently sell or transfer them out of treasury as permitted in accordance with the Act) rather than cancel them, subject to institutional guidelines applicable at the time. The shares purchased by the Company in the year were held in treasury. At 30 June 2009, 82,024,582 Ordinary shares of 1 pence were held in treasury. 27,335 shares held in treasury were transferred during the year to 30 June 2009 to satisfy awards of shares under the Company's employee share schemes and a further 6,306,657 shares were transferred to the Hays plc Employee Share Trust to satisfy future option exercises under the Hays UK Sharesave Scheme. No dividends have been paid on shares whilst held in treasury and no voting rights attach to the treasury shares.

Rights and obligations of Ordinary shares

On a show of hands at a general meeting every holder of Ordinary shares present in person or by proxy and entitled to vote shall have one vote. On a poll, every member present in person or by proxy, shall have one vote for every Ordinary share held. In accordance with the provisions of the Articles of Association, holders of Ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. On return of capital on a winding up, holders of Ordinary shares are entitled to participate in such a return.

Amendments to the Company's Articles of Association will be proposed at the forthcoming Annual General Meeting to take account of the provisions of The Companies (Shareholders' Rights) Regulations 2009. These will include measures relating to the votes of proxies and multiple corporate representatives at general meetings of the Company. Further information can be found in the Circular to Shareholders accompanying the Notice of Annual General Meeting.

Restrictions on transfers of securities

The restrictions on the transfer of shares in the Company are as follows:

- The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealing in shares in the Company from taking place on an open and proper basis.
- The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- The Board may refuse to register a transfer of shares in favour of more than four persons jointly.
- Where a shareholder has declined to provide certain information requested by the Company in accordance with the Companies Act, the Board can in certain circumstances apply to the court for an order directing that the shares in question be subject to restrictions. If an order is so made, any transfer of (or any agreement to transfer) the shares will be void and no voting rights will be exercisable in respect of them.
- Restrictions may be imposed on certain Group employees who are required to seek approval from the Company before dealing in shares in accordance with the requirements of the Listing Rules of the United Kingdom Listing Authority.
- Awards of shares under the Company's incentive arrangements, the Performance Share Plan and Deferred Annual Bonus Plan are subject to restrictions on transfer of shares prior to vesting.

The Company is unaware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Exercise of rights of shares in employee share schemes

Certain share awards under Company incentive arrangements are held in trust on behalf of the beneficiaries. The trustee of the Hays Employee Trust Share does not seek to exercise the voting rights on these shares. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

Directors' indemnities and insurance

The Company continues to maintain directors' and officers' liability insurance. In accordance with the Company's Articles of Association, it is the Company's policy for each director and the Company Secretary & General Legal Counsel to be indemnified by deeds of indemnity.

Employees

The Group is committed to developing its employees and investing in training tailored to meet the needs of the business, including both structured training and on-the-job training and briefings. A leadership development programme for our top global leaders is under way as part of our continued commitment to developing talent in our business.

As part of creating a stimulating place to work, there are a number of ways to ensure our employees are involved in the business and issues relating to its performance, including senior management briefings, employee briefing groups, email messaging and the intranet. To encourage employees to have a stake in the business, there are also a number of share schemes.

As a responsible employer of thousands of people, the Group is committed to equal opportunities and its policy ensures that everyone has the opportunity to contribute to the business regardless of age, gender, ethnicity, sexuality, physical appearance, religion, education and beliefs.

The Group has a structured approach towards internal recruitment and promotion with decisions based on an individual's ability to perform the role. This means that full consideration is given to disabled applicants where they have the right skills and abilities for the role. Should an employee become disabled whilst working for the Group, every effort is made to find a suitable alternative role and to assist with any retraining. The Group's commitment to training and development includes consideration of any special training needs of disabled employees.

More information on the Group's engagement with employees is set out in the Corporate Responsibility report on page 40.

Payments to creditors

It is the Group's policy to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. Creditor days for the Group for the year ended 30 June 2009 were an average of 31 (2008 – 25). The Company creditor days at 30 June 2009 were 31 (2008 – 25).

Charitable and political donations

Charitable donations made during the year totalled £197,054 (2008 – £70,000). Details of the Group's charitable activities are given on pages 41 and 42. No payments were made to political parties.

Auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have indicated that they are willing to continue in office. Their re-appointment, at a remuneration to be agreed by the directors, will be proposed at the forthcoming Annual General Meeting.

Change of control — significant agreements

The Company has entered into one significant agreement that contains provisions that allow a counterparty to alter and amend the terms of the agreement following a change of control of the Company. The details are as follows:

- a revolving credit facility with a number of banks for £460 million was entered into on 8 February 2006. In the event of a change of control of the Company, the lenders are entitled to renegotiate certain terms. As at 30 June 2009, £408.0 million was undrawn.

There are no provisions contained within the service contracts of executive directors that will trigger in the event of a change of control.

There are a number of commercial contracts that would alter in the event of a change in control, but none is considered to be material in terms of the potential impact on the Group in this event.

Certain of the Company's share award plans contain provisions that permit awards or options to vest or become exercisable on a change of control in accordance with the rules of the plans.

This Directors' Report comprising pages 2 to 55 has been approved by the Board and signed on its behalf by:

Alison Yapp
Company Secretary

2 September 2009

Registered Office 250 Euston Road, London NW1 2AF
Company Registered in England and Wales No. 2150950

Cautionary statement
This Annual Report (comprising the Directors' Report on pages 2 to 55 and the Remuneration Report on pages 56 to 66) and the financial statements on pages 68 to 92 and 94 to 99 ('Report') have been prepared solely in compliance with the Companies Act 2006 and with the Listing Rules and the Disclosure and Transparency Rules of the UK Financial Services Authority. Certain information and statements are 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.

Remuneration Report

Lesley Knox
Remuneration Committee Chairman

Contents

Dear Shareholder

I am pleased to introduce the report of the Board covering the remuneration policy and practice for the Company.

2009 performance and reward

This year has seen the most challenging recruitment markets on record. As a result, most of the listed recruitment companies have reported year-on-year reductions in profit of over 70% for trading in the 2009 calendar year so far, and some are at or below breakeven. In our last quarter update, we reported a year-on-year reduction in net fees of 40% on a like-for-like basis, which gives an indication of the fall in demand in our markets. Our ability to deliver significant levels of profits in our main businesses in this environment underlines the speed with which we have taken action to reduce our cost base and the strength of the Group's operating model.

Whilst we have minimal visibility on the year ahead, it seems reasonable to assume that trading conditions will continue to be tough until there are clear signs of economic recovery in our principal markets. In this environment, we will continue to balance shorter-term actions to protect profitability with longer-term investment to build market share and strengthen our business. We firmly believe that the experience of our management teams, the early actions we have taken to reduce the cost base, our financial strength and strategy of continuing to invest in the long term, position us well to deal with both the short-term challenges and to capitalise on the longer-term opportunities.

Bonuses for executive directors for 2009 ranged between 59% and 64% of the maximum bonus opportunity. 30% of each bonus award is to be paid in cash and 70% of the bonus is to be awarded in shares and deferred for a further three-year period. Whilst the market has been very challenging in 2009, the Remuneration Committee (Committee) believes that the Group's results compare favourably with those of our competitors and it is appropriate that bonuses for targets achieved should be paid in line with the transitional arrangements agreed for 2009.

2010 remuneration arrangements

Due to the market uncertainties in 2008 and the associated difficulties in setting long-term targets based on absolute financial measures, the Committee implemented a one-year structure for the 2009 financial year that kept the total value of the package constant, but placed greater emphasis on the annual bonus whilst ensuring there remained a strong link with longer-term performance through significant deferral into shares. When we put in place these transitional arrangements for 2009, we informed shareholders that they were a temporary measure for one year only. The key issue for the Committee for the 2010 financial year was how to replace the one-year arrangement in a time of continuing market uncertainty. During 2009, the Committee undertook an extensive review of the remuneration arrangements. Our review of the structure re-confirmed the following design criteria for incentive plans for executive directors and other senior executives at Hays:

– simplicity and clarity to ensure strong line of sight for management;

– alignment between reward and profitability and shareholder interests; and

– motivation of management to drive operational improvement in the short term, but also to make the strategic investment necessary to make Hays the international leader in recruitment.

To enable investors to see clearly the changes to executive director remuneration, the Remuneration Report explains the arrangements for the 2008, 2009 and 2010 financial years on page 59.

In making changes, the Committee has been mindful of the current economic climate, which has a direct impact on the recruitment sector, increasing technological change in the industry and also shareholder concerns about executive pay. The proposed changes are intended to provide much greater clarity for both participants and shareholders by simplifying arrangements.

Given the continuing economic uncertainty, the Committee has decided that, for 2010, it is appropriate to rebalance the mix between the short-term and long-term elements of the incentive package for executive directors and to:

– reduce the overall incentive package;

– maintain the cash bonus potential at the 2008 and 2009 levels;

– increase the proportion of bonus based on financial measures from the 2008 and 2009 levels;

– increase the total annual bonus potential from the 2008 level, offset by a corresponding increase in the level of compulsory deferral into shares. This change represents a decrease on 2009 maximum annual bonus levels;

– remove the share match for the element of annual bonus that is deferred into shares;

– adjust the long term element of the package by increasing the award under the Performance Share Plan (PSP) compared to 2008 levels; and,

– reduce the threshold payout under the PSP.

These proposals are designed to provide a clear link with shareholder interests. The deferral into shares will provide a retention mechanism, which will be necessary as the sector recovers.

In the light of the uncertain economic outlook, the Committee has decided to apply a single performance measure for the 2010 PSP awards, but may revert to two performance measures for future years. Therefore, for 2010 PSP awards, relative Total Shareholder Return (TSR) will be the sole long-term incentive performance condition measured against a tailored sector peer group. In addition, vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee. More detail on the 2010 proposals can be found on page 61 of the Report.

Given the current economic uncertainty, the need to manage costs effectively and remuneration trends, no base salary increases have been awarded to executive directors and senior executives for the 2010 financial year.

The Committee is keen to ensure there is an open dialogue with shareholders about our remuneration policy and a broad based consensus amongst our shareholders on remuneration policy matters. Certain aspects of the 2010 arrangements are still under consultation as at the date of the Report. Any material changes as a result of further consultation will be explained to shareholders in the Chairman's letter accompanying the Notice of the Company's 2009 Annual General Meeting.

The Committee has considered the most recent guidance from the ABI, NAPF and Risk Metrics and believes that its remuneration policies are appropriate.

The Committee unanimously recommends that shareholders vote to approve the Remuneration Report at the 2009 Annual General Meeting.

Lesley Knox
Remuneration Committee Chairman

REMUNERATION REPORT

This Remuneration Report has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and will be submitted to shareholders for their approval at the Annual General Meeting of the Company to be held on 11 November 2009. In carrying out its functions, the Committee has followed the provisions of Schedule A to the June 2008 Combined Code on Corporate Governance published by the Financial Reporting Council. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk.

Composition and terms of reference of the Remuneration Committee

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of remuneration policy and the introduction of new incentive arrangements. The terms of reference for the Committee are available on the Company's website, haysplc.com, and from the Company Secretary at the Registered Office.

The Remuneration Committee was chaired by Mrs L M S Knox throughout the year under review. All members of the Committee are independent non-executive directors. Messrs C W Eccleshare, R J Smelt , P H Stoneham and P S Harrison were Committee members throughout the year. The Committee receives assistance from the Chairman, the Group HR Director and the Group Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. The Committee met eight times during the financial year ended 30 June 2009. Meeting attendance is shown on page 46 of this Annual Report.

Advisers to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP (PwC) as independent remuneration advisers. During the financial year, PwC advised the Committee on all aspects of remuneration policy for executive directors and members of the Management Board. PwC also advised the Company on administrative and compliance issues relating to the operation of the Company's share schemes around the world.

Freshfields Bruckhaus Deringer LLP, who act as the Company's principal legal advisers, provided legal advice to the Committee in the financial year.

Remuneration policy

The Committee determines the remuneration policy for executive directors and other senior executives for current and future years and this is reviewed on an annual basis.

The remuneration policy is designed to support the strategic objectives of the Company and to allow the business to attract, retain and motivate the quality of senior management needed to shape and execute strategy and deliver shareholder value.

Reward arrangements are designed around the following principles:

- link reward to individual director's performance and Company performance to align the interests of senior executives with those of shareholders;
- base reward on both individual achievement and Group results to encourage a team approach;
- maintain a competitive package against businesses of a comparable size in the FTSE and comparable peer group businesses in the recruitment sector;
- mirror the incentive and performance philosophy in the business;
- encourage a personal stake in the business and focus on longer-term business objectives via a long-term incentive plan;
- encourage directors and senior executives to build and maintain a shareholding in the Company over a reasonable period of time;
- provide a balanced mix of remuneration – base salary, benefits, pensions, short-term cash incentives and longer-term equity incentives:
  - set base salaries at or around market median;
  - provide an annual bonus opportunity against stretching business targets. On-target performance will be rewarded at or around median level;
  - superior performance and business returns will result in a total reward in excess of median and towards upper quartile;
  - provide a total reward package with a high percentage based on variable performance elements. Around 70% of the total cash/incentive package will be variable and based on performance elements; and
- where appropriate, the Committee will review and agree one-off incentive arrangements to attract and retain individual directors.

How the executive directors were paid in 2009

Details of the specific 2009 remuneration arrangements for the executive directors are set out in the table opposite.

The table sets out the key elements of the Company's remuneration policy for the 2008, 2009 and 2010 financial years. The reason for including 2008 in this comparison is that, in most respects, the policy for 2010 is an evolution of the policy in force for 2008. In contrast, the policy in place for 2009 was, as previously explained to shareholders, a one-year transitional arrangement.

Elements of executive director remuneration package for 2008, 2009 and 2010 financial years

	Objective	2008 Policy	2009 Policy	Proposed 2010 Policy
Base salary	Base salary is set annually on 1 July taking account of Group performance and individual contribution, changes in responsibilities and competitive market rates.	5% increase in line with market median measured against organisations of comparable size.[1]	5% increase in line with market median measured against organisations of comparable size.	No increase.
Annual bonus	One-year performance conditions are designed to align reward to key objectives relating to the Group's financial performance and operational strength. The EPS metric is a key performance measure aligned with shareholder interests. The cash conversion measure promotes free cash flow through cost and debtor control and is a key indicator of the efficiency of the business.	Maximum 100% of base salary. Up to 75% of bonus taken in cash and the remainder deferred into shares. Financial targets were set taking into account market expectations.	Maximum 240% of base salary. 30% of bonus taken in cash and the remainder deferred into shares. Financial targets were set taking into account market expectations.	Maximum 125% of base salary. 60% of bonus taken in cash and the remainder deferred into shares. Financial targets will be set taking into account market expectations.
	Personal objectives are linked to the delivery of key projects designed to enhance the Group's operational strength and competitiveness in line with future strategy.	Bonus Performance Conditions[2] Earnings per share (70%) Personal objectives (30%)	Bonus Performance Conditions[3] Earnings per share (35%) Cash conversion (35%) Personal objectives (30%)	Bonus Performance Conditions Earnings per share (40%) Cash conversion (40%) Personal objectives (20%)
Bonus deferral (Page 65)	A significant proportion of bonus is deferred into shares subject to a three-year restricted period. Any matching awards of shares on deferred bonus are subject to performance conditions linked to on-going financial objectives over a three-year performance period. The deferral and any matching award assists with retention of executive directors and aligns their interests with those of shareholders.	Minimum deferral of 25% of annual bonus into shares. Maximum deferral of 100% of bonus.[4] Additional 1:1 matching shares on deferred annual bonus.	Compulsory deferral of 70% of annual bonus into shares. Additional 1:1 matching shares on 25% of annual bonus. No match on 45% of annual bonus.	Compulsory deferral of 40% of annual bonus into shares. No match.
	The international net fee measure incentivises management toward achieving Hays' long-term strategic objective of increasing international net fees above 50% of total net fees.	Matching Performance Conditions Cumulative EPS (one third) Cumulative international net fees (one third) Cumulative cash conversion (one third)	Matching Performance Conditions Cumulative EPS (one third) Cumulative international net fees (one third) Cumulative cash conversion (one third)	Matching Performance Conditions Not applicable as match withdrawn.
Performance Share Plan (PSP) award (Page 65)	Aligns executive director interests with those of shareholders and incentivises them to pursue superior results.	Awards of 150% of base salary.[5]	Awards of 50% of base salary.	Awards of 175% of base salary.
		Award Performance Conditions Cumulative earnings per share (50%) Cumulative economic profit[6] (50%)	Award Performance Conditions Cumulative earnings per share (50%) Cumulative cash conversion (50%)	Award Performance Condition Total shareholder return (100%)
Pension allowance	To provide a competitive retirement benefit.	Salary supplement of 30% of basic salary in lieu of pension contributions.	Salary supplement of 30% of basic salary in lieu of pension contributions.	Salary supplement of 30% of basic salary in lieu of pension contributions.
Other benefits		Car benefit or equivalent. Private medical insurance. Permanent health insurance. Life assurance of four times base salary.	Car benefit or equivalent. Private medical insurance. Permanent health insurance. Life assurance of four times base salary.	Car benefit or equivalent. Private medical insurance. Permanent health insurance. Life assurance of four times base salary.
Maximum variable pay	Maximum variable pay as a percentage of basic salary.	350%	350%	300%

Notes
1. Increase relates to Mr P Venables. Mr A R Cox joined in September 2007.
2. On appointment, Mr A R Cox was given a special bonus arrangement for the 2008 financial year.
3. The bonuses paid to Mr A R Cox and Mr P Venables for the 2009 financial year as a percentage of base salary were 142% and 152% respectively. Details of the performance conditions for 2009 bonuses are set out in the table on page 60.
4. The minimum deferral for Mr A R Cox was 50% of annual bonus in line with his joining arrangements.
5. Mr A R Cox was granted an award on appointment of 200% of base salary.
6. The economic profit measure incentivises management to pursue both profit and capital efficiency.

Fixed to variable remuneration

The remuneration packages for executive directors in respect of 2009 policy contained a significant variable element dependent on the level of performance of the business and the individual, as can be seen from the chart below:

Notes
1. Variable compensation includes bonus awards and the value of awards made under the Performance Share Plan and deferred bonus arrangements and associated match as stated on page 59.
2. Fixed compensation comprises salary, pension contribution and other benefits as stated in the table on page 59.

Summary of share-based incentive schemes

This section describes the design of the Company's current share-based incentive schemes and how they were used in the 2009 financial year. The Company's long-term incentives primarily comprise the Performance Share Plan and the Deferred Annual Bonus Plan. The Long Term Co-Investment Plan is no longer used to make awards.

The Company follows the guidelines laid down by the ABI. These restrict the issue of new shares (and transfers of treasury shares) under all the Company's share schemes in any 10-year period to 10% of the issued ordinary share capital (excluding shares held in treasury) and under the Company's discretionary schemes to 5% in any 10-year period. As at 30 June 2009, the headroom available under these limits was 22.8% and 61.9%, respectively.

Performance Share Plan

The PSP is designed to link reward to the key long-term value drivers of the business and to align the interests of the executive directors and the global senior management population with the long-term interests of shareholders. PSP awards are granted annually and vesting is dependent on the achievement of performance conditions measured over a three-year period. Award levels for executive directors and other senior executives are determined each year by the Committee, but must not exceed 200% of a participant's base salary in any financial year. Awards for the 2009 financial year were capped at 50% for executive directors and other senior executives.

Approximately 330 key executives, including Mr A R Cox, Mr P Venables and seven other Management Board executives, participated in PSP awards made in October 2008. Other employees may be eligible to participate in future years at the discretion of the Committee.

Bonus deferral arrangements

Bonus deferral promotes a stronger link between short-term and long-term performance through deferral of annual bonuses into shares for a three-year period and, in recent years, has included a matching award of up to one share for each share deferred, subject to performance conditions set by the Committee. For the 2010 financial year, no matching awards will be made.

Only the executive directors and other members of the Management Board currently participate in the Company's bonus deferral arrangements. Other employees may be invited to participate in future years at the Committee's discretion.

All-employee share schemes

The Company has continued to operate the Hays UK Sharesave Scheme (which is HMRC approved and is open to all eligible staff in the United Kingdom) and the Hays International Sharesave Scheme (which is open to staff in certain other countries where the Group has operations). In the 2009 financial year, options over 10,086,221 shares at a price of 69 pence per share, representing a 10% discount to market value, were granted to 1,299 participants under both schemes. The take-up rate was 21.6% of eligible employees.

Both schemes will expire in 2009 and a proposal to renew them will be put to shareholders at the Company's forthcoming Annual General Meeting.

The executive directors' interests in outstanding options and awards, including performance conditions, are detailed in the audited section of this Report from page 63 onwards.

Performance targets on incentives

The Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, cyclicality of the recruitment markets in which the Group operates and on the basis of external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no re-testing of performance. The bonus awards payable in respect of the 2009 financial year, as reported on page 63, were agreed by the Committee having reviewed the Company's results and the executive directors' performance against their personal objectives.

Details of the targets used to determine 2009 bonuses for the executive directors are shown in the table below.

Targets for executive directors' 2009 annual bonuses

	Performance	Consensus percentage	Payment percentage
EPS (35%)[1]	Maximum	110%	100%
	Target	100%	60%
	Threshold	80%	20%
	Performance	**Percentage conversion**	**Payment percentage**
Cash Conversion (35%)[2]	Maximum	112.6%	100%
	Target	92.6%	60%
	Threshold	72.6%	20%

Performance levels between threshold, target and maximum were graduated on a straight-line basis.

Notes
1. The EPS target was based on the market consensus of 9.89 pence for Hays derived from the top eight investment banks following the publication of Hays' 2008 results, taking into account the unique circumstances that existed in October 2008 and against a background of severe economic uncertainty. The EPS result for the 2009 financial year of 7.72 pence was below the threshold target of 7.92 pence and, therefore, no payment has been made in respect of this element.
2. Cash Conversion is the operating cash flow of the Company, after deducting net capital expenditure items (excluding capital expenditure incurred on the Group's strategic IT projects) for the financial year, stated as a percentage of operating profit before exceptional items. The Cash Conversion result for the 2009 financial year of 149.2% was above the maximum target and that achieved in 2007 and 2008. Full payment has been made in respect of this element. The cash conversion result excluded a cash inflow of £20 million that was determined to be a one-off windfall, which will reverse in the 2010 financial year.
3 The personal objectives for the Chief Executive included key milestones for the development of business strategy, marketing and technological improvements. Those for the Group Finance Director included a number of targets relating to debt, cost and risk management and the implementation of key back office systems. Progress against these objectives was good but this element did not pay out in full.

The performance conditions for outstanding long-term incentive arrangements can be found on page 65 of this Report. The emoluments of the executive directors and their share interests are set out on pages 63 to 66.

Proposed changes for the 2010 financial year

The Committee Chairman's introduction on pages 56 and 57 explains the rationale and overview of the Committee's proposals for the 2010 financial year. This section provides more detail on the bonus and share incentive arrangements for 2010.

As the Committee is, at the date of this Report, consulting with shareholders as to the proposed changes for the 2010 financial year, any material changes as a result of consultation will be explained to shareholders in the Chairman's letter accompanying the Notice of the Company's 2009 Annual General Meeting.

Bonuses for 2010 financial year

The maximum annual bonus will be 125% of base salary for executive directors. The measures used within the scheme will not change, but the proportion based on financial performance will increase from 70% to 80% of bonus opportunity. Half of the financial component will be based on EPS and half will be measured against a Group cash conversion target. In the continuing difficult economic conditions, the Committee believes that cash conversion remains a key performance measure. The EPS target will be set after the publication of results, taking into account market consensus. 20% of the bonus opportunity (reduced from 30% in 2008 and 2009) will be based on individual personal objectives. Similar bonus arrangements at a lower level will be put in place for the seven Management Board members.

Of any bonus awarded, 40% will be deferred into restricted shares for a period of three years, subject only to continued employment. The Committee has removed the matching component. However, the Committee retains discretion to reduce the number of shares vesting if the underlying financial performance of the Company has not been satisfactory over the performance period. The table below shows the bonus structure for the last three years and demonstrates that the maximum amount of cash bonus has remained relatively constant whilst the proportion based on financial measures has increased.

Annual bonus structure

	2008	2009	2010
Maximum bonus as % of basic salary	100%	240%	125%
Bonus paid in cash			
Maximum value of cash bonus as % of basic salary	75%	72%	75%
Bonus deferred into shares			
Proportion of bonus deferred into restricted shares not subject to match	0%	45%	40%
Proportion of bonus deferred into restricted shares with match of up to 1:1	25% compulsory, up to 100% voluntary	25% compulsory, no voluntary deferral	n/a
Value of maximum match as % of basic pay	100%	60%	0%
Proportion of bonus based on financial measures	70%	70%	80%

PSP for 2010 financial year

To ensure greater alignment with the long-term interests of shareholders, the Committee has increased the PSP award to 175% of base salary for executive directors. Given the ongoing market uncertainties, the Committee believes it is appropriate to use Total Shareholder Return (TSR) relative to a sector peer group of competitors as the sole long-term measure for the 2010 PSP awards. The Committee may revert to two performance measures for future years.

The intended constituents of the comparator group for the 2010 awards is shown below:

Adecco SA
Kelly Services Inc
Manpower Inc
Michael Page International Plc
MPS Group, Inc
Randstad Holdings NV
Robert Half International Inc
Robert Walters Plc
SThree plc
USG People NV

The intended constituents of the peer group have been chosen as those most closely reflecting the mix of the Company's business.

No awards will vest for TSR performance below median. If Hays' TSR performance is equal to the median TSR performance of the comparator group, 25% of the award will vest (reduced from 30% in 2008). If Hays' TSR performance is equal to, or greater than, the upper quartile TSR performance of the comparator group, 100% of the award will vest.

Vesting levels between median and upper quartile performance will be calculated on a straight-line basis.

In addition, vesting will be subject to satisfactory financial performance over the performance period as determined by the Committee.

Pension, benefits & shareholdings

There has been no change to the policies relating to pensions, benefits or shareholdings.

Shareholding policy

To ensure that executive directors' and other senior executives' interests are aligned with shareholders over a longer time horizon, the Committee require the Chief Executive to build and maintain a shareholding in the Company of at least two times base salary and other executive directors to build and maintain a shareholding of at least one times base salary over a reasonable timeframe, which would normally be five years. Other Management Board executives are actively encouraged to build a significant shareholding in the Company over a similar timeframe.

Service contracts

The Company's policy on service contracts is that executive directors' contracts should be terminable on not more than one year's notice. In the event of early termination of a director's service contract, the Company would be required to pay compensation reflecting the salary and benefits to which the director would have become entitled under the contract during the notice period. Alternatively, the Company may, at its discretion, pay a predetermined termination sum in lieu of notice. In the event of early termination, the Committee will give careful consideration to what compensation should be paid taking into account the circumstances and the responsibility of the individual to mitigate loss.

	Current contract start date	Unexpired term	Notice period
R A Lawson	Jul 2001	Indefinite	One year
A R Cox	Sep 2007	Indefinite	One year
P Venables	May 2006	Indefinite	One year

Non-executive directors

The payment policy for non-executive directors is to pay the market rate to secure persons of a suitable calibre for a group of this size. The remuneration of the non-executive directors is determined by the Board. The responsibility of the role and international nature of the Group are fully considered when setting the fee levels, along with external benchmarking market data on the chairmanship of, and participation in, Board committees.

The non-executive directors' fees are non-pensionable and non-executive directors are not eligible to participate in any incentive plans. The non-executive directors do not have service contracts with the Company, but are appointed to the Board under letters of appointment for an initial three-year period. They are subject to retirement and re-appointment by shareholders after their initial period and appointments can be terminated immediately by the Company. Letters of appointment are available for review from the Company Secretary and a pro forma letter of appointment can be viewed on the Company's website: haysplc.com.

Policy on external appointments

The Company permits its executive directors to hold one external non-executive directorship and all fees paid are retained by the director.

TSR performance

The graph below shows the value of £100 invested in the Company's shares compared to the FTSE 350 index over a five-year period. The graph shows the Total Shareholder Return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Remuneration Committee considers that the FTSE 350 is the appropriate index because the Company has been a member of this index throughout the period.

Source: Datastream

This graph has been calculated in accordance with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

INFORMATION SUBJECT TO AUDIT

Emoluments

The emoluments of the directors are shown below:

(In £'s thousand)	2009[1] salary/ fees	2009[2] bonus payment	2009[1] payments in lieu of pension contributions	2009[3] benefits-in-kind	2009 total emoluments	2008 total emoluments
R A Lawson	**230**	**–**	**–**	**23**	**253**	295
A R Cox	**630**	**892**	**189**	**54**	**1,765**	1,481
C W Eccleshare	**50**	**–**	**–**	**–**	**50**	46
P S Harrison	**62**	**–**	**–**	**–**	**62**	52
L M S Knox	**66**	**–**	**–**	**–**	**66**	57
R J Smelt	**50**	**–**	**–**	**–**	**50**	28
P H Stoneham	**50**	**–**	**–**	**–**	**50**	46
P Venables	**454**	**692**	**136**	**28**	**1,310**	1,005
Total	**1,592**	**1,584**	**325**	**105**	**3,606**	3,010

The remuneration of the highest paid director, Mr A R Cox, was £1,765,000. In 2009, the total value of the package for the executive directors was kept constant but, due to the market uncertainties in 2008 and the associated difficulties in setting long-term targets based on absolute financial measures, transitional arrangements were put in place in 2009, for one year only, that re-balanced the package between short-term and long-term incentives, placing greater emphasis on the annual bonus, which was increased to 240% in respect of executive directors.

Notes:
1. One additional salaried day occurred within the period.
2. The comparative 2008 total emoluments for Mr A R Cox include a payment of £228,000 made to him on appointment for loss of bonus payment from his previous employer. Messrs Cox and Venables are required to compulsorily defer 70% (£624,456 and £484,573 respectively) of their 2009 annual bonuses into shares for a three-year restricted period. 25% of the total bonus will qualify for a matching share award of up to one share for each share deferred under the Deferred Annual Bonus Plan, whilst the remaining 45% of total bonus will not qualify for matching.
3. The non-cash elements of the emoluments are disclosed as benefits-in-kind in the table and comprise car benefit (or equivalent), permanent health benefits and medical insurance and, in respect of Messrs Cox and Venables, also life assurance. The car benefit element includes an additional one day in the annual calculation period.

Bonus deferral arrangements

The following table sets out the interests of the executive directors under bonus deferral arrangements. Details of these interests are set out in the footnotes below and in the table on page 65.

	Matching awards held at 30 June 2008	Grant date	Shares purchased/ deferred rights with bonus	Matching shares awarded	Lapsed	Matching awards held at 30 June 2009	Earliest vesting date
A R Cox	–	13 Oct 2008[1]	839,160	839,160	–	**839,160**	13 Oct 2011
P Venables	31,449	9 May 2007[2]	18,555	–	–	**31,449**	4 Sep 2009
	91,104	21 Sep 2007[3]	91,104	–	–	**91,104**	21 Sep 2010
	–	13 Oct 2008[1]	296,467	296,467	–	**296,467**	13 Oct 2011

Notes:
1. The directors were required to defer a minimum of 25% and could voluntarily defer up to 100% of their pre-tax bonuses for the 2007/08 financial year into shares subject to a three-year restricted period. Matching shares were awarded, subject to the satisfaction of performance conditions over a three-year period. Dividend equivalent shares will be transferred to the directors in respect of any deferred rights and any matching shares that vest. The mid-market price per share at the date of grant was 73.5 pence.
2. Under the May 2007 award, Mr P Venables was invited to defer up to 100% of his bonus for the 2005/06 financial year, after payment of income tax and national insurance, into shares subject to a three-year restricted period. The Committee awarded matching shares to Mr Venables, subject to the satisfaction of performance conditions over a three-year period. The number of matching shares was determined by reference to the pre-tax amount of deferred bonus. Dividend equivalent shares will be transferred to Mr Venables in respect of any matching shares that vest. The market price per share at the date of grant was 168.75 pence.
3. Mr P Venables was required to defer a minimum of 25% and could voluntarily defer up to 100% of his pre-tax bonus for the 2006/07 financial year into shares subject to a three-year restricted period. The Committee awarded matching shares to Mr Venables, subject to the satisfaction of performance conditions over a three-year period. Dividend equivalent shares will be transferred to Mr Venables in respect of any deferred rights and any matching shares that vest. The market price per share at the date of grant was 142.0 pence.

Performance Share Plan

The following table sets out the interests of the executive directors in the Performance Share Plan. Details of these awards are set out in the table opposite.

	Awards held at 30 June 2008	Grant date	Granted	Vested	Lapsed	**Awards held at 30 June 2009**	Vesting date
A R Cox	766,773	5 Sep 2007	–	–	–	**766,773**	5 Sep 2010
	–	13 Oct 2008	440,559	–	–	**440,559**	13 Oct 2011
P Venables	514,196	4 Apr 2007	–	–	–	**514,196**	4 Sep 2009
	414,632	5 Sep 2007	–	–	–	**414,632**	5 Sep 2010
	–	13 Oct 2008	317,643	–	–	**317,643**	13 Oct 2011

Long Term Co-Investment Plan

The Company ceased making awards under the Long Term Co-Investment Plan in December 2005. The final award relating to an executive director vested on 14 December 2008. Details of the vested award are set out in the footnotes below.

	Date of invitation	Committed shares	Matching[2] shares (maximum)	Matching shares lapsed during year	Matching[2] shares vested during year	Vesting date
P Venables	2 May 2006	71,005[1]	355,025	331,594	23,431	14 Dec 2008

Notes:
1. Mr P Venables' Committed Shares and matching shares formed part of special arrangements implemented in connection with his recruitment as Group Finance Director. Under these arrangements Mr Venables was granted a conditional right to receive 41,420 shares (the Restricted Share Award), as set out under 'Other conditional share awards' below. In return for committing 71,005 shares on terms broadly equivalent to the Company's Long Term Co-Investment Plan, Mr Venables became potentially entitled (without payment) to the matching shares stated above subject to satisfaction of the performance condition described in note 2 below. The shares under the Restricted Share Award to Mr Venables counted towards the maximum number of shares he had committed, even though he was not the beneficial owner of such shares prior to their vesting.
2. The matching shares (to a maximum of five times the number of Committed Shares) were subject to a performance condition based on the Company's Total Shareholder Return (TSR) performance relative to a peer group of 15 recruitment companies (including Hays) based in the United Kingdom and elsewhere. The comparator companies included: Adecco SA; Corporate Services Group Plc; Harvey Nash Group Plc; Kelly Services Inc; Manpower Inc; Michael Page International Plc; Monster Worldwide Inc; OPD Group Plc; Randstad Holdings NV; Robert Half International Inc; Robert Walters Plc; Spring Group Plc; Vedior NV; and Whitehead Mann Group Plc. Participants were entitled to 33% of the matching shares based on the Company's TSR performance over a three-year period, where Hays ranked in 8th position within the peer group. In addition to the Committed Shares and the vested matching shares, Mr P Venables received a further 9,836 in dividend equivalent shares. The shares to which Mr Venables became entitled were satisfied out of existing shares only. The market price per share at the time of grant was 168.75 pence and at the time of vesting was 73.3 pence.

Other conditional share awards

The following table sets out the interests of the executive directors in certain conditional share awards. Details of these awards are set out in the footnotes below.

	Awards held at 30 June 2008	Grant date	Granted	Vested	Lapsed	**Awards held at 30 June 2009**	Vesting date
A R Cox[1]	387,096	3 Sep 2007	–	129,032	–	**258,064**	Various
P Venables[2]	41,420	2 May 2006	–	41,420	–	**–**	14 Dec 2008

Notes:
1. A Restricted Share Award equivalent to the market value of £600,000 was awarded to Mr A R Cox on joining the Company. Subject to the satisfaction of the conditions summarised below, the award vests in three tranches over the first three years of Mr Cox's employment, starting from 1 July 2007. One sixth of the award vests each year subject to continuing employment and one sixth vests each year if the Group PBT growth exceeds RPI + 3% measured from the 30 June 2007 base year. On 2 September 2008, the first tranche of shares vested and were released to Mr A R Cox. RPI over the period rose by 4.6%, the target increase being 7.6%. PBT for the year ended 30 June 2007 was £211.7m and, for the year ended 30 June 2008, was £249.1m, giving an uplift of 17.7%, which significantly outperformed the target increase. The market price per share at the time of grant was 160.25 pence and at the time of vesting was 93.5 pence.
2. Mr P Venables' Restricted Share Award was granted on terms equivalent to the Company's Deferred Equity Share Plan and was linked to his award under the Long term Co-Investment Plan described in the above section. The market price per share at the time of grant was 168.75 pence and at the time of vesting was 73.3 pence.

Long-term incentive performance conditions

Details of the performance conditions for the Company's active long-term incentive plans are shown in the tables below.

Deferred Annual Bonus Plan
April 2007 Matching Awards

Performance period 1 July 2006 – 30 June 2009

	Performance	RPI +	Vesting percentage
Cumulative EPS[1] (75% of Award)	Maximum	12.0% p.a.	100%
	Threshold	4.0% p.a.	30%

	Performance	Value	Vesting percentage
Cumulative International Net Fees[1] (25% of Award)	Maximum	£775m	100%
	Threshold	£674m	30%

September 2007 Matching Awards

Performance period 1 July 2007 – 30 June 2010

	Performance	RPI +	Vesting percentage
Cumulative EPS[1] (75% of Award)	Maximum	12.0% p.a.	100%
	Threshold	4.0% p.a.	30%

	Performance	Value	Vesting percentage
Cumulative International Net Fees[1] (25% of Award)	Maximum	£1,068m	100%
	Threshold	£946m	30%

October 2008 Matching Awards

Performance period 1 July 2008 – 30 June 2011

	Performance	Value	Vesting percentage
Cumulative EPS[1, 2] (One third of Award)	Maximum	30.6p	100%
	Target	27.8p	60%
	Threshold	22.2p	20%

	Performance	Value	Vesting percentage
Cumulative International Net Fees[1] (One third of Award)	Maximum	£682m	100%
	Target	£622m	70%
	Threshold	£565m	40%

	Performance	Percentage conversion	Vesting percentage
Cumulative Cash Conversion[1] (One third of Award)	Maximum	107.2%	100%
	Target	92.2%	60%
	Threshold	77.2%	20%

Performance Share Plan
April 2007 Awards

Performance period 1 July 2006 – 30 June 2009

	Performance	RPI +	Vesting percentage
Cumulative EPS[1] (50% of Award)	Maximum	12.0% p.a.	100%
	Threshold	4.0% p.a.	30%

	Performance	Value	Vesting percentage
Cumulative Economic Profit[1] (50% of Award)	Maximum	£456m	100%
	Threshold	£391m	30%

September 2007 Awards

Performance period 1 July 2007 – 30 June 2010

	Performance	RPI +	Vesting percentage
Cumulative EPS[1] (50% Award)	Maximum	12.0% p.a.	100%
	Threshold	4.0% p.a.	30%

	Performance	Value	Vesting percentage
Cumulative Economic Profit[1] (50% of Award)	Maximum	£488m	100%
	Threshold	£415m	30%

October 2008 Awards

Performance period 1 July 2008 – 30 June 2011

	Performance	Value	Vesting percentage
Cumulative EPS[1, 2] (50% of Award)	Maximum	30.6p	100%
	Target	27.8p	60%
	Threshold	22.2p	20%

	Performance	Percentage conversion	Vesting percentage
Cumulative Cash Conversion[1] (50% of Award)	Maximum	107.2%	100%
	Target	92.2%	60%
	Threshold	77.2%	20%

Notes

1. Cumulative EPS is the consolidated fully-diluted earnings per share of the Company calculated in accordance with IAS 33 for each financial year cumulative over the performance period. Goodwill impairments arising from acquisitions prior to 30 June 2006 are excluded from the EPS calculation. Cumulative International Net Fees is the net fees of the Company excluding UK and Ireland for each financial year cumulative over the performance period. In respect of October 2008 Matching Awards only, net fees attributable to Australia and New Zealand are also excluded. International net fees arising from any acquisition made from the start of the relevant performance period are excluded from the International Net Fees calculation. Cumulative Economic Profit is the consolidated profit of the Company after 30% tax but before interest less the weighted average cost of capital multiplied by the average capital employed for each financial year cumulative over the performance period. Cumulative Cash Conversion is the operating cash flow of the Company, after deducting net capital expenditure (excluding capital expenditure incurred on the Group's strategic IT projects), stated as a percentage of operating profit before exceptional items, for each financial year cumulative over the performance period. The Remuneration Committee may make adjustments to the calculations of Cumulative EPS, Cumulative Economic Profit and Cumulative Cash Conversion, including taking account of unusual or non-recurring items that do not reflect underlying performance.
2. The EPS element is subject to an underpin whereby the EPS element will vest only if the Committee is satisfied that operating profit performance outperforms that of a comparator group of companies over the performance period.

Directors' interest in shares

The beneficial interests of the directors in office as at 30 June 2009 in the Ordinary shares of the Company at 30 June 2009 are set out below:

Shares as at:	**30 June 2009**	30 June 2008
R A Lawson	**175,287**	175,287
A R Cox[1]	**915,181**	–
C W Eccleshare	**3,000**	3,000
P S Harrison	**8,678**	8,678
L M S Knox	**8,000**	8,000
R J Smelt	**8,267**	8,267
P H Stoneham	**–**	–
P Venables[1]	**499,715**	159,244

Notes:
1. The shares disclosed for Messrs A R Cox and P Venables include the deferred shares and rights held under bonus deferral arrangements as described on page 63.

Share options

The Company operates two executive share option plans, although grants have ceased to be made under both of these plans: the Hays plc 1995 Executive Share Option Scheme (ESOS) (which is unapproved for HMRC purposes) and the Hays plc 1996 Company Share Option Plan (CSOP) (which is an HMRC approved scheme).

Options cannot be exercised under the ESOS and CSOP unless performance criteria are met. The performance criteria require growth in Earnings Per Share (EPS) to have exceeded the growth rate in the RPI by 2% per annum in a three-year period prior to exercise.

The following are options over Ordinary shares held by directors during the year ended 30 June 2009:

	Scheme	30 June 2008	Exercised	Granted	Lapsed	**30 June 2009**	Option price	Date from which exercisable	Expiry date
R A Lawson	1996 CSOP	22,770	–	–	–	**22,770**	131.75p	19 Sep 2004	19 Sep 2011
	1995 ESOS	374,308	–	–	–	**374,308**	117.13p	19 Sep 2004	19 Sep 2011
A R Cox	UK Sharesave	9,795	–	–	–	**9,795**	98.00p	1 May 2011	1 Nov 2011
P Venables	UK Sharesave	2,661	–	–	–	**2,661**	142.00p	1 Jan 2010	30 June 2010
	UK Sharesave	5,877	–	–	–	**5,877**	98.00p	1 May 2011	1 Nov 2011
Total		415,411	–	–	–	**415,411**			

The market price at 30 June 2009 was 85.75 pence per share. During the year, the shares traded in the range 55.25 pence to 97.25 pence per share.

By order of the Board.

Alison Yapp
Company Secretary

Independent Auditors' Report on the Consolidated Financial Statements

Independent Auditors' Report to the Members of Hays plc

We have audited the Group financial statements of Hays plc for the year ended 30 June 2009, which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. We have also audited the information in the directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matters

We have reported separately on the parent Company financial statements of Hays plc for the year ended 30 June 2009 and on the information in the directors' Remuneration Report that is described as having been audited.

Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

2 September 2009

Consolidated Income Statement
for the year ended 30 June

(In £'s million)	Note	2009	2008
Turnover			
Continuing operations	4	**2,447.7**	2,540.0
Net fees			
Continuing operations	4	**670.8**	786.8
Operating profit from continuing operations before exceptional items		**158.0**	253.8
Exceptional items	5	**–**	15.3
Operating profit from continuing operations	4	**158.0**	269.1
Finance income	8	**1.9**	3.2
Finance cost	8	**(8.9)**	(7.9)
		(7.0)	(4.7)
Profit before tax		**151.0**	264.4
Tax	9	**(45.2)**	(76.6)
Profit from continuing operations after tax		**105.8**	187.8
Profit from discontinued operations	10	**–**	0.4
Profit attributable to equity holders of the parent		**105.8**	188.2
Earnings per share from continuing operations before exceptional items			
– Basic	12	**7.72p**	12.59p
– Diluted	12	**7.71p**	12.53p
Earnings per share from continuing operations			
– Basic	12	**7.72p**	13.37p
– Diluted	12	**7.71p**	13.30p
Earnings per share from continuing and discontinued operations			
– Basic	12	**7.72p**	13.40p
– Diluted	12	**7.71p**	13.33p

Consolidated Statement of Recognised Income and Expense
for the year ended 30 June

(In £'s million)	2009	2008
Profit for the financial year	**105.8**	188.2
Currency translation adjustments taken to equity	**15.9**	25.4
Gain on sale of own shares taken to equity	**5.4**	–
Actuarial losses on defined benefit pension scheme	**(21.2)**	(71.2)
Tax on items taken directly to equity	**5.2**	19.9
Net income/(expense) recognised directly in equity	**5.3**	(25.9)
Total recognised income and expense for the year	**111.1**	162.3
Attributable to equity shareholders of the parent	**111.1**	162.3

Consolidated Balance Sheet
at 30 June

(In £'s million)	Note	2009	2008
Non-current assets			
Goodwill	13	**174.9**	168.9
Other intangible assets	14	**38.6**	5.4
Property, plant and equipment	15	**29.1**	32.2
Deferred tax assets	22	**42.9**	38.7
		285.5	245.2
Current assets			
Trade and other receivables	16	**352.4**	442.3
Cash and cash equivalents	17	**55.0**	54.0
		407.4	496.3
Total assets		**692.9**	741.5
Current liabilities			
Trade and other payables	19	**(312.5)**	(306.5)
Current tax liabilities		**(16.3)**	(29.7)
		(328.8)	(336.2)
Non-current liabilities			
Bank loans and overdrafts	18	**(54.3)**	(135.1)
Trade and other payables	19	**–**	(13.6)
Retirement benefit obligations	20	**(109.2)**	(88.1)
Provisions	21	**(46.2)**	(45.5)
		(209.7)	(282.3)
Total liabilities		**(538.5)**	(618.5)
Net assets		**154.4**	123.0
Equity			
Called up share capital	23	**14.7**	14.7
Share premium account	24	**369.6**	369.6
Capital redemption reserve	25	**2.7**	2.7
Retained earnings	26	**(282.6)**	(307.0)
Other reserves	27	**50.0**	43.0
Total shareholders' equity		**154.4**	123.0

The financial statements were approved by the Board of Directors and authorised for issue on 2 September 2009.

Signed on behalf of the Board of Directors

R A Lawson **P Venables**

Consolidated Cash Flow Statement
for the year ended 30 June

(In £'s million)	Note	2009	2008
Operating profit from continuing operations		**158.0**	269.1
Adjustments for:			
Exceptional items – non cash	5	**–**	(15.3)
Depreciation of property, plant and equipment		**10.4**	9.6
Amortisation of intangible fixed assets		**1.2**	1.7
Loss on disposal of property, plant and equipment		**0.8**	–
Net movement in provisions		**0.1**	(5.9)
Movement in employee benefits and other items		**0.4**	11.9
		12.9	2.0
Operating cash flows before movement in working capital		**170.9**	271.1
Changes in working capital			
Decrease/(increase) in receivables		**99.0**	(42.6)
(Decrease)/increase in payables		**(9.0)**	27.5
		90.0	(15.1)
Cash generated by operations		**260.9**	256.0
Income taxes paid		**(56.5)**	(74.1)
Net cash from operating activities		**204.4**	181.9
Investing activities			
Purchases of property, plant and equipment		**(8.2)**	(14.8)
Proceeds from sale of property, plant and equipment		**–**	0.1
Purchase of intangible assets		**(28.8)**	(6.7)
Cash paid in respect of acquisitions made in previous years		**(5.4)**	–
Sale of businesses and related assets – discontinued		**–**	0.6
Interest received		**1.9**	3.2
Net cash used in investing activities		**(40.5)**	(17.6)
Financing activities			
Interest paid		**(4.6)**	(10.4)
Equity dividends paid		**(79.3)**	(74.0)
Cash outflow in respect of share buy-back		**(2.1)**	(91.1)
Purchase of own shares		**–**	(0.7)
Proceeds from share option exercises		**–**	2.8
Proceeds from sale of own shares		**5.4**	–
Issue/(repayment) of loan notes		**0.6**	(0.8)
Decrease in bank overdrafts		**(82.7)**	(8.7)
Additional pension scheme funding		**(2.7)**	(2.5)
Net cash used in financing activities		**(165.4)**	(185.4)
Net decrease in cash and cash equivalents		**(1.5)**	(21.1)
Cash and cash equivalents at beginning of year	32	**54.0**	68.4
Effect of foreign exchange rate changes		**2.5**	6.7
Cash and cash equivalents at end of year	32	**55.0**	54.0

Notes to the Consolidated Financial Statements

1 General information

Hays plc is a Company incorporated in England and Wales and its registered office is 250 Euston Road, London NW1 2AF.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee interpretations (IFRICs) as adopted by the European Union and therefore comply with Article 4 of the European Union International Accounting Standard (IAS) Regulation.

New standards and interpretations

There have been no alterations made to the accounting policies as a result of considering all amendments to IFRS and IFRIC interpretations that became effective during the financial year, as these were considered to be immaterial to the Group's operations or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 January 2009 or later periods. These new standards are listed below:

IFRS 8	Operating Segments
IFRIC 17*	Distributions of Non Cash Assets to Owners
IFRIC 18*	Transfers of Assets to Customers
IAS 1 (revised)	Presentation of Financial Statements
IAS 23 (amendment)	Borrowing Costs
IFRS 3 (revised)*	Business Combinations
IAS 27 (revised)*	Consolidated and Separate Financial Statements
IFRS 2 (amendment)	Share-Based Payments
IFRS 5 (amendment)	Non-current Assets Held for Sale and Discontinued Operations
IAS 28 (amendment)	Investment in Associates
IAS 32 (amendment)	Financial Instruments: Presentation
IAS 38 (amendment)	Intangible Assets
IAS 39 (amendment)	Financial Instruments: Recognition and Measurement

* Effective for accounting periods beginning on or after 1 July 2009.

The directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations.

The Group's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all the periods presented.

2 Significant accounting policies

a Basis of preparation

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

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

Going concern

The Group's business activities, together with the factors likely to effect its future development, performance and position are set out in the review of the business on pages 2 to 43. The financial position of the Group, its cash flows and liquidity position are described in the financial review on pages 28 to 32. In addition, notes 17 to 18 to the consolidated financial statements include details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends, and the Group is well placed to manage its business risks.

After making enquiries, the directors have formed the judgment, at the time of approving the consolidated financial statements, that there is a 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 consolidated financial statements.

b Basis of consolidation

Subsidiaries are fully consolidated from the date on which power to control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. On acquisition the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The financial statements consolidate the accounts of Hays plc and all of its subsidiary undertakings ('subsidiaries'). The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

c Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment. Provision is made for the expected cost of meeting obligations where employees do not work for the specified contractual period.

Turnover arising from temporary placements is recognised over the period that temporary staff are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary staff, including the salary costs of those staff.

2 Significant accounting policies continued

Where Hays acts as principal in arrangements that invoice on behalf of other recruitment agencies, turnover represents amounts invoiced and collected on behalf of other recruitment agencies, including arrangements where no commission is directly receivable by the Group.

Where the Group is acting as an agent, turnover represents commission receivable relating to the supply of temporary staff and does not include the salary costs of the temporary staff. Where the Group receives income in respect of payroll processing, only the service fee element of this service is recognised as turnover.

d Net fees

Net fees represent turnover less the remuneration costs of temporary workers for temporary assignments. For the placement of permanent candidates, net fees are equal to turnover.

e Exceptional items

Exceptional items, as disclosed on the face of the Consolidated Income Statement, are items which due to their size and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to show the underlying profits of the Group.

f Foreign currencies

On consolidation, the tangible and intangible assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Income and expense items are translated into sterling at average rates of exchange for the period. Any exchange differences which have arisen from an entity's investment in a foreign subsidiary, including long-term loans, are recognised as a separate component of equity and are to be included in the Group's translation reserve.

On disposal of a subsidiary, any amounts transferred to the translation reserve are included in the calculation of profit and loss on disposal. All other translation differences are dealt with in the Consolidated Income Statement.

Goodwill and fair-value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

g Retirement benefit costs

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected-unit credit method and charged to the Consolidated Income Statement as an expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. Actuarial gains and losses are recognised in full in the Consolidated Statement of Recognised Income and Expense in the period in which they occur. Past service costs are recognised immediately to the extent that benefits have vested or, if not vested, on a straight-line basis over the period until the benefits vest.

The Group has chosen under IFRS 1 to recognise in retained earnings all cumulative actuarial gains and losses as at 1 July 2004, the date of transition to IFRS. The Group has chosen to recognise all actuarial gains and losses arising subsequent to 1 July 2004 in the Consolidated Statement of Recognised Income and Expense.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contribution to the scheme.

Payments to defined contribution schemes are charged as an expense as they fall due.

h Share-based payments

The fair value of all share-based remuneration that is assessed upon market based performance criteria is determined at the date of grant and recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest.

The fair value of all share-based remuneration that is assessed upon non-market based performance criteria is determined at the date of the grant and recognised as an expense in the Consolidated Income Statement over the vesting period, based on the number of shares that are expected to vest. The number of shares that are expected to vest is adjusted accordingly to the satisfaction of the performance criteria at each period end.

The fair values are determined by use of the relevant valuation models. All share-based remuneration is equity settled.

i Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

j Taxation

The tax expense comprises both current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all temporary differences, at rates that are enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which to offset the deductible temporary differences.

Temporary differences arise where there is a difference between the accounting carrying value in the Consolidated Balance Sheet and the amount attributed to that asset or liability for tax purposes.

Deferred tax is provided on unremitted earnings of subsidiaries and associates, where the Group is unable to control the timing of the distribution, and it is probable that the temporary difference will reverse in the future.

k Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration less the fair value of the identifiable tangible and intangible assets and liabilities acquired.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 July 2004) has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill arising on acquisitions prior to 1 July 1998 was written off direct to reserves under UK GAAP. This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

l Intangible assets

Intangible assets acquired as part of a business combination are stated in the Consolidated Balance Sheet at their fair value as at the date of acquisition less accumulated amortisation and any provision for impairment. The directors review intangible assets for indications of impairment annually.

Internally generated intangible assets are stated in the Consolidated Balance Sheet at the directly attributable cost of creation of the asset, less accumulated amortisation. Intangible assets are amortised systematically over their estimated useful lives up to a maximum of 10 years. Software is amortised between three and five years.

m Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Freehold land	– No depreciation is provided
Freehold buildings	– At rates varying between 2% and 10%
Leasehold properties	– The cost is written off over the unexpired term of the lease
Plant and machinery	– At rates varying between 5% and 33%
Fixtures and fittings	– At rates varying between 10% and 25%

n Trade receivables

Trade receivables are measured at fair value after appropriate allowances for estimated irrecoverable amounts have been recognised in the Consolidated Income Statement where there is objective evidence that the asset is impaired.

o Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

p Trade payables

Trade payables are measured at fair value.

q Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct-issue costs.

Finance charges, including premiums payable on settlement or redemption and direct-issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

r Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee.

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

s Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

3 Critical accounting judgements and key sources of estimation uncertainty

(i) Retirement benefit obligations

Under IAS 19 'Employee Benefits', the Group has recognised a pension deficit of £109.2 million (2008 – £88.1 million). The change in the deficit is mainly attributable to lower than expected asset returns over the period combined with the experience losses on the liabilities offset by the change in assumptions between the start and end of the year due to the bond yield increase. The main assumptions are set out in note 20 of the financial statements.

(ii) Goodwill impairment

Goodwill is tested for impairment on an annual basis. In performing these tests, assumptions are made in respect of future growth rates and the discount rate to be applied to the future cash flows of income generating units. These assumptions are set out in note 13 of the financial statements.

(iii) Provisions in respect of disposed businesses

As described in note 21, provisions in respect of disposed businesses have been made. In assessing the adequacy of these provisions, estimates are made of probable cash outflows in the future.

(iv) Provisions in respect of recoverability of trade receivables

As described in note 16, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

4 Segmental information

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

Turnover and profit from operations

(In £'s million)	**2009**	2008
Turnover from continuing operations		
United Kingdom & Ireland	**1,395.7**	1,571.5
Continental Europe & Rest of World	**587.9**	482.2
Asia Pacific	**464.1**	486.3
	2,447.7	2,540.0
Net fees from continuing operations		
United Kingdom & Ireland	**330.7**	452.9
Continental Europe & Rest of World	**191.0**	157.7
Asia Pacific	**149.1**	176.2
	670.8	786.8
Operating profit from continuing operations		
United Kingdom & Ireland		
Operating profit from continuing operations before exceptional items	**63.5**	137.3
Exceptional items	**–**	15.3
United Kingdom & Ireland	**63.5**	152.6
Continental Europe & Rest of World	**33.1**	33.1
Asia Pacific	**61.4**	83.4
	158.0	269.1

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

Consolidated balance sheet extracts

at 30 June 2009

(In £'s million)	**United Kingdom & Ireland**	**Continental Europe & RoW**	**Asia Pacific**	**Corporate & Other**	**Group**
Goodwill & intangible fixed assets	**129.6**	**63.4**	**20.5**	**–**	**213.5**
Property, plant & equipment	**16.9**	**8.5**	**2.8**	**0.9**	**29.1**
Net working capital & other	**34.3**	**20.9**	**9.1**	**2.2**	**66.5**
Provisions for liabilities & charges	**(3.8)**	**(0.4)**	**–**	**(42.0)**	**(46.2)**
Retirement benefit obligations	**–**	**–**	**–**	**(109.2)**	**(109.2)**
	177.0	**92.4**	**32.4**	**(148.1)**	**153.7**
Net cash	**–**	**–**	**–**	**0.7**	**0.7**
Net assets/(liabilities)	**177.0**	**92.4**	**32.4**	**(147.4)**	**154.4**

at 30 June 2008

(In £'s million)	United Kingdom & Ireland	Continental Europe & RoW	Asia Pacific	Corporate & Other	Group
Goodwill & intangible fixed assets	96.7	58.9	18.7	–	174.3
Property, plant & equipment	20.4	8.4	3.4	–	32.2
Net working capital & other	119.2	27.7	19.9	(35.6)	131.2
Provisions for liabilities & charges	–	(0.4)	–	(45.1)	(45.5)
Retirement benefit obligations	–	–	–	(88.1)	(88.1)
	236.3	94.6	42.0	(168.8)	204.1
Net debt	–	–	–	(81.1)	(81.1)
Net assets/(liabilities)	236.3	94.6	42.0	(249.9)	123.0

Corporate & Other includes assets and liabilities relating to certain assets and liabilities that are managed at the Group level, including cash and borrowings, Group pension and employee benefits, intercompany balances and corporate tax balances.

4 Segmental information continued

Consolidated cash flow statement extracts

for the year ended 30 June 2009

(In £'s million)	United Kingdom & Ireland	Continental Europe & RoW	Asia Pacific	Corporate & Other	Group
Operating profit from continuing operations	**63.5**	**33.1**	**61.4**	**–**	**158.0**
Depreciation/amortisation of tangible/intangible assets	**6.5**	**3.2**	**1.7**	**0.2**	**11.6**
Movement in working capital & other	**81.1**	**7.0**	**12.6**	**(9.4)**	**91.3**
Cash generated by operations	**151.1**	**43.3**	**75.7**	**(9.2)**	**260.9**
Capital expenditure	**(32.7)**	**(3.3)**	**(1.0)**	**–**	**(37.0)**

for the year ended 30 June 2008

(In £'s million)	United Kingdom & Ireland	Continental Europe & RoW	Asia Pacific	Corporate & Other	Group
Operating profit from continuing operations	152.6	33.1	83.4	–	269.1
Exceptional item – non cash	(15.3)	–	–	–	(15.3)
Depreciation/amortisation of tangible/intangible assets	7.6	2.2	1.5	–	11.3
Movement in working capital & other	(13.0)	(4.8)	(5.9)	14.6	(9.1)
Cash generated by operations	131.9	30.5	79.0	14.6	256.0
Capital expenditure	(13.1)	(5.4)	(3.0)	–	(21.5)

5 Exceptional items

There have been no items in the current year that have been classified as exceptional.

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

There was no cash impact from the exceptional items arising in the prior year.

6 Operating profit from continuing operations

The following costs are deducted from turnover to determine net fees from continuing operations:

(In £'s million)	2009	2008
Turnover	**2,447.7**	2,540.0
Remuneration of temporary workers	**(1,776.9)**	(1,753.2)
Net fees	**670.8**	786.8

Prior to 1 April 2009, turnover and remuneration of temporary workers excluded transactions relating to contracts performed under the Staff Hire Concession. Following the removal of the Staff Hire Concession on 1 April 2009, Hays have acted as principal under these contracts and turnover and remuneration of temporary workers is now included. This change alone has no impact on net fees.

6 Operating profit from continuing operations continued

Profit from operations is stated after charging/(crediting) the following items to net fees of £670.8 million (2008 – £786.8 million):

(In £'s million)	Note	**2009 Total**	2008 Before exceptional items	2008 Exceptional items	2008 Total
Staff costs	7	**371.3**	400.1	(22.0)	378.1
Depreciation of property, plant & equipment		**10.4**	9.6	2.7	12.3
Amortisation of intangible assets		**1.2**	1.7	4.0	5.7
Auditors' remuneration					
– for statutory audit services		**1.0**	0.9	–	0.9
– for other services		**0.2**	0.3	–	0.3
Other external charges		**128.7**	120.4	–	120.4
		512.8	533.0	(15.3)	517.7

The operating costs in the current year include restructuring costs of £8.0 million and a release of £7.7 million in respect of prior year share-based payment charges due to current performance.

(In £'s million)	**2009**	2008
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**0.3**	0.3
Fees payable to the Company's auditors and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	**0.7**	0.6
Total audit fees	**1.0**	0.9
Other services pursuant to legislation	**–**	0.1
Other services	**0.2**	0.2
Total non-audit fees	**0.2**	0.3

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the financial statements are required to disclose such fees on a consolidated basis.

7 Staff costs

The aggregate staff remuneration (including executive directors) was:

(In £'s million)	**2009 Total**	2008 Before exceptional items	2008 Exceptional items	2008 Total
Wages and salaries	**319.4**	336.7	–	336.7
Social security costs	**40.1**	39.0	–	39.0
Other pension costs	**11.4**	12.8	(22.0)	(9.2)
Share-based payments	**0.4**	11.6	–	11.6
	371.3	400.1	(22.0)	378.1

Average number of persons employed (including executive directors):

(Number)	**2009**	2008
Continuing operations		
United Kingdom & Ireland	**4,471**	5,350
Continental Europe & Rest of World	**2,258**	1,922
Asia Pacific	**1,309**	1,372
	8,038	8,644

Closing number of persons employed (including executive directors):

(Number)	**2009**	2008
Continuing operations		
United Kingdom & Ireland	**3,889**	5,126
Continental Europe & Rest of World	**1,997**	2,234
Asia Pacific	**1,047**	1,512
	6,933	8,872

8 Finance income and finance costs

Finance income

(In £'s million)	**2009**	2008
Interest on bank deposits	**1.9**	3.2

Finance costs

(In £'s million)	**2009**	2008
Interest payable on bank overdrafts and loans	**(5.4)**	(10.4)
Pension Protection Fund levy	**(1.1)**	(0.5)
Net interest on pension obligations	**(2.4)**	3.0
	(8.9)	(7.9)
Net finance charge	**(7.0)**	(4.7)

9 Tax

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

(In £'s million)	**2009 Total**	2008 Continuing	2008 Discontinued	2008 Total
Current tax	**43.8**	71.8	0.2	72.0
Deferred tax	**1.4**	4.8	–	4.8
	45.2	76.6	0.2	76.8

Tax on items taken directly to equity:

(In £'s million)	**2009**	2008
Deferred tax on actuarial loss on defined benefit schemes offset in reserves	**5.2**	19.9

Factors affecting the tax charge for the year

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 28.0% (2008 – 29.5%). The differences are explained below:

(In £'s million)	**2009**	2008
Profit from continuing operations	**151.0**	264.4
Profit on ordinary activities before tax at the standard rate of UK corporation tax of 28.0% (2008 – 29.5%)	**42.2**	78.0
Factors affecting charge for year:		
Tax effect of expenses that are not deductible in determining taxable profit	**1.1**	0.1
Adjustment in respect of foreign tax rates	**2.4**	(0.5)
Prior year adjustments	**(3.8)**	(4.4)
Unrelieved overseas losses	**2.7**	1.3
Overseas profits covered by brought forward losses not previously recognised	**–**	(2.6)
Tax on overseas income	**–**	0.7
Adjustment in respect of UK deferred tax rate	**–**	(0.2)
Impact of share-based payment charges and share options	**0.6**	4.2
Tax on continuing operations	**45.2**	76.6
Effective tax rate for the year on continuing operations	**29.9%**	29.0%

In the prior year, included in the profit from continuing activities before tax of £264.4 million, is an exceptional credit of £15.3 million. The exceptional credit generated a tax charge of £4.3 million. Excluding the exceptional item, the tax charge from continuing activities in the prior year was £72.3 million.

9 Tax continued

(In £'s million)	2009	2008
Profit from discontinued operations	–	0.6
Profit on discontinued activities before tax at the standard rate of UK corporation tax of 28% (2008 – 29.5%)	–	0.2
Tax on discontinued operations	–	0.2
Effective tax rate for the year on discontinued operations	–	29.0%

10 Discontinued operations

The results of the discontinued businesses, which have been included in the Consolidated Income Statement, were as follows:

(In £'s million)	2009	2008
Profit from disposal of business assets	–	0.6
Profit before tax	–	0.6
Tax	–	(0.2)
Post tax profit from discontinued operations	–	0.4

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

Cash inflows generated from discontinued operations were the following:

(In £'s million)	2009	2008
Investing activities	–	0.6

11 Dividends

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

	2009 pence per share	2009 £ million	2008 pence per share	2008 £ million
Previous year final dividend	3.95	54.0	3.40	48.2
Current year interim dividend	1.85	25.3	1.85	25.8
		79.3		74.0

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

	2009 pence per share	2009 £ million	2008 pence per share	2008 £ million
Interim dividend	1.85	25.3	1.85	25.8
Final dividend (proposed)	3.95	54.0	3.95	54.4
	5.80	79.3	5.80	80.2

The final dividend for 2009 of 3.95 pence per share (£54.0 million) will be proposed at the AGM on 11 November 2009 and has not been included as a liability as at 30 June 2009. If approved, the final dividend will be paid on 20 November 2009 to shareholders on the register at the close of business on 23 October 2009.

12 Earnings per share

For the year ended 30 June 2009	**Earnings (£'s million)**	**Weighted average number of shares (million)**	**Per share amount (pence)**
Continuing operations before and after exceptional items:			
Basic earnings per share from continuing operations	**105.8**	**1,370.5**	**7.72**
Dilution effect of share options	**–**	**1.1**	**(0.01)**
Diluted earnings per share from continuing operations	**105.8**	**1,371.6**	**7.71**

There are no discontinued operations in the current year.

The weighted average number of shares in issue excludes shares held in treasury and shares held by the Hays Employee Share Trust (Jersey) Limited.

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

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

Reconciliation of earnings

(In £'s million)	Earnings
Continuing operations before exceptional items	176.8
Exceptional items (note 5)	15.3
Tax on exceptional items (note 5)	(4.3)
Continuing operations	187.8

13 Goodwill

(In £'s million)	2009	2008
Cost		
At 1 July	**168.9**	157.7
Exchange adjustments	**10.2**	10.9
Additions during the year	**–**	0.3
Amounts written back in year	**(4.2)**	–
At 30 June	**174.9**	168.9

In the current year, the amount written back of £4.2 million represents the reversal of deferred contingent consideration for an acquisition that was determined to be no longer required.

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit ('CGU'), including goodwill, with the recoverable amount. The recoverable amounts of the CGUs are determined from value-in-use calculations.

The key assumptions for the value-in-use calculations are those regarding operating profit, discount rates and growth rates. The operating profit is based on the latest forecasts for the CGUs approved by management and management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management and extrapolates cash flows for the following years based on the long-term growth rates. The long-term growth rates are based on management forecasts of an average estimated growth rate of 3.0% (2008 – 3.0%), reflecting long-term wage inflation fee growth. The rate used to discount the forecast cash flows is 9.0% post tax (2008 – 9.5%). The reduction on the prior year discount rate is driven by a fall in risk-free return.

Impairment reviews were performed at the year end by comparing the carrying value of goodwill with the recoverable amount of the CGUs to which goodwill has been allocated. Management determined that there has been no impairment.

Given the current economic climate, a sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be possible by management. This included an increase in the discount factor of up to 0.5% and a decrease in the long-term growth rate of up to 1%. The sensitivity analysis shows that no impairment would arise under each scenario other than in the case of a part of Asia Pacific. This has no headroom based on current assumptions, where a reduction in the discount factor and long-term growth rate would result in an impairment of up to £1.5 million. Management will continue to monitor this acquisition but do not consider impairment appropriate.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

(In £'s million)	2009	2008
United Kingdom & Ireland	**92.4**	92.4
Continental Europe & Rest of World	**62.6**	58.2
Asia Pacific	**19.9**	18.3
	174.9	168.9

14 Other intangible assets

(In £'s million)	2009	2008
Cost		
At 1 July	**14.1**	6.9
Exchange adjustments	**0.3**	0.5
Additions	**34.6**	6.7
Disposals	**(0.3)**	–
At 30 June	**48.7**	14.1
Amortisation		
At 1 July	**8.7**	2.6
Exchange adjustments	**0.2**	0.4
Charge for year	**1.2**	1.7
Impairment charge (note 5)	**–**	4.0
At 30 June	**10.1**	8.7
Net book value		
At 30 June	**38.6**	5.4

14 Other intangible assets continued

Other intangible asset additions in the current year include £4.9 million in relation to internally generated intangible assets (2008 – £0.7 million).

Included within the Other intangible cost is £34.2 million (2008 – £3.6 million) in respect of assets in the course of construction. These assets relate to the Group's projects to transform its IT infrastructure, software and business operations. The other intangible assets comprise of computer software only.

The average life of the intangible assets is five years (2008 – four years).

Capital commitments were £1.2 million (2008 – nil).

15 Property, plant and equipment

(In £'s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2008	1.2	6.3	36.7	38.8	83.0
Exchange adjustments	0.1	0.2	0.5	0.6	1.4
Capital expenditure	–	0.9	5.0	1.5	7.4
Disposals	–	(0.3)	(12.9)	(12.1)	(25.3)
At 30 June 2009	**1.3**	**7.1**	**29.3**	**28.8**	**66.5**
Accumulated depreciation					
At 1 July 2008	0.7	2.7	28.4	19.0	50.8
Exchange adjustments	0.1	0.1	0.2	0.3	0.7
Charge for the year	–	1.5	3.3	5.6	10.4
Disposals	–	(0.1)	(12.9)	(11.5)	(24.5)
At 30 June 2009	**0.8**	**4.2**	**19.0**	**13.4**	**37.4**
Net book value					
At 30 June 2009	**0.5**	**2.9**	**10.3**	**15.4**	**29.1**
At 1 July 2008	0.5	3.6	8.3	19.8	32.2

Capital commitments were nil (2008 – £1.0 million).

(In £'s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2007	1.0	3.3	32.3	26.7	63.3
Exchange adjustments	0.1	0.6	1.2	0.9	2.8
Capital expenditure	0.1	2.6	5.2	10.6	18.5
Reclassifications	–	–	(1.2)	1.2	–
Disposals	–	(0.2)	(0.8)	(0.6)	(1.6)
At 30 June 2008	1.2	6.3	36.7	38.8	83.0
Accumulated depreciation					
At 1 July 2008	0.6	1.5	22.0	14.0	38.1
Exchange adjustments	0.1	0.2	0.7	0.4	1.4
Charge for the year	–	1.2	3.7	4.7	9.6
Impairment charge (note 5)	–	–	2.7	–	2.7
Disposals	–	(0.2)	(0.7)	(0.1)	(1.0)
At 30 June 2008	0.7	2.7	28.4	19.0	50.8
Net book value					
At 30 June 2008	0.5	3.6	8.3	19.8	32.2
At 1 July 2007	0.4	1.8	10.3	12.7	25.2

16 Trade and other receivables

(In £'s million)	2009	2008
Trade receivables	**247.8**	331.0
Less provision for impairment of trade receivables	**(17.7)**	(16.2)
Net trade receivables	**230.1**	314.8
Prepayments and accrued income	**122.3**	127.5
	352.4	442.3

The directors consider that the carrying amount of trade receivables approximates to their fair value.

The average credit period taken is 35 days (2008 – 39 days).

The ageing analysis of the trade receivables not impaired is as follows:

(In £'s million)	2009	2008
Not yet due	**129.3**	150.2
Up to one month past due	**84.4**	115.6
One to three months past due	**16.4**	49.0
	230.1	314.8

The movement on the provision for impairment of trade receivables is as follows:

(In £'s million)	2009	2008
At 1 July	**16.2**	12.1
Exchange movement	**0.3**	0.6
Charge for the year	**4.6**	4.5
Uncollectable amounts written off	**(3.4)**	(1.0)
At 30 June	**17.7**	16.2

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has no significant concentration of risk, with exposure spread over a large number of customers.

The risk disclosures contained on page 33 within the Directors' Report form part of these financial statements.

17 Cash and cash equivalents

(In £'s million)	2009	2008
Cash at bank and in hand	**51.6**	52.0
Short-term bank deposits	**3.4**	2.0
	55.0	54.0

The effective interest rate on short-term deposits was 2.7% (2008 – 5.5%); these deposits have an average maturity of one day (2008 – one day).

Credit risk

The credit risk on liquid funds is closely monitored and is limited to banks with credit ratings assigned by international credit-rating agencies and above a predetermined minimum rating set by Group treasury policy. A credit limit is applied to each bank and deposits held are monitored against those limits.

Interest rate risk profile of cash and cash equivalents

Cash and cash equivalents carry interest at floating rates based on local money-market rates.

18 Banks loans and overdrafts

(In £'s million)	**2009**	2008
Loan notes	**0.8**	0.2
Overdrafts	**53.5**	134.9
	54.3	135.1

Explanations of the Group's treasury policy and controls are included in the Financial Review on page 32.

(a) Interest rate risk profile of bank loans and overdrafts

The interest rate risk profile of bank loans and overdrafts are as follows below:

(In £'s million)	**2009**	2008
Floating rate – Sterling	**54.3**	135.1

The floating rate liabilities comprise unsecured overdrafts and loan notes bearing interest at rates based on local money-market rates.

(b) Maturities of bank loans and overdrafts

(In £'s million)	**2009**	2008
The maturity of borrowings are as follows:		
More than one year	**54.3**	135.1

(c) Fair values of financial assets and bank loans and overdrafts

The fair value of financial assets and bank loans and overdrafts is not materially different to their book value due to the short-term maturity of the instruments, which are based on floating rates.

(d) Committed facilities

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 interest rate on the facility is based on a ratchet mechanism with a margin payable over LIBOR in the range 0.375% to 0.525%.

At 30 June 2009, £408.0 million of the committed facility was undrawn.

(e) Currency exposure

The Group did not have a material Income Statement exposure to foreign exchange gains or losses on monetary assets and liabilities denominated in foreign currencies at 30 June 2009.

(f) Interest rates

The weighted average interest rates paid were as follows:

	2009	2008
Bank borrowings	**3.2%**	6.1%

19 Trade and other payables

(In £'s million)	2009	2008
Current		
Trade creditors	**61.8**	48.1
Other tax and social security	**43.3**	51.6
Other creditors	**21.1**	27.2
Accruals and deferred income	**176.3**	173.6
Acquisition liabilities	**10.0**	6.0
	312.5	306.5
Non-current		
Acquisition liabilities	**–**	13.6

The directors consider that the carrying amount of trade payables approximates to their fair value.

The average credit period taken for trade purchases is 31 days (2008 – 25 days).

20 Retirement benefit obligations

Within the UK, the Group operates one defined contribution scheme and two defined benefit schemes. The majority of overseas arrangements are either defined contribution or government-sponsored schemes and these arrangements are not material in the context of the Group results.

UK Defined Contribution Scheme

The Hays Stakeholder Pension Plan was established on 1 July 2001. Money purchase benefits are funded by contributions from employees and, for eligible employees, from the employer. Employer contributions are in the range of 2% to 18% of pensionable salary depending on the length of pensionable service and seniority.

The total cost charged to the Consolidated Income Statement of £1.4 million (2008 – £1.1 million) represents employers contributions payable to the Stakeholder Pension Plan. Contributions of £0.1 million (2008 – £nil) were outstanding at the end of the year. The assets of the Stakeholder Pension Plan are held separately from those of the Group.

UK Defined Benefit Schemes

(i) The Hays Pension Scheme, is a defined benefit scheme where the benefits are based on employees' length of service and final pensionable pay. It is a funded approved defined benefit scheme and closed to new members on 1 July 2001. It is funded through a legally separate trustee administered fund.

(ii) The Hays Supplementary Pension Scheme is a supplementary unfunded unapproved retirement benefit scheme for employees who were subject to HMRC's earnings cap on pensionable salary.

The last formal actuarial valuations were performed at 30 June 2006. A roll forward of the actuarial valuations of the Hays Pension Scheme and the Hays Supplementary Pension Scheme to 30 June 2009 has been performed by the Scheme actuary, an employee of Mercer Human Resource Consulting. The key assumptions used at 30 June 2009 are listed on the following page.

IAS 19 accounting valuation

Hays plc has applied the accounting requirements of IAS 19 as follows:

- scheme assets are measured at fair value at the balance sheet date;
- scheme liabilities are measured using a projected-unit credit method and discounted at the current rate of return on high quality corporate bonds of equivalent term to the liability; and
- actuarial gains and losses are recognised in full in the period in which they occur, outside of the Consolidated Income Statement, in retained earnings and presented in the Consolidated Statement of Recognised Income and Expense.

20 Retirement benefit obligations continued

The key assumptions are as follows:

	2009	2008
Inflation assumption	**3.65%**	3.70%
Discount rate	**6.35%**	5.75%
Rate of increase in salaries	**3.90%**	3.95%
Rate of increase of pensions in payment and deferment	**3.65%**	3.70%
Expected long-term rates of return on scheme assets	**6.46%**	6.43%

The assumption for the expected long-term returns for scheme assets is a weighted average based on the assumed expected return for each asset class and the proportions held of each asset class at the beginning of the year.

The long-term expected rate of return on scheme assets does not affect the level of the obligation but does affect the expected return on pension scheme assets within the net finance (charge)/income.

The mortality rates have been calculated using the PA92 generational mortality tables with a medium cohort projection. This assumes that a 65-year old, male, current pensioner has a life expectancy of 21.9 years.

The amounts recognised in the Consolidated Income Statement for the defined benefit schemes are as follows:

(In £'s million)	**2009**	2008
Current service cost	**(4.5)**	(5.7)
Past service costs/curtailments	**–**	22.0
Total operating charge	**(4.5)**	16.3
Expected return on pension scheme assets	**24.8**	28.3
Interest on pension liabilities	**(27.2)**	(25.3)
Net financial (charge)/income	**(2.4)**	3.0
Total amount (charged)/credited to the Consolidated Income Statement	**(6.9)**	19.3

The actuarial gains and losses have been recognised in the Consolidated Statement of Recognised Income and Expense as follows:

(In £'s million)	**2009**	2008
Actuarial loss on scheme assets	**(78.2)**	(51.0)
Actuarial losses on scheme liabilities	**(12.4)**	(6.1)
Impact of changes in assumptions relating to the present value of scheme liabilities	**69.4**	(14.1)
Net expense recognised directly in Consolidated Statement of Recognised Income and Expense	**(21.2)**	(71.2)

(In £'s million)	**2009**	2008
Deficit in the scheme brought forward	**(88.1)**	(43.5)
Current service cost	**(4.5)**	(5.7)
Past service costs/curtailments (note 5)	**–**	22.0
Contributions	**7.0**	7.3
Net financial return	**(2.4)**	3.0
Actuarial loss	**(21.2)**	(71.2)
Deficit in the scheme carried forward	**(109.2)**	(88.1)

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement schemes is as follows:

(In £'s million)	**2009**	2008
Present value of defined benefit obligations	**(439.1)**	(474.8)
Fair value of scheme assets	**329.9**	386.7
Defined benefit scheme deficit	**(109.2)**	(88.1)
Liability recognised in the Consolidated Balance Sheet	**(109.2)**	(88.1)

20 Retirement benefit obligations continued

Changes in the present value of defined benefit obligations are as follows:

(In £'s million)	**2009**	2008
Change in benefit obligation		
Balance at 1 July	**(474.8)**	(455.6)
Current service cost	**(4.5)**	(5.7)
Interest cost	**(27.1)**	(25.3)
Members' contributions	**(1.4)**	(1.6)
Past service cost/curtailments (note 5)	**–**	22.0
Actuarial losses	**(12.4)**	(6.1)
Changes in assumptions	**69.3**	(14.1)
Benefits paid	**11.8**	11.6
Benefit obligation at 30 June	**(439.1)**	(474.8)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**(432.2)**	(467.3)
Plans that are wholly unfunded	**(6.9)**	(7.5)
Total	**(439.1)**	(474.8)
Changes in the fair value of scheme assets are as follows:		
Fair value of plan assets at 1 July	**386.7**	412.1
Expected return on plan assets	**24.8**	28.3
Actuarial losses	**(78.2)**	(51.0)
Employer contributions	**7.0**	7.3
Member contributions	**1.4**	1.6
Benefits paid	**(11.8)**	(11.6)
Fair value of plan assets at 30 June	**329.9**	386.7

The analysis of the scheme assets and the expected return at the Consolidated Balance Sheet date was as follows:

	2009 Fair value £'s million	**2009 Expected return %**	2008 Fair value £'s million	2008 Expected return %
Equities	**170.5**	**7.50%**	213.9	7.50%
Bonds and Gilts	**157.7**	**5.40%**	164.9	5.10%
Cash and other	**1.7**	**0.50%**	7.9	5.00%
	329.9	**6.46%**	386.7	6.43%

To develop the expected long-term rate of return on assets assumption used in determining the net pension cost for the year to June 2009, the Group considered the level of expected returns on risk-free investments (primarily government bonds), the rate of return on AA rated corporate bonds, the level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on asset assumption for the portfolio.

The history of experience adjustments is as follows:

(In £'s million)	**2009**	2008	2007
Present value of defined benefit obligations	**(439.1)**	(474.8)	(455.6)
Fair value of scheme assets	**329.9**	386.7	412.1
Deficit in the scheme	**(109.2)**	(88.1)	(43.5)
Experience adjustments on scheme liabilities			
Amount (£'s million)	**(12.4)**	(6.1)	(4.7)
Percentage of scheme liabilities (%)	**(3%)**	(1%)	(1%)
Experience adjustments on scheme assets			
Amounts (£'s million)	**(78.2)**	(51.0)	16.0
Percentage of scheme assets (%)	**(24%)**	(13%)	4%

The estimated amounts of contributions expected to be paid to the scheme during the current financial year will be in the range of £10-20 million subject to the results of the triennial actuarial valuation.

The five year history of experience adjustments is included in note 11 of the Hays plc Company financial statements.

21 Provisions

(In £'s million)	Property	Deferred employee benefits	Other	Total
Balance at 1 July 2008	17.9	1.7	25.9	45.5
Exchange adjustments	0.2	0.1	0.2	0.5
Charged to profit and loss	3.7	–	–	3.7
Utilised	(1.8)	–	(1.7)	(3.5)
Balance at 30 June 2009	**20.0**	**1.8**	**24.4**	**46.2**

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 2013.

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

Other provisions include liabilities arising as a result of the business disposals and the Group transformation that concluded in 2004, including provisions of £18.2 million (2008 – £18.8 million) relating to possible warranty and environmental claims in relation to disposed businesses. It is not possible to estimate the timing of payments against these provisions.

22 Deferred tax assets & liabilities

(In £'s million) **Assets**	Accelerated tax depreciation	Retirement benefit obligations	Share-based payments	Other	Total
Balance at 1 July 2008	1.3	24.7	3.3	9.4	38.7
Reclassification	–	0.7	–	(0.7)	–
(Charge)/credit to income	0.7	–	(1.6)	(0.6)	(1.5)
Credit to equity	–	5.2	–	–	5.2
Exchange difference	–	–	–	0.5	0.5
Balance at 30 June 2009	**2.0**	**30.6**	**1.7**	**8.6**	**42.9**

At the balance sheet date, the Group has unused tax losses of £36.1 million (2008 – £32.9 million) available for offset against future profits, of which £9.9 million relates to United Kingdom capital losses, £8.4 million relates to United Kingdom losses and £17.8 million relates to overseas losses. No material deferred tax asset has been recognised in respect of such losses (2008 – nil). These are unrecognised tax losses of which £0.1 million is due to expire in 2012 and £36.0 million is unlikely to expire in the short term.

The Group has unused tax credits of £3.1 million (2008 – £3.1 million) available for off set against future profits. These credits are unlikely to expire in the short term. No deferred tax asset has been recognised in respect of these credits (2008 – nil).

The aggregate amount of temporary differences associated with investments in subsidiaries on which deferred tax liabilities have not been provided is £92.6 million. The reason for not providing for these liabilities, is because the Group is in a position to control the timing of the reversal of the temporary differences. Additionally it is probable that such differences will not reverse in the foreseeable future and the level of underlying tax credit on remitted earnings is likely to cover any UK corporation tax.

(In £'s million) **Assets**	Accelerated tax depreciation	Retirement benefit obligations	Share-based payments	Other	Total
Balance at 1 July 2007	0.1	12.1	4.6	5.9	22.7
(Charge)/credit to income	1.2	(7.3)	(1.3)	2.6	(4.8)
Credit to equity	–	19.9	–	–	19.9
Exchange difference	–	–	–	0.9	0.9
Balance at 30 June 2008	1.3	24.7	3.3	9.4	38.7

23 Called up share capital

Authorised share capital

	2009 Number 000's	2009 £'s million	2008 Number 000's	2008 £'s million
Ordinary shares of 1p each	**8,898,095**	**89.0**	8,898,095	89.0

Called up, allotted and fully paid share capital

	Share capital number 000's	Share capital £'s million
At 1 July 2008 and 30 June 2009	**1,464,097**	**14.7**

Under part 18 of the Companies Act 2006, the Company is allowed to hold 10% of issued share capital in treasury.

As at 30 June 2009, the Company holds 82.0 million (2008 – 86.6 million) Hays plc shares in treasury.

24 Share premium account

(In £'s million)	2009	2008
At 30 June	**369.6**	369.6

25 Capital redemption reserve

(In £'s million)	2009	2008
At 1 July	**2.7**	1.7
Cancellation of shares	**–**	1.0
At 30 June	**2.7**	2.7

26 Retained earnings

(In £'s million)	2009	2008
At 1 July	**(307.0)**	(288.7)
Actuarial losses on defined benefits scheme	**(21.2)**	(71.2)
Tax on items taken directly to reserves	**5.2**	19.9
Profit for the year	**105.8**	188.2
Gain on sale of own shares taken to reserves	**5.4**	–
Dividends paid	**(79.3)**	(74.0)
Share-based payments	**4.5**	6.6
Other share movements	**5.4**	3.2
Share buy-back	**(1.4)**	(91.0)
At 30 June	**(282.6)**	(307.0)

At the start of financial year under review, as part of the share buy-back programme, Hays purchased 1.7 million shares (held as treasury shares) for a total cost of £1.4 million.

27 Other reserves

(In £'s million)	2009	2008
Own shares	**(5.5)**	(1.5)
Equity reserve	**12.0**	16.9
Cumulative translation reserve	**43.5**	27.6
	50.0	43.0

(a) Other reserves – own shares

(In £'s million)	2009	2008
At 1 July	**(1.5)**	(1.1)
Purchase of own shares	**(4.0)**	(0.4)
At 30 June	**(5.5)**	(1.5)

27 Other reserves continued

(a) Other reserves – own shares

Investments in 'own shares' are held by an employee benefit trust to satisfy conditional share awards made to employees. Dividends in respect of 'own shares' have been waived. The number of shares held at 30 June 2009 is 13,811,276 (2008 – 3,072,679).

The 'own shares' reserve does not include the shares held in treasury as a result of the share buy-back programme. The share buy-back purchases are deducted from retained earnings.

(b) Other reserves – equity reserve

(In £'s million)	**2009**	2008
At 1 July	**16.9**	12.6
Share-based payments	**(4.9)**	4.3
At 30 June	**12.0**	16.9

The equity reserve is generated as a result of IFRS 2 (Share-based payments).

(c) Other reserves – cumulative translation reserve

(In £'s million)	**2009**	2008
At 1 July	**27.6**	2.2
Currency translation adjustments	**15.9**	25.4
At 30 June	**43.5**	27.6

28 Share-based payments

Share Options

At 30 June 2009, the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 1p each under the Company's share option schemes:

	Number of shares	Nominal value of shares £	Subscription price pence/share	Date normally exercisable
Hays plc 1995 Executive Share Option Scheme	802,473	8,025	358	2002-2009
	1,170,442	11,704	348	2003-2010
	2,608,004	26,080	117	2004-2011
	3,528	35	158	2005-2012
	1,031,524	10,315	100	2005-2012
	5,615,971	56,159		
Hays plc 1996 Company Share Option Plan	249,965	2,500	403	2002-2009
	208,161	2,081	392	2003-2010
	287,355	2,874	132	2004-2011
	3,905	39	177	2005-2012
	158,117	1,581	113	2005-2012
	907,503	9,075		
Hays UK Sharesave Scheme	270,106	2,701	109	2009-2009
	9,460	95	152	2009-2009
	670,913	6,709	100	2008-2010
	355,290	3,553	142	2010-2010
	1,935,475	19,355	98	2011-2011
	8,423,509	84,235	69	2012-2012
	11,664,753	116,648		
Hays International Sharesave Scheme	2,323,838	23,238	69 to 152	2008-2012
	20,512,065	205,120		

The Hays International Sharesave Scheme is available to employees in Australia, New Zealand, Germany, the Netherlands, Belgium, the Republic of Ireland, France, Spain, Portugal, Canada, Hong Kong, Singapore and the United Arab Emirates.

28 Share-based payments continued

Details of the share options outstanding during the year are as follows:

	2009 Number of share options 000's	**2009 Weighted average exercise price pence**	2008 Number of share options 000's	2008 Weighted average exercise price pence
Share options (excluding Sharesave)				
Outstanding at beginning of year	**9,603**	**207**	10,850	201
Exercised during the year	**–**	**–**	(682)	137
Expired during the year	**(3,080)**	**202**	(565)	179
Outstanding at the end of the year	**6,523**	**209**	9,603	207
Exercisable at the end of the year	**6,523**	**209**	9,603	207

The shares outstanding at 30 June 2009 had a weighted average exercise price of 209 pence and a weighted average remaining contractual life of two years. During the year to 30 June 2009, no options were exercised or granted.

	2009 Number of share options 000's	**2009 Weighted average exercise price pence**	2008 Number of share options 000's	2008 Weighted average exercise price pence
Sharesave				
Outstanding at beginning of year	**14,081**	**114**	9,409	136
Granted during the year	**10,086**	**69**	9,713	98
Forfeited/cancelled during the year	**(8,369)**	**100**	(2,146)	132
Exercised during the year	**–**	**–**	(2,354)	101
Expired during the year	**(1,809)**	**101**	(541)	121
Outstanding at the end of the year	**13,989**	**80**	14,081	114
Exercisable at the end of the year	**375**	**112**	1,760	100

On 27 March 2009, 10.1 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £1.2 million. In the prior year, 9.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £2.4 million.

The inputs into the valuation model (a binomial valuation model) are as follows:

Share price at grant	77.25 pence
Exercise price	69.00 pence
Expected volatility	39.0%
Expected life	3.33 years
Risk-free rate	2.07%
Expected dividends	8.17%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

During the year, there was a release of £7.7 million in respect of prior year share-based payment charges due to current performance. As a result, £0.4 million (2008 – £11.6 million) was charged to the Consolidated Income Statement relating to equity settled share-based payment transactions.

28 Share-based payments continued

Long Term Co-Incentive Plan (LTCIP)

In previous years, employees were invited to commit a number of shares to the LTCIP. The LTCIP was based upon the Total Shareholder Return (TSR) of the Company over a three-year period, compared to a peer group of 15 companies (including Hays plc). Dependent upon the performance ranking, the Company was to match up to five times the number of shares committed by the employee. If the ranking of Hays plc was ninth or less then there was to be no matching of shares by the Company.

The 2005 LTCIP award vested on 14 December 2008 and participants became entitled to 33% of the matching shares based on the Company's TSR performance over the three-year period to 14 December 2008, where Hays was ranked in 8th position out of the peer group of 15 companies. A total of 0.4 million shares were matched for this award.

All awards under this scheme have now vested and there is currently no intention of making further awards.

Performance Share Plan (PSP) and Deferred Annual Bonus (DAB)

These are the incentive arrangements that replaced the LTCIP in 2007. Only members of the Management Board participate in the DAB and circa 330 managers participate in the PSP.

The PSP and DAB are equity settled share-based payment awards with non-market performance conditions over a three-year period. For existing DAB awards, up to a maximum of 100% of the annual bonus is deferred into Hays shares and is matched with free conditional shares at a maximum one for one basis, subject to the performance conditions over a three-year period. Under the PSP, generally the awards are a maximum of 30% to 150% of a participant's base salary and will not exceed two times a participant's base salary in any financial year.

The first PSP award, PSP 1, made in April 2007 and the first DAB award, DAB 1, made in May 2007 have a performance period of three years from 1 July 2006 to 30 June 2009. The second awards, PSP 2 and DAB 2, were made in September 2007 for a three-year performance period from 1 July 2007 to 30 June 2010. The third awards, PSP 3 and DAB 3, were made in October 2008 for a three-year performance period from 1 July 2008 to 30 June 2011.

The performance criteria for the DAB awards are combinations of cumulative EPS, cumulative International Net Fees and cumulative Cash Conversion set each year. The performance criteria for the PSP awards are combinations of Group EPS, Economic Profit, Regional Operating Profit, Divisional Operating Profit and Country or Sub-Regional Profit, depending on the recipient's role.

The PSP awards are either on a one or three-year performance period, with no re-testing of performance conditions. For one-year performance period awards there is a two-year holding period before vesting.

29 Related parties

Remuneration of key management personnel

The remuneration of the Management Board (excluding the executive directors) who are key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of executive directors is provided in the audited part of the directors' Remuneration Report on pages 56 to 66.

(In £'s million)	**2009**	2008
Short-term employee benefits	**3.1**	2.8
Post-employment benefits	**0.1**	0.1
	3.2	2.9

30 Contingent liabilities

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

31 Operating lease arrangements

The Group as lessee

(In £'s million)	**2009**	2008
Minimum lease payments under operating leases recognised in income for the year	**21.6**	20.9

At 30 June 2009, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

(In £'s million)	**2009**	2008
Within one year	**11.8**	9.9
Between two and five years	**55.0**	52.5
After five years	**18.5**	27.6
	85.3	90.0

32 Movement in net cash/(debt)

(In £'s million)	1 July 2008	Cash flow	Exchange movement	**30 June 2009**
Cash and cash equivalents	54.0	(1.5)	2.5	**55.0**
Bank loans and overdrafts	(135.1)	82.1	(1.3)	**(54.3)**
	(81.1)	80.6	1.2	**0.7**

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

Independent Auditors' Report on the Hays plc Company Financial Statements

Independent Auditors' Report to the Members of Hays plc

We have audited the parent Company financial statements of Hays plc for the year ended 30 June 2009 which comprise the parent Company Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the parent Company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Hays plc for the year ended 30 June 2009.

Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

2 September 2009

Hays plc Company Balance Sheet

for the year ended 30 June

(In £'s million)	Note	Company 2009	Company 2008
Fixed assets			
Tangible assets	4	**0.9**	–
Investments	5	**910.4**	910.4
		911.3	910.4
Current assets			
Debtors due within one year	6	**3.9**	0.5
Debtors due after more than one year	7	**366.4**	417.2
Cash at bank and in hand		**–**	1.7
		370.3	419.4
Creditors: amounts falling due within one year			
Borrowings	8	**(51.5)**	(65.7)
Other creditors	9	**(474.8)**	(464.6)
		(526.3)	(530.3)
Net current liabilities		**(156.0)**	(110.9)
Total assets less current liabilities		**755.3**	799.5
Creditors: amounts falling due after more than one year			
Borrowings	10	**–**	(15.8)
Retirement Benefit Obligations	11	**(78.6)**	(63.4)
Provisions for liabilities	12	**(18.4)**	(19.9)
Net assets		**658.3**	700.4
Capital and reserves			
Called up share capital	13,14	**14.7**	14.7
Share premium account	14	**369.6**	369.6
Capital redemption reserve	14	**2.7**	2.7
Profit and loss account	14	**276.8**	314.9
Own shares	14	**(5.5)**	(1.5)
Equity shareholders' interests		**658.3**	700.4

These accounts were approved by the Board of Directors on 2 September 2009.

Signed on behalf of the Board of Directors

R A Lawson **P Venables**

Notes to the Hays plc Company Financial Statements

1 Basis of preparation

(i) Accounting basis

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and Law.

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been presented.

The Company's principal accounting policies adopted in the presentation of these financial statements are set out below and have been consistently applied to all periods presented.

Cash flow statement and related party disclosures

The results, assets and liabilities of the Company are included in the consolidated financial statements of Hays plc, which are publicly available. Consequently, the Company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (revised) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Group.

(ii) Investments

Shares in subsidiaries are valued at cost less provision for impairment.

(iii) Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

Plant and machinery	– At rates varying between 5% and 33%
Fixtures and fittings	– At rates varying between 10% and 25%

(iv) Deferred taxation

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(v) Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Company Balance Sheet.

(vi) Employee share option schemes

The Company operates a number of employee share option schemes. All equity-settled, share based payments are measured at fair value at the date of grant. All equity-settled, share-based payment schemes are dealt within the Balance Sheet by including them within total equity shareholders' interests in accordance with FRS 20, 'Share-based payments'.

(vii) Dividends

Dividends are recognised in the period that they are declared and approved.

2 Employee information

Details of directors' emoluments and interests are included in the Remuneration Report on pages 56 to 66 in the Group Annual Report. Except for the directors there were no employees of the Company in 2009 or 2008.

3 Profit for the year

Hays plc has not presented its own profit and loss account and related notes as permitted by section 408 of the Companies Act 2006. The profit for the financial year dealt with in the financial statements of the parent Company is £48.1 million (2008 – £182.3 million). The auditors' remuneration for audit services to the Company was £0.3 million (2008 – £0.3 million).

4 Tangible fixed assets

(In £'s million)	Plant and machinery	Fixtures and fittings	Total
Cost			
At 1 July 2008	–	–	–
Additions	0.3	–	0.3
Inter company transfers	–	0.9	0.9
At 30 June 2009	**0.3**	**0.9**	**1.2**
Depreciation			
At 1 July 2008	–	–	–
Inter company transfers	–	0.1	0.1
Charge for the year	–	0.2	0.2
At 30 June 2009	**–**	**0.3**	**0.3**
Net book value			
At 30 June 2009	**0.3**	**0.6**	**0.9**
At 30 June 2008	–	–	–

5 Investments

(In £'s million)	**Shares in subsidiary undertakings**
Cost	
At 1 July 2008 and 30 June 2009	**910.4**
Provision for impairment	
At 1 July 2008 and 30 June 2009	**–**
Total	
At 30 June 2008 and 30 June 2009	**910.4**

The principal subsidiary undertakings of the Group are listed in note 15.

6 Debtors: amounts falling due within one year

(In £'s million)	**2009**	2008
Other debtors	**–**	0.2
Corporation tax debtor	**3.7**	–
Prepayments	**0.2**	0.3
	3.9	0.5

7 Debtors: amounts falling due after more than one year

(In £'s million)	**2009**	2008
Prepayments	**0.2**	0.4
Amounts owed by subsidiary undertakings	**366.2**	412.3
Deferred tax	**–**	4.5
	366.4	417.2

8 Borrowings: amounts falling due within one year

(In £'s million)	**2009**	2008
Overdrafts	**51.5**	65.5
Loan notes	**–**	0.2
	51.5	65.7

9 Other creditors: amounts falling due within one year

(In £'s million)	**2009**	2008
Accruals and deferred income	**18.8**	15.7
Amounts owed to subsidiary undertakings	**456.0**	442.8
Taxation	**–**	6.1
	474.8	464.6

10 Borrowings: amounts falling due after more than one year

(In £'s million)	**2009**	2008
Overdrafts	**–**	15.8

11 Retirement benefit obligations

The Company is the sponsoring employer for all of the Hays defined benefit pension schemes and recognises the full liability on its Balance Sheet. Under FRS 17 the actual cost of providing pensions to the Company is charged to the profit and loss account as incurred during the year, net of costs paid by subsidiary companies.

The pension cost charged to the Company's profit and loss account is a charge of £0.6 million (2008 – credit of £20.7 million).

The mortality rates have been calculated using the PA92 generational mortality tables with a medium cohort projection. This assumes that a 65-year old, male, current pensioner has a life expectancy of 21.9 years.

The movement in the deficit during the year is analysed below:

(In £'s million)	**2009**	2008
Deficit in the scheme brought forward	**(88.1)**	(43.5)
Current service cost	**(4.5)**	(5.7)
Past service costs/curtailments	**–**	22.0
Contributions	**7.0**	7.3
Net financial return	**(2.4)**	3.0
Actuarial loss	**(21.2)**	(71.2)
Deficit in the scheme carried forward	**(109.2)**	(88.1)

Based on actuarial advice, the financial assumptions used in calculating the scheme's liabilities under FRS 17 are:

	2009	2008	2007	2006	2005
Rate of increase in salaries	**3.90%**	3.95%	5.80%	5.40%	5.10%
Rate of increase of pensions in payment and deferment	**3.65%**	3.70%	3.30%	2.90%	2.60%
Discount rate	**6.35%**	5.75%	5.57%	5.22%	4.95%
Inflation assumption	**3.65%**	3.70%	3.30%	2.90%	2.60%

The expected rates of return on scheme assets are shown below:

(% expected rate of return)	**2009**	2008	2007	2006	2005
Equities	**7.50%**	7.50%	7.80%	7.60%	7.25%
Bonds	**5.40%**	5.10%	5.20%	4.90%	4.60%
Cash and other assets	**0.50%**	5.00%	5.50%	4.50%	4.75%

The assets and liabilities of the defined benefit schemes operated by the Group are shown below:

(In £'s million)	**2009**	2008	2007	2006	2005
Equities	**170.5**	213.9	262.6	229.3	217.6
Bonds	**157.7**	164.9	130.8	132.4	110.6
Cash and other assets	**1.7**	7.9	18.7	14.1	8.4
Market value of scheme assets	**329.9**	386.7	412.1	375.8	336.6
Present value of scheme liabilities	**(439.1)**	(474.8)	(455.6)	(431.7)	(406.3)
Deficit in the scheme	**(109.2)**	(88.1)	(43.5)	(55.9)	(69.7)
Related deferred tax asset	**30.6**	24.7	12.2	16.8	20.9
Net pension liability under FRS 17	**(78.6)**	(63.4)	(31.3)	(39.1)	(48.8)

The five year history of experience adjustments is as follows:

(In £'s million)	**2009**	2008	2007	2006	2005
Present value of defined benefit obligations	**(439.1)**	(474.8)	(455.6)	(431.7)	(406.3)
Fair value of scheme assets	**329.9**	386.7	412.1	375.8	336.6
Deficit in the scheme	**(109.2)**	(88.1)	(43.5)	(55.9)	(69.7)
The history of experience adjustments is as follows:					
Experience adjustments on scheme liabilities					
Amount (£'s million)	**(12.4)**	(6.1)	(4.7)	(4.7)	9.4
Percentage of scheme liabilities (%)	**(3%)**	(1%)	(1%)	(1%)	2%
Experience adjustments on scheme assets					
Amounts (£'s million)	**(78.2)**	(51.0)	16.0	19.1	21.0
Percentage of scheme assets (%)	**(24%)**	(13%)	4%	5%	6%

11 Retirement benefit obligations continued

Future profile of Hays Pension Scheme

The Hays Pension Scheme was closed to new members with effect from 1 July 2001. The age profile of the active membership will rise over time and hence the future service cost (as a percentage of annual salaries) is also likely to rise. The Group has considered the impact of the FRS 17 deficit in respect of the Group, its employees and pensioners. In the context of the prudent funding structure of the Group, the Group is in a strong position to manage this long-term liability to the satisfaction and benefit of all stakeholders.

The estimated amounts of contributions expected to be paid to the scheme during the current financial year will be in the range of £10-20 million subject to the triennial actuarial valuation.

12 Provisions for liabilities

(In £'s million)	Property	Deferred tax	Other	Total
Balance at 1 July 2008	5.0	–	14.9	19.9
(Utilised)/provided	–	0.2	(1.7)	(1.5)
Balance at 30 June 2009	**5.0**	**0.2**	**13.2**	**18.4**

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 Company. The leases expire in periods up to 2013.

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

Other provisions include liabilities arising as a result of the business disposals and the Group transformation that concluded in 2004 in relation to businesses disposed of. It is not possible to estimate the timing of payments against these provisions.

13 Called up share capital

Authorised share capital

	2009 Number 000's	**2009 £'s million**	2008 Number 000's	2008 £'s million
Ordinary shares of 1p each	**8,898,095**	**89.0**	8,898,095	89.0

Called up, allotted and fully paid share capital

	Share capital number 000's	Share capital £'s million
At 1 July 2008 and 30 June 2009	**1,464,097**	**14.7**

14 Reconciliation of movements in shareholders' funds

(In £'s million)	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Own shares	Total
At 1 July 2008	14.7	369.6	2.7	314.9	(1.5)	700.4
Total recognised gains and losses	–	–	–	37.6	–	37.6
Share buy-back	–	–	–	(1.4)	–	(1.4)
Purchase of own shares in the period	–	–	–	5.4	(5.4)	–
Share based payments	–	–	–	(0.4)	1.4	1.0
Dividends paid	–	–	–	(79.3)	–	(79.3)
At 30 June 2009	**14.7**	**369.6**	**2.7**	**276.8**	**(5.5)**	**658.3**

At the start of financial year under review, as part of the share buy-back programme, Hays purchased 1.7 million shares (held as treasury shares) for a total cost of £1.4 million.

Investments in 'own shares' are held by an employee benefit trust to satisfy options awarded to employees. Dividends in respect of 'own shares' have been waived. The number of shares held at 30 June 2009 is 13,811,276 (2008 – 3,072,679).

15 Principal subsidiaries

	Country of registration
Holding Companies	
*Hays Holdings Ltd	England & Wales
*Hays Specialist Recruitment (Holdings) Ltd	England & Wales
*Hays International Holdings Ltd	England & Wales
Hays Holdings BV	The Netherlands
Hays France SAS	France
Trading Companies	
Hays Specialist Recruitment (Australia) Pty Ltd	Australia
Hays Osterreich GmbH	Austria
Hays Belgium NV/SA	Belgium
Hays Recruitment and Selection Ltda	Brazil
Hays Specialist Recruitment (Canada) Inc	Canada
Hays Czech Republic s.r.o	Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Denmark
Hays Specialist Recruitment Ltd	England & Wales
Hays Pharma Ltd	England & Wales
Hays Finance Technology Ltd	England & Wales
Hays Healthcare Ltd	England & Wales
Hays Social Care Ltd	England & Wales
Hays Travail Temporaire SASU	France
Hays Executive SASU	France
Hays Pharma SASU	France
Hays Sud Ouest SASU	France
Hays Ouest SASU	France
Hays Nord Est SASU	France
Hays Paris SASU	France
Hays AG	Germany
Hays Temp GmbH	Germany
Hays Hong Kong Ltd	Hong Kong SAR
Hays Specialist Recruitment Hong Kong Ltd	Hong Kong SAR
Hays Hungary Kft	Hungary
Hays Specialist Recruitment Private Limited	India
Hays Specialist Recruitment (Ireland) Ltd	Ireland
Hays S.r.l	Italy
Hays Specialist Recruitment Japan K.K.	Japan
Hays S.a.r.l	Luxembourg
Hays Poland Sp z.o.o	Poland
Hays Overseas (Portugal) SGPS LDA	Portugal
Hays Specialist Recruitment Limited Liability Company	Russia
Hays Specialist Recruitment P.T.E Limited	Singapore
Hays Personnel Services Espana SA	Spain
Hays Personnel Espana Temporal SA	Spain
Hays Specialist Recruitment AB	Sweden
Hays (Schweiz) AG	Switzerland
Hays BV	The Netherlands
Hays FZ-LLC	United Arab Emirates

At 30 June 2009, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies. Shares in companies marked with an asterisk (*) were owned directly by Hays plc and in companies not so marked were owned by a subsidiary or subsidiaries of Hays plc.

The list of companies includes holding companies and those which had a material effect on the consolidated results to 30 June 2009. Information on the other United Kingdom companies in the Group will be included in the respective annual returns.

16 Related parties

Hays plc has taken advantage of the exemption granted under FRS 8 'Related Party Disclosure' not to disclose transactions with entities that are part of the Hays plc Group.

17 Subsequent events

The final dividend for 2009 of 3.95 pence per share (£54.0 million) will be proposed at the AGM on 11 November 2009 and has not been included as a liability as at 30 June 2009. The final dividend will be paid on 20 November 2009 to shareholders on the register at close of business on 23 October 2009.

Shareholder Information

Enquiries relating to your shareholding, including the administrative matters listed below, should be addressed to the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone: 0871 384 2843*. Textphone: 0871 384 2255*. International: +44 121 415 7047.

- Dividend payments.
- Dividend mandate instructions: dividends may be paid directly into your bank or building society account on completion of a mandate instruction form. Tax vouchers are sent to the shareholder's registered address.
- Lost share certificates, dividend warrants or tax vouchers.
- Notification of change of address.
- Transfer of shares to another person.
- Amalgamation of accounts: if you receive more than one copy of the Annual Report and Financial Statements it could be because you have more than one record on the share register and may wish to amalgamate your accounts.

You can access details of your shareholding and a range of other shareholder services at Equiniti's website **shareview.co.uk**.

Shareholder information

Information concerning the day-to-day movement of the share price of the Company can be found on our website **haysplc.com** or that of the London Stock Exchange **londonstockexchange.com**.

Capital Gains Tax base cost of Hays Shares

Following the demerger of DX Services on 1 November 2004, the original base cost of your Hays plc shares for Capital Gains Tax purposes should be allocated between your Hays plc shares and the DX Services plc shares that you received as follows:

Hays plc shares 89.57%
DX Services plc shares 10.43%

For example, suppose you held 100 Hays plc shares for which the base cost is £100. Immediately after the demerger, you held 100 Hays plc shares and five DX Services plc shares. The £100 cost should be allocated between these shares as follows:

Hays plc shares 89.57% x £100 = £89.57, or £0.90 per share DX Services plc shares 10.43% x £100 = £10.43, or £2.09 per share.

If you are in any doubt about the allocation of the base cost between the shares of the two companies, you should consult your tax adviser.

Corporate Individual Savings Account

The Hays plc Single Company ISA is available to existing and prospective shareholders in Hays plc. Further information is available from Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone: 0871 384 2244*. Website: **shareview.co.uk**.

Dealing service

JPMorgan Cazenove Ltd operates a postal dealing service for Ordinary shares in Hays plc. This provides for the sale or purchase of shares at a basic commission of 1% subject to a £10 minimum charge. Further information is available from: JPMorgan Cazenove Ltd, 20 Moorgate, London EC2R 6DA. Telephone: +44 (0) 20 7588 2828. Website: **jpmorgancazenove.com**.

Equiniti offer Shareview Dealing, a service which allows you to sell your Hays plc shares or add to your holding if you are a UK resident. You can deal in your shares on the internet or by phone. Log on to **shareview.co.uk/dealing** or call them on 0845 6037 037 between 8.30am and 4.30pm, Monday to Friday, for more information about this service and for details of their rates. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate.

ShareGift

ShareGift is a charity share donation scheme for shareholders administered by the Orr Mackintosh Foundation. It is especially useful for those shareholders who wish to dispose of a small number of shares whose value makes it uneconomic to sell on a normal commission basis. Further information can be obtained from **sharegift.org** or from Equiniti.

Dividend Re-Investment Plan (DRIP)

The Company has introduced a DRIP to allow shareholders to re-invest the cash dividend that they receive in Hays plc shares on competitive dealing terms. Further information is available from the Share Dividend Team at Equiniti at Aspect House, Spencer House, Lancing, West Sussex BN99 6DA. Telephone: 0871 384 2268*. Website: **shareview.co.uk**.

Unsolicited mail

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact The Mailing Preference Service, FREEPOST 22, London W1E 7EZ. Telephone: 0845 703 4599. Website: **mpsonline.org.uk**.

Financial calendar 2009/10

Interim management statement for quarter ending 30/09/09	8 October 2009
Annual General Meeting	11 November 2009
Payment of final dividend	20 November 2009
Trading statement for quarter ending 31/12/09	7 January 2010
Half Year Report for 6 months ending 31/12/09	25 February 2010
Interim management statement for quarter ending 31/03/10	8 April 2010
Interim dividend	April 2010
Trading statement for quarter ending 30/06/10	8 July 2010

Investor Relations

Enquiries to ir@hays.com

Registered office

250 Euston Road, London NW1 2AF
Registered in England & Wales no. 2150950
Telephone: +44 (0) 20 7383 2266

* Calls to this number are charged at 8 pence per minute from a BT landline. Charges from other telephone providers may vary.

Directory

Listed below are the main offices for each of our countries of operation. To find your local office please visit the Hays website: hays.com

Australia
T +61 (0)2 8226 9600
F +61 (0)2 9233 1110
Level 11, Chifley Tower
2 Chifley Square
Sydney NSW 2000
sydney@hays.com.au
www.hays.com.au

Austria
T +43 (0)1 535 34 43 0
F +43 (0)1 535 34 43 299
Marc-Aurel-Straße 4/4
1010 Wien
info@hays.at
www.hays.at

Belgium
T +32 (0)56 653600
F +32 (0)56 228761
Harelbeeksestraat 81
B-8520 Kuurne
kuurne@hays.com
www.hays.be

Brazil
T +55-11-3046-9800
F +55-11-3845-4805
Rua Pequetita, 215 – 13° andar
São Paulo, SP CEP 04552-060
headoffice@hays.com.br
www.hays.com.br

Canada
T +1 416 367 4297
F +1 416 367 4298
1500 Don Mills Road
Suite 402, North York
ON M3B 3K4
recruit@hays.ca
www.hays.ca

China
T +86 (0)21 2322 9600
F +86 (0)21 5382 4947
Room 1903-1904, Shui On Plaza
No.333 Middle Huaihai Road
Shanghai 200021, PRC
shanghai@hays.cn
www.hays.cn

Czech Republic
T +420 225 001 711
F +420 225 001 723
Olivova 4/2096
110 00 Praha 1
prague@hays.cz
www.hays.cz

Denmark
T +45 33 155 600
F +45 33 155 601
Frederiksholms Kanal 4
DK-1220 København K
Denmark
copenhagen@hays.com
www.hays.dk

France
T +33 (0)1 42 99 16 99
F +33 (0)1 42 99 16 93
11, Avenue Delcassé
75008 Paris
hps@hays.fr
www.hays.fr

Germany
T +49 (0)621 1788 0
F +49 (0)621 1788 299
Willy-Brandt-Platz 1-3
68161 Mannheim
info@hays.de
www.hays.de

Hong Kong
T +852 2521 8884
F +852 2521 8499
Unit 5805-07, 58th Floor
The Centre, 99 Queen's Road
Central Hong Kong
hongkong@hays.com.hk
www.hays.com.hk

Hungary
T +36 1 501 2400
F +36 1 501 2402
Madách Imre utca 13-14
B ép. 5. em., 1075 Budapest
hungary@hays.hu
www.hays.hu

India
T +0091 22 42482500
F +0091 22 42482550
2nd Floor, A Wing,
Fortune 2000
Bandra Kurla Complex,
Bandra (E), 400 051 Mumbai
mumbai@hays.in
www.hays.in

Ireland
T +353 (0)1 676 4656
F +353 (0)1 676 4607
16 Upper Fitzwilliam Street
Dublin 2, Ireland
specialist.recruitment@hays.ie
www.hays.ie

Italy
T +39 (0)2 888 931
F +39 (0)2 888 93 41
Corso Italia
13, 20122 Milano
milano@hays.it
www.hays.it

Japan
T +81 (0)3 3560 1188
F +81 (0)3 3560 1189
Akasaka Twin Tower
Main Tower 7F 2-17-22
Akasaka
Minato-ku, Tokyo, 107-0052
Japan
info@hays.co.jp
www.hays.co.jp

Luxembourg
T +352 268 654
F +352 268 654 10
26B, Boulevard Royal
L-1740 Luxembourg
luxembourg@hays.com
www.hays.lu

Netherlands
T +31 (0)13 5910160
F +31 (0)13 5910155
Charles Stulemeijerweg 19
NL-5026 RS Tilburg
service@hays.com
www.hays.nl

New Zealand
T +64 (0)9 377 4774
F +64 (0)9 377 5855
Level 17, ASB Bank Centre
135 Albert Street, Auckland
auckland@hays-hps.co.nz
www.hays-hps.co.nz

Poland
T +48 (0)22 584 56 50
F +48 (0)22 584 56 51
Ul Zlota 59
00-120 Warszawa
warsaw@hays.pl
www.hays.pl

Portugal
T +351 21 782 6560
F +351 21 782 6566
Avenida da República, 90 – 1º
Fracção 3, 1600-206 Lisboa
portugal@hays.com
www.hays.pt

Russia
T +7 495 967 9379
F +7 495 967 9700
105 064, Zemlianoy Val, 9,
Moscow
moscow@hays.ru
www.hays.ru

Singapore
T +65 (0) 6223 4535
F +65 (0) 6223 6235
16 Collyer Quay,
#34-01 Hitachi Tower
Singapore 049318
singapore@hays.com.sg
www.hays.com.sg

Spain
T +34 91 443 0750
F +34 91 443 0770
Plaza de Colón 2,
Torre 1, Planta 1,
28046 Madrid
spain@hays.com
www.hays.es

Sweden
T +46 (0)8 588 043 00
F +46 (0)8 588 043 99
Stureplan 4C
114 35 Stockholm
stockholm@hays.com
www.hays.se

Switzerland
T +41 (0)44 2255 000
F +44 (0)44 2255 299
Nüschelerstr. 32
CH-8001 Zürich
info@hays.ch
www.hays.ch

United Arab Emirates
T +971 (0)4 361 2882
F +971 (0)4 368 6794
Block 19, 1st Floor, Office F-02
Knowledge Village
P.O. Box 500340, Dubai
United Arab Emirates
dubai@hays.com
www.hays.ae

United Kingdom
T +44 (0)20 7630 4406
F +44 (0)20 8525 3497
Stockley House
130 Wilton Road
London SW1V 1LQ
customerservice@hays.com
www.hays.com

HAYS Recruiting experts worldwide

haysplc.com

Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SGS-COC-003320

This report is produced using materials that are certified as FSC mixed sources from well-managed forests.
The pulp is 100% ECF from a mill that is ISO14001 certified.

Published by Black Sun Plc
Printed in England