

HAYS Recruiting experts
worldwide

POWERING WORLDWIDE GROWTH

Annual Report & Financial
Statements 2010

ACCOUNTANCY & TAX/CONSTRUCTION/CONTACT CENTRAL SERVICES/SOCIAL CARE/SALES & MARKETING/ENERGY/OFFICE SUPPORT/RESPONSE MANAGEMENT/HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS & DEVELOPMENT/PUBLIC SERVICES/ACCOUNTANCY & FINANCE/EDUCATION/PHARMA/CONSTRUCTION & PROPERTY/RESOURCE MANAGEMENT/INFORMATION TECHNOLOGY/SALES & MARKETING/RATEY/BANKING/MARKETING/ENGINEERING/TELECOMS/HUMAN RESOURCES/PHARMA/MANUFACTURING/HEALTHCARE/AR

UCATION/PHARMACY/CONTACT CENTRAL SERVICES/SOCIAL CARE/SALES & MARKETING/ENERGY/OFFICE SUPPORT/RESPONSE MANAGEMENT/HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS & DEVELOPMENT/PUBLIC SERVICES/ACCOUNTANCY & FINANCE/EDUCATION/PHARMA/CONSTRUCTION & PROPERTY/RESOURCE MANAGEMENT/INFORMATION TECHNOLOGY/SALES & MARKETING/RATEY/BANKING/MARKETING/ENGINEERING/TELECOMS/HUMAN RESOURCES/PHARMA/MANUFACTURING/HEALTHCARE/AR



POWERING BUSINESS THE WORLD OVER

17
AREAS OF SPECIALISM

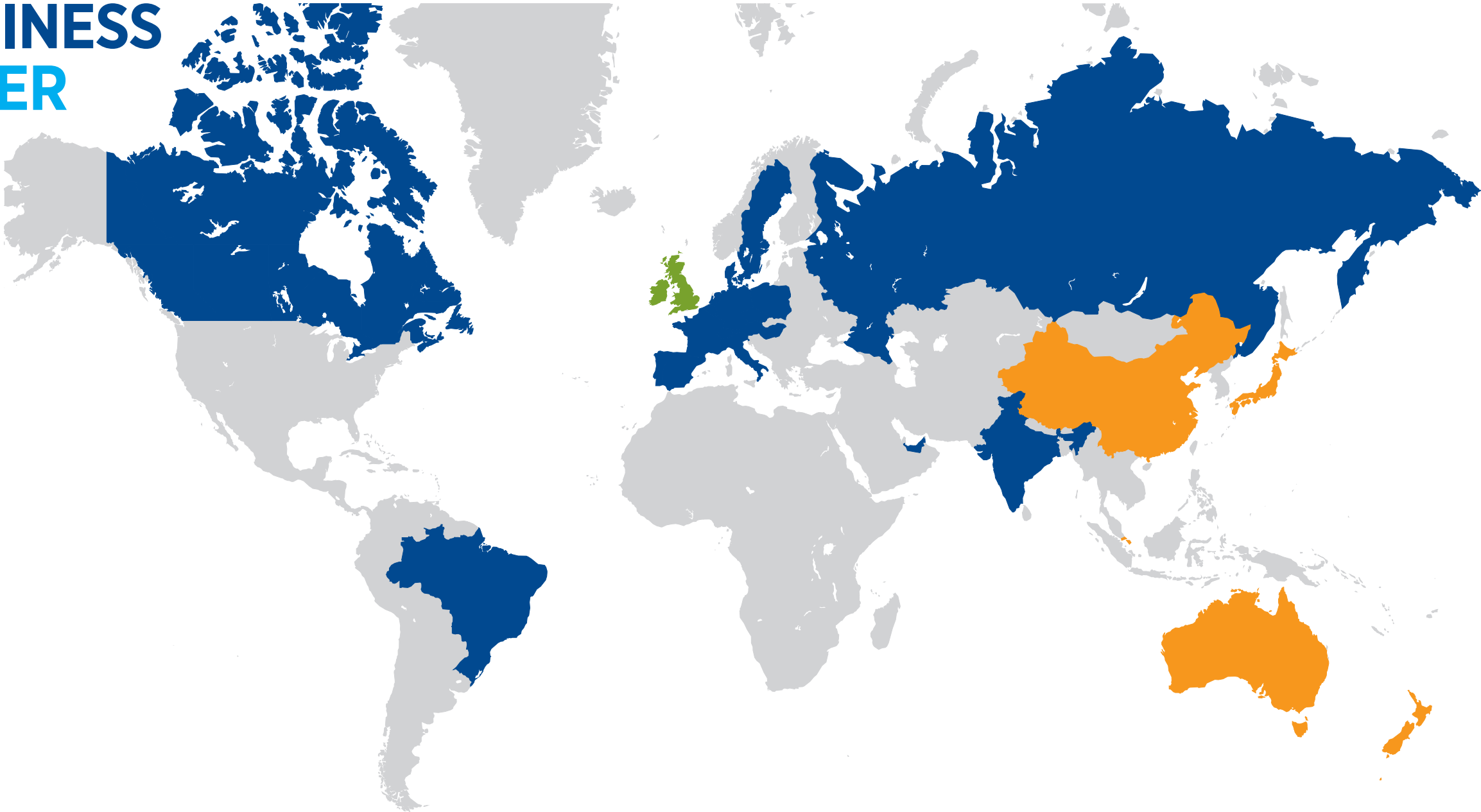
28
COUNTRIES WORLDWIDE

270
OFFICES WORLDWIDE

6,845
STAFF WORKING WORLDWIDE

50,000
PERMANENT CANDIDATES PLACED LAST YEAR

180,000
PEOPLE PLACED INTO TEMPORARY ASSIGNMENTS LAST YEAR



AREAS OF SPECIALISM

- Accountancy & Finance
Construction & Property
Information Technology
Pharma
Sales & Marketing
Banking
Contact Centres
Education
Executive
- Financial Services
Healthcare
Human Resources
Legal
Energy
Purchasing
Retail
Resources & Mining

OPERATING COUNTRIES

United Kingdom & Ireland 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	Continental Europe & Rest of World Austria Vienna Belgium* Antwerp Bruges Brussels Brazil São Paulo Rio de Janeiro Canada* Calgary Edmonton Kitchener Montréal Ottawa Toronto Vancouver	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 Abu Dhabi Dubai	Asia Pacific Australia* Adelaide Brisbane Canberra Darwin Geelong Gold Coast Hobart Melbourne Newcastle Perth Sydney Townsville Wollongong	China Beijing Shanghai Hong Kong Japan Osaka Tokyo New Zealand Auckland Christchurch Wellington Singapore
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* Represents major towns and cities only.

WE'VE PROVED THAT WE'RE A BUSINESS BUILT TO WITHSTAND TOUGH ECONOMIC TIMES

NOW, WE'RE READY TO TAKE ADVANTAGE OF THE NEXT CYCLE OF GROWTH

Directors' Report – Business Review

- 02 Financial and Operational Highlights
- 04 Group Profile
- 06 Chairman's Statement
- 08 Market Drivers
- 10 Chief Executive's Strategic Review
- 14 Strategy in Action
- 22 Operating Review: Asia Pacific
- 24 Operating Review: Continental Europe & Rest of World
- 26 Operating Review: UK & Ireland
- 28 Financial Review
- 32 Key Performance Indicators
- 34 Corporate Responsibility Report

Directors' Report – Governance

- 40 Audit Committee Report
- 42 Corporate Governance Report
- 44 Board of Directors
- 49 Principal Risks
- 53 Other Statutory Information

Remuneration Report – Governance

- 56 Remuneration Report

Financial Statements

- 67 Independent Auditors' Report on the Consolidated Financial Statements
- 68 Consolidated Financial Statements
- 72 Notes to the Consolidated Financial Statements
- 96 Independent Auditors' Report on the Hays plc Company Financial Statements
- 97 Hays plc Company Balance Sheet
- 98 Notes to the Hays plc Company Financial Statements
- 104 Shareholder Information
- 105 Directory

FINANCIAL HIGHLIGHTS

GOOD PROFIT PROTECTION AGAINST A DIFFICULT MARKET ENVIRONMENT

8%*

SEQUENTIAL NET FEE GROWTH
IN THE SECOND HALF

23%*

SEQUENTIAL OPERATING PROFIT**
GROWTH IN THE SECOND HALF

97%

CONVERSION OF OPERATING PROFIT**
TO OPERATING CASH FLOW***

Good profit protection against a difficult market environment, particularly in the first half

Broad-based recovery in the second half with sequential net fee growth of 8%* and operating profit growth of 23%*

Strong cash flow from operations* of £78.1 million (representing 97% of operating profit**)**

Strong balance sheet and dividend maintained at 5.80 pence

Year ended 30 June (In £'s million)	2010	2009	Actual growth	LFL* growth
Net fees	557.7	670.8	(17)%	(21)%
Operating profit from continuing operations**	80.5	158.0	(49)%	(53)%
Cash generated by operations***	78.1	260.9	(70)%	
Profit before tax (before exceptional items)**	71.1	151.0	(53)%	
Profit before tax	29.7	151.0	(80)%	
Basic earnings per share (before exceptional items)**	3.25p	7.72p	(58)%	
Basic earnings per share	0.48p	7.72p	(94)%	
Dividend per share	5.80p	5.80p	–	

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

** 2010 numbers are presented before exceptional charges of £41.4 million, comprising the £29.0 million charge relating to the OFT fine that is currently under appeal and £12.4 million non-recurring restructuring costs relating principally to the United Kingdom back-office automation project.

*** Excludes cash impact of exceptional items of £4.1 million paid in the year.

**** Conversion rate ('CR%') is the proportion of net fees converted into operating profit.

OPERATIONAL HIGHLIGHTS

5.80p

DIVIDEND MAINTAINED
AT 2009 LEVELS

58%

OF GROUP NET FEES FROM THE
INTERNATIONAL BUSINESS
IN THE SECOND HALF

89%

OF GROUP OPERATING PROFITS**
FROM THE INTERNATIONAL BUSINESS
IN THE SECOND HALF

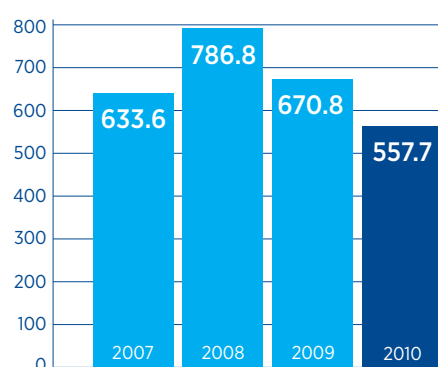
Continued diversification of the business with 58% of Group net fees generated outside the UK in the second half

Major IT projects substantially complete and now focused on driving productivity and efficiency benefits

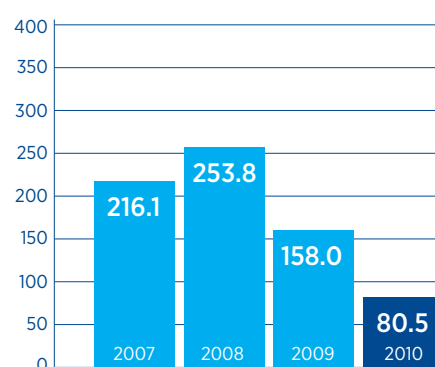
Permanent placement markets recovering more rapidly than temporary placement in most geographies

Over 200 consultants added across the international business in the second half

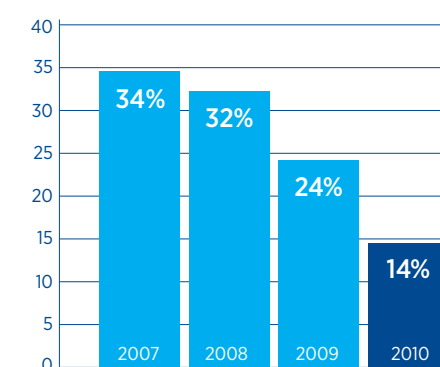
NET FEES (£M)



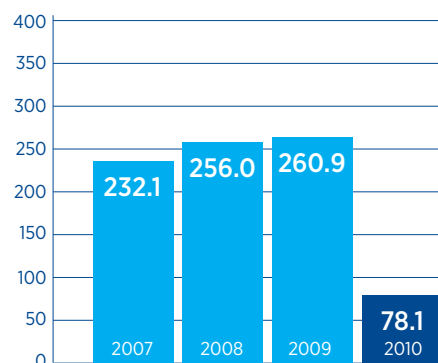
PROFIT FROM CONTINUING ACTIVITIES (£M)**



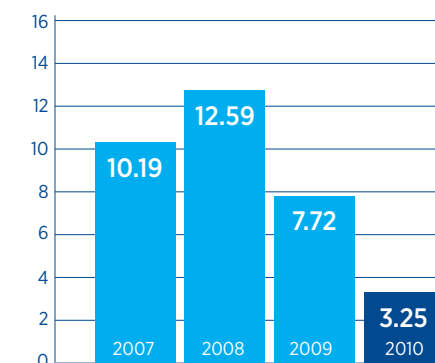
CONVERSION RATE (%)****



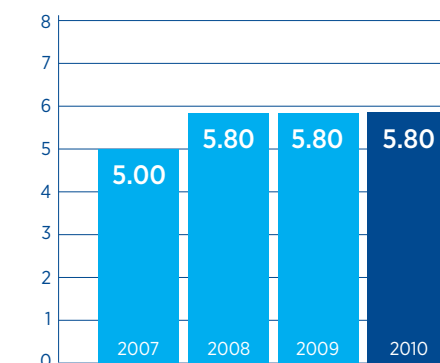
CASH FROM OPERATIONS (£M)***



BASIC EARNINGS PER SHARE (PENCE)**



DIVIDEND PER SHARE (PENCE)



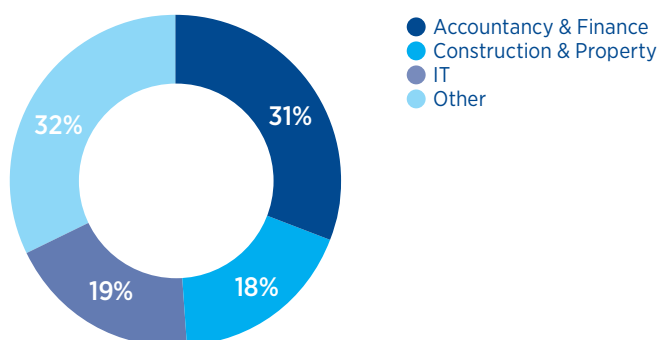
GROUP PROFILE

WE ARE THE LEADING EXPERTS IN QUALIFIED, PROFESSIONAL AND SKILLED RECRUITMENT

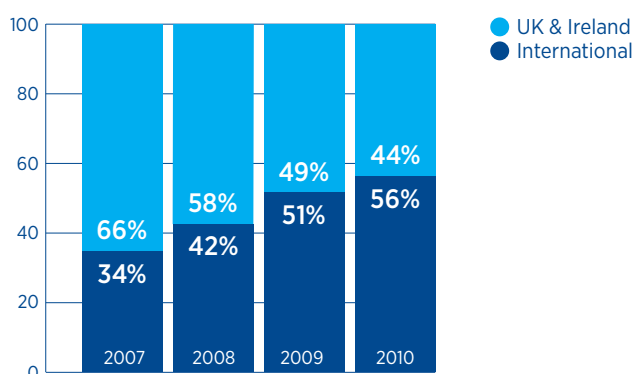
Our business is about matching companies and candidates.
It's about understanding people.

Last year, our experts placed around 50,000 candidates into permanent jobs and around 180,000 people into temporary assignments.

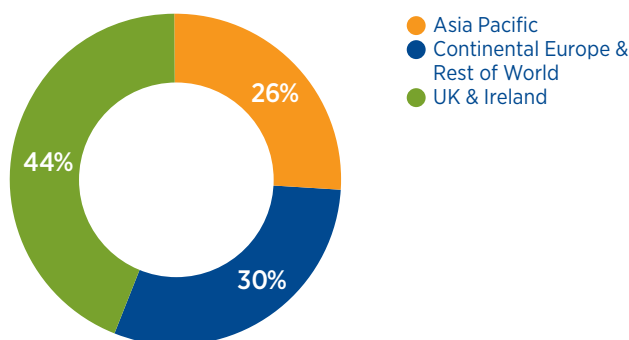
NET FEES BY SPECIALISM (%)



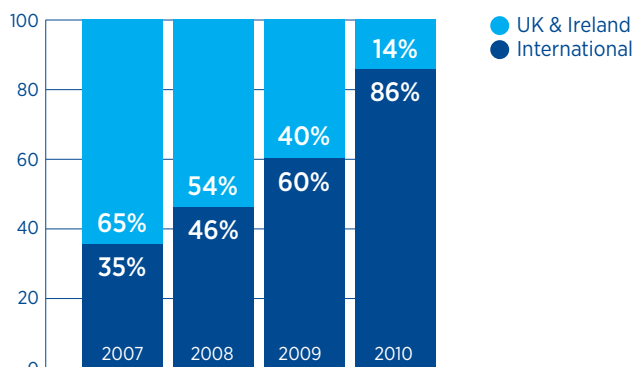
NET FEES (%)



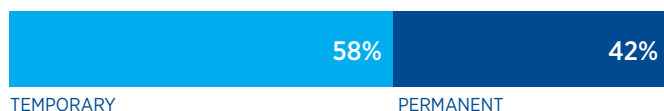
NET FEES BY DIVISION (%)



OPERATING PROFIT* (%)



TEMPORARY: PERMANENT (%)**



PRIVATE: PUBLIC SECTOR (%)**



* Continuing activities only, pre-exceptional items.

** Based on net fees.

AREAS OF SPECIALISM

WE EMPLOY 6,845 STAFF OPERATING FROM 270 OFFICES IN 28 COUNTRIES ACROSS 17 SPECIALISMS

We are the market leader in the UK and Asia Pacific and one of the market leaders in Continental Europe.



	Aus & NZ	China & HK	Japan	Singapore	Austria	Belgium	Brazil	Canada	Czech	Denmark	France	Germany	Hungary	India	Italy	Luxembourg	Netherlands	Poland	Portugal	Russia	Spain	Sweden	Switzerland	UAE	UK & Ireland
Accountancy & Finance	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Construction & Property	●	●	●	●		●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●
Information Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●
Pharma	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●
Sales & Marketing	●	●	●	●		●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●
Banking	●	●	●	●		●	●				●			●	●	●			●		●			●	●
Contact Centres	●													●											●
Education	●	●																							●
Executive	●			●		●	●		●	●					●		●	●	●		●	●			●
Financial Services	●		●	●		●					●					●	●		●		●			●	●
Healthcare	●						●	●			●			●				●						●	●
Human Resources	●	●	●	●		●	●	●	●		●				●	●								●	●
Legal	●					●	●				●	●			●						●			●	●
Energy	●	●		●				●			●			●				●						●	●
Purchasing	●					●	●				●													●	●
Retail	●					●		●	●		●	●			●		●	●	●		●				●
Resources & Mining	●			●														●				●			

● > 10% of country activity
● < 10% of country activity

RETURN TO GROWTH

Our business has an inherent agility and flexibility. Combined with the investments we have made we are well positioned to capitalise fully on the improving market conditions.

We entered the year facing the toughest markets on record with most parts of our business contending with reductions in demand of more than 40%. Against this background, our business achieved a good level of profitability, accruing the benefits of the early action taken to reduce the cost base in the previous year.

In the first half of the year, consultant numbers were reduced further giving an overall reduction of 32% from peak levels. As we moved into the second half of the year, most of our markets started to recover and we rapidly responded by reinvesting, particularly in Asia Pacific where we increased the headcount by 17% during the second half. As a result, we achieved a considerably improved performance in the second half of the year and the Group returned to year-on-year growth in the fourth quarter.

Whilst earnings per share* for the year decreased by 58%, we consider this to be a solid performance against a difficult backdrop. Our business has been thoroughly stress tested over the last 18 months and I am pleased to say that we have not only demonstrated that our business is built to withstand very tough market conditions but we have also delivered one of the leading financial performances in the sector.

Whilst we took all the actions necessary to manage the business in the downturn we have been extremely careful not to lose sight of our long-term objective of capitalising on the tremendous structural growth opportunities present in our markets.

We protected our operational footprint by maintaining our geographical coverage and the specialisms offered in each of our markets. As reported to you last year, in spite of the difficult conditions in our markets we ring-fenced our investment in three key areas:

1. IT development programmes
2. Brand enhancement
3. People training and development.

As discussed in more detail later in the Annual Report, each of these is now beginning to deliver value with the major IT change programme concluding, the brand roll-out focused on 'expertise' as our key differentiator now featuring in all our markets and our

people better equipped to win in the market conditions of today. All these investments position us extremely well to capitalise on the next phase of growth.

This year our strategy is focused on driving growth. In the international markets we will expand our business through organic replication of our operations, building greater scale in our existing business and entering a number of exciting new markets which we believe have high potential. In the UK, we will retain our focus on strengthening our market-leading position by driving efficiencies and building market share to ensure the business is well positioned to capitalise as trading conditions improve.

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. After taking account of the improving trends in the second half of the year, the Board's confidence in the outlook, and the strength of the Group's balance sheet, the Board proposes 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 (2009: 5.80 pence).

People

The past couple of years have been particularly tough for our people with many individuals having to take on additional roles and responsibilities as we have taken the measures necessary to navigate the downturn. However, these difficult times have been met at all levels with a level of commitment and determination of which I am extremely proud and on behalf of the Board I would like to offer our thanks to all our people around the world.

More encouragingly we began to increase our headcount in the second half of the year, bringing over 200 new people into the business. I welcome our new recruits and I am extremely confident that the high level of professionalism and enterprise within the business will provide a strong environment within which they can develop and build their careers.

Corporate responsibility

Our approach to corporate responsibility covers a broad range of philosophies, activities and standards which are provided in detail later in the Annual Report. Again this year we have, as an organisation, undertaken numerous events to raise money for charity. We organised a fundraising day for the UNICEF Haiti Appeal across our global business. In the UK our 'Beat the moon' event saw over 100 employees climb, cycle, canoe and run across the Lake District for our designated UK charity, Action For Children. These represent just two of many events which took place during the year and which raised over £290,000. This characterises and pays testament to both the generosity and spirit that exists within the organisation.



OFT investigation

On 30 September 2009, The Office of Fair Trading ('OFT') issued its decision, finding that Hays' Construction & Property business in the UK had breached competition law in the period October 2004 to November 2005. After cooperating fully with the OFT, Hays was fined £30.4 million. Whilst the investigation related to an isolated matter arising from the conduct of a single employee who is no longer with the company and affected only a small part of our UK Construction & Property business, we were incredibly disappointed to find ourselves involved in such an investigation and I can assure you the Board has taken the findings of the investigation extremely seriously. Immediately on learning of the investigation, we considerably strengthened the Group's compliance and training in this area, and implemented a detailed training programme for all key employees. However, we also consider the level of the fine to be both arbitrary and wholly disproportionate to the activities to which it relates, and hence we are currently appealing the decision.

Summary

As a shareholder, this is the first major recession during which you have been able to assess the resilience of our business model. This has been particularly demonstrated by our ability to defend profitability in the first half of the year and then focus on identified areas of growth in the second half. The inherent agility and flexibility of our business model, combined with our investment detailed above, position us to capitalise on the improving market conditions in nearly all our markets.

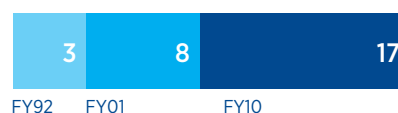
As announced on 15 July 2010, I shall be retiring at the Annual General Meeting in November and handing the reins to Alan Thomson. Since the announcement I have spent much time with Alan and he has an outstanding set of skills combined with the personality to lead Hays to even greater success.

Since joining the Board in 1998, I have witnessed the transformation of the Group into a focused professional recruitment business with an increasingly global footprint. Today, we are emerging from one of the deepest recessions of modern times and Hays, led by Alistair and his executive team, is well positioned to capitalise on the exciting opportunities for growth available in our markets. On a personal note, I have greatly enjoyed my time in the business. I have had exceptional support from the Hays team and the Group's advisors and I do sincerely wish everyone all the success that is so richly deserved.

Bob Lawson
Chairman

“Since joining the Board in 1998, I have witnessed the transformation of the Group into a focused professional recruitment business with an increasingly global footprint.”

BUSINESS EVOLUTION – SPECIALISMS



BUSINESS EVOLUTION – COUNTRIES



* Before exceptional items.

MARKET DRIVERS

SUBSTANTIAL MARKET OPPORTUNITY

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.

STRUCTURAL SKILLS SHORTAGE

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

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.

INCREASING JOB VELOCITY

People are changing jobs more frequently, which creates a greater demand for our services.

INCREASING FLEXIBILITY DEMANDS

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

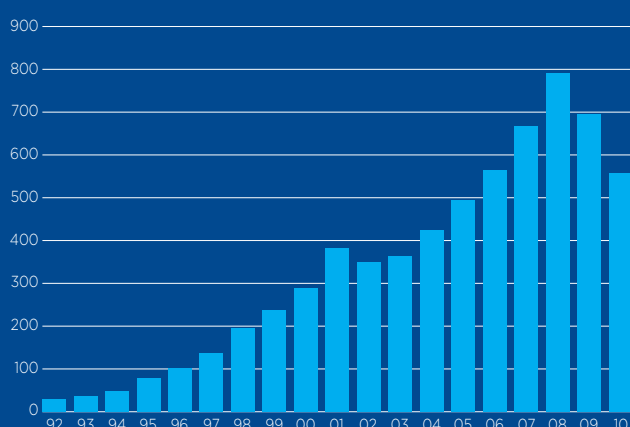
INCREASING DEREGULATION

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

NET FEE TRACK RECORD

The Hays professional recruitment business has achieved growth in 16 out of the last 19 years, with over 95% of this growth being organic.

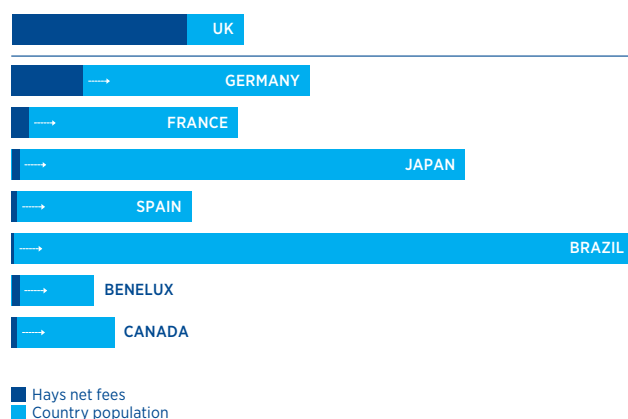
NET FEES (£M)



MARKET OPPORTUNITIES

Our international markets are at early stages of development with substantial long-term growth ahead of them.

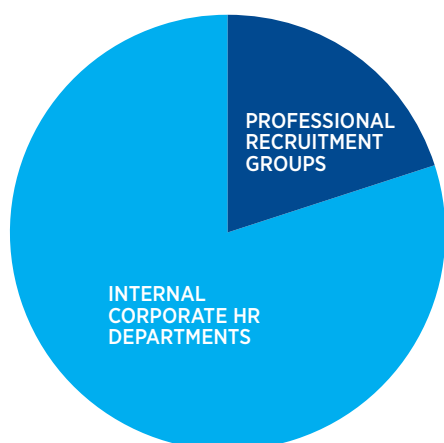
MARKET OPPORTUNITIES*



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

EMBRYONIC INTERNATIONAL MARKETS

Only around 20% of professional and skilled jobs in the international markets are filled by recruitment groups.



“In many countries, for example Japan, a job used to be for life. Now people are changing job more frequently, particularly the younger generation.”

Christine Wright
Managing Director, Japan

READY TO CAPITALISE ON THE UPTURN

Throughout the recession, we have been unwavering in our commitment to build a stronger, broader based and more efficient business.

REVIEW OF 2010

2010 was a year of two very distinct halves. After a challenging 2009, we started 2010 with markets continuing to present some of the most difficult conditions on record. The scale and pace of the decline in our markets during the downturn was unprecedented. In little more than 12 months our global permanent placement business halved. Our UK private sector fees declined by 58% from their peak and many parts of our international business suffered even more severely. Against this backdrop, our immediate goal was to defend our business as robustly as possible and protect profitability by controlling costs.

The second half of the year was very different as recovery in key markets started to gain momentum. The recovery started in Australia and Asia and, as the year progressed, broadened across Europe and the Americas. Our focus shifted accordingly and, for the first time in over 18 months, we started to reinvest in building our consultant base to ensure we captured the recovery fully in each market. It is very encouraging that these early signs of recovery have become more widespread and more firmly entrenched in most of our markets and consequently we delivered a material rebound in profits during the second half, finishing the year with a strengthening outlook in over 90% of the business.

Strategic progress in 2010

Last year I set out four key areas of focus for the Group. These objectives were designed to balance the short-term necessities of cash, profit and productivity maximisation with the longer-term strategic goals of increasing market share, strengthening our brand and completing the roll-out of world-class IT systems. I am pleased to say that we have made considerable progress in each area.

1. Cash, profit and productivity maximisation

In the first half of the year, the clear priority was cost control. Where necessary, we reduced headcount and over the first half Group consultant headcount declined by 4%, bringing the total reduction from peak to 32%. Later in the year as we saw markets stabilise and recover, we quickly moved from cost reduction into investment mode, initially in Asia Pacific and then into other important markets including Germany and Brazil. Our ability to capitalise on this shift in the markets enabled us to increase operating profit by 23%* in the second half versus the first half.

At the same time, we maintained our focus on cash generation, delivering another strong cash performance for the year with 97% conversion of operating profit** into operating cash flow***.

2. Increasing market share

Recessions provide opportunities for strong businesses to reinforce their market position and this is what we have achieved over the year. We have concentrated our resources on the more resilient parts of the market and developed our services to ensure they are relevant to our clients in an evolving marketplace. This has allowed us to continue to grow parts of our business despite the prevailing economic backdrop. Our Pharma business, for example, grew net fees by 35%* versus last year as we rolled out these services across our international network. Despite the pressures on the UK public sector, our Healthcare and Education businesses also grew at 29% and 4%, respectively, as we made further inroads into these markets.

Around the world, several of our larger clients have sought ways of consolidating their supplier base for their recruitment needs and looked to partner with organisations who can serve them across multiple job categories and sometimes multiple countries. This client-driven evolution in the market plays to our strength in international coverage and sectoral diversification and we have developed our capabilities to best address these opportunities. As a result we have further enhanced our market-leading position, for example winning multi-service contracts with Bank of America and JP Morgan in the UK financial services market, the Audit Commission and Department for Business, Enterprise and Regulatory Reform (BERR) in the UK public sector, Goodyear in China, JDSU across Europe and Asia, and Sony in Europe. Our strategy and ability to capture the majority of all professional recruiting needs for major organisations such as these will be a key driver of growth and market share as recruitment volumes recover.

Finally, as mentioned earlier, gaining market share means investing in our consultant base. By investing quickly in headcount growth in recovering markets around the world and redeploying consultants into more resilient markets, net fees grew by 8% in the second half versus the first half.



3. Complete roll-out of IT systems

Technology is a key tool to allow our consultants to do a better, faster, and more expert job for their customers. Our ability to best match a client's need with the very best person for the job is a function of our consultants' skill, the calibre of candidates we attract and the quality of their systems to find that perfect match. Having the very best systems is an important competitive advantage and I am pleased to say we have now substantially completed the global roll-out of our new front-office systems.

We have also substantially completed our UK back-office automation project. The new system is live and provides automated timesheet, payment and billing processes as well as real-time management information for driving our business. We have taken considerable costs out of our UK administrative functions, improved our customer service and, importantly, put in place a system with real economies of scale which will deliver significant returns as UK volumes recover.

4. Strengthen our brand position

Leading companies have leading brands and 2010 saw the launch of our new brand positioning: 'Recruiting experts worldwide'. By exploiting our brand we aim to raise the profile of our business wherever we operate, differentiate ourselves from our competitors and better communicate our unique expertise to our customers.

The real value of our brand though is in our ability to embed and deepen our expertise in everything we do to continually improve the service experience for our clients and candidates. The quality of our brand ultimately depends on the quality of the service our consultants provide and that is why a large proportion of our investment this year has been focused on further strengthening our training programmes.

This has ranged from standardising our induction and technical training for consultants, and deepening our sector expertise skills through to the launch of the 'ManagementDirect' to develop our management and leadership capability in conjunction with the Chartered Institute of Management and leading international business schools. The benefit of these investments will be realised through improved customer satisfaction which, in turn, will deliver increased market share and fees. However, it is rewarding to see our efforts recognised and we have won several industry awards including 'Best Temp/Interim Recruitment Firm' for Hays UK Financial Markets and 'Best Use of Online Recruitment' at the 2010 UK Online Recruitment Awards.

KEY CHARACTERISTICS THAT WILL DRIVE HAYS' LONG-TERM GROWTH

PURE PLAY SPECIALIST RECRUITMENT
£558m net fees/270 offices

MARKET-LEADING POSITIONS
Top 3 in our core markets/No.1 worldwide†

ATTRACTIVE MARKETS WORLDWIDE
Strong long-term growth drivers

BUSINESS MODEL REPLICATES
Self-funding growth/low expansion risk

BALANCED PORTFOLIO
28 countries/17 specialisms/temp & perm

STRONG COST CONTROL
Market-leading CR%/flexible cost base

STATE OF THE ART TECHNOLOGY
Market-leading IT systems

PROVEN MANAGEMENT
Underpinned by Hays DNA

HIGHLY CASH GENERATIVE
Low capital intensity/surplus cash returned

† Measured by operating profit.

CHIEF EXECUTIVE'S STRATEGIC REVIEW

“This year will be about exploiting the opportunities in the upturn. We have dealt with the recession well, now we must capitalise on the momentum we are seeing in most of the markets in which we operate.”

PRIORITIES FOR 2011

Our unwavering objective is to build the pre-eminent global business in professional recruitment and we aim to do that regardless of the economic backdrop. To achieve this, our strategy revolves around four components: growing our business by replication, improving operational effectiveness, developing the best people in the industry and applying the 'Hays Way' of doing things consistently across the world. This translates into the following key areas of focus for 2011:

1. Continue international diversification

The long-term opportunities to develop a number of international markets are substantial. Over the years we have demonstrated our ability to capitalise on the structural changes in these markets, growing our international fees by 38% in 2007 and 54% in 2008. Five years ago we were a business dominated by our UK operations with only a quarter of our fees earned overseas. Today, 60% of our fees are delivered from our international markets and we expect this diversification to continue.

Our goal is to more than double our international consultant headcount within the next five years and we are on track to deliver that objective. We are continuing to add headcount across Asia Pacific, Germany and Brazil and expect to reinvest in the remainder of Continental Europe as the recovery gains traction. We also plan to expand into new geographies over the year. In the US, we will open operations in New Jersey to service our pharmaceutical clients initially. Following the tremendous success of our Brazilian business, we will commence our regional roll-out across South America with a launch in Mexico.

2. Drive productivity and efficiency gains

Having installed the core systems, we are now focussed on harnessing the full capacity of our new technology to drive consultant productivity, increase efficiency and enhance customer service.

We are also working on enhancing our online presence and providing our customers with a rich and user-friendly way of engaging with us via the internet. The internet is already a very important channel for us, but we aim to develop our online content and transactional capability further. Equally, our new state-of-the-art systems allow us to develop multiple platforms to communicate with clients and candidates in the way they choose. Hence, we have introduced applications developed specifically for the iPhone and iPad and we will continue to adapt our online presence for mobile platforms where appropriate.

3. Leverage the brand

Last year we launched the brand. This year we will entrench it into everything we do across the world. This means investment in more training, the development of new initiatives to enhance our customer service delivery, promoting our expertise in the professional employment marketplace and the development of thought-provoking and expert insights into key skills and employment issues in each of our markets around the world. Our entire business is based upon finding the right person for our clients' needs. That is a hugely valuable service to provide and we intend to be the undisputed experts in the professional employment marketplace so all of our branding efforts will be directed at this goal.

4. Attract, retain and develop the best people

We are in an industry where the limiting factor on growth is not capital but people and their capabilities. Attracting, developing and retaining the best people is critical to our success. That is why we invested throughout the downturn to reinforce our training programmes and we will continue to do so as our business recovers. Our aim is to strengthen and broaden all aspects of our capability, from new consultants through to senior leaders, and ensure we can pursue more growth opportunities in parallel during the next cycle of growth.

Bob Lawson

As we announced in July, Bob will retire from the Board and step down from his role as Chairman in November. On behalf of everyone at Hays I would like to thank Bob for the great commitment and leadership he has brought to the Group over the past 12 years. Bob oversaw the transformation of Hays from a conglomerate to a world-leading specialist recruitment business and was also instrumental in developing our company from being a principally UK business into an international group which now operates in 28 countries and generates the majority of fees from outside the UK. On a personal level I have immensely enjoyed working with Bob over the past three years and I would like to thank him for allowing me to benefit from his depth of knowledge and experience, together with his wise counsel and good humour. On behalf of all my colleagues, I wish him all the very best of luck in the future.

I am also pleased to welcome to the Group Alan Thomson who will become our new Chairman following the Annual General Meeting in November. Alan brings a wealth and depth of international experience both from his current roles as Chairman of Bodycote plc, Senior Independent Director and Audit Committee Chairman of Johnson Matthey plc and non-executive director of Alstom SA. Alan joins us at a very exciting time in our journey and will bring a major contribution to our business.

Summary

Throughout the recession, we have been unwavering in our commitment to build a stronger, broader based and more efficient business. Last year we ring-fenced and delivered on our key investment projects, despite tough trading conditions. This year our strategy remains substantially unchanged: to continue our international diversification and to build on the investments we have made in the areas of IT, marketing and people development.

The key change is one of emphasis. Whilst last year was primarily about limiting the impact of the recession and strengthening the platform for future growth, this year will be about exploiting the opportunities in the upturn. We have dealt with the recession well, now we must capitalise on the momentum we are seeing in most of the markets in which we operate.

Alistair Cox
Chief Executive

* LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There were the same number of trading days in 2010 and 2009.
** Before exceptional items.
*** Excludes cash impact of exceptional items of £4.1 million paid in the year.

SUMMARY OF THE GROUP STRATEGY



GROWTH BY REPLICATING

- new specialisms in existing locations
- build scale in existing locations
- new territories in existing and new countries

ONE HAYS AROUND THE WORLD

- a globally consistent customer experience
- a leading global brand

OPERATIONAL EFFECTIVENESS

- leverage front-office technology to increase consultant productivity
- employ new UK back-office technology to increase service levels and efficiencies
- develop our online capability
- further develop Corporate Accounts capability

BEST PEOPLE IN THE INDUSTRY

- recruit, engage and retain the best
- industry-leading training
- world-class leadership development
- performance based culture

OUR STRATEGY IN ACTION

On the following pages, case studies provide examples of how we are developing our business by:

- building our presence in new specialisms in Germany;
- adding more teams in existing locations in Asia;
- rolling out our Pharma capability across our international network; and
- moving our business into new geographies in South America.



DIRECTORS' REPORT – BUSINESS REVIEW:

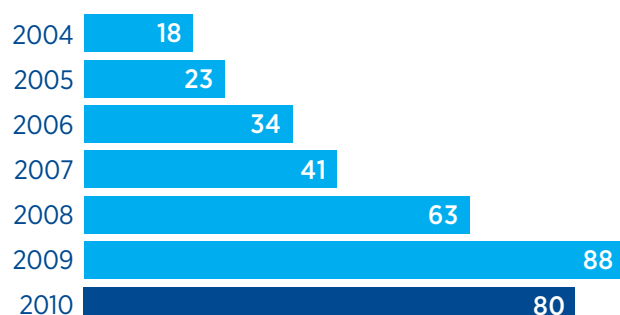
STRATEGY IN ACTION IN GERMANY

BREAKING NEW GROUND WIDENING OUR SCOPE

Since acquiring this business in 2003, we have rapidly built scale in Germany. Our priorities this year are to strengthen our market-leading business in IT and aggressively drive growth in the newer specialisms.

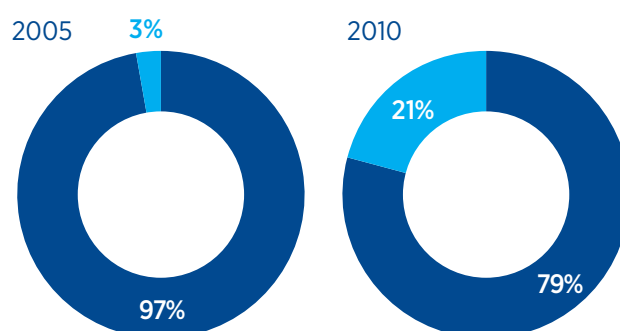
3RD LARGEST COUNTRY BY NET FEES IN 2010

NET FEES (£M)



NO.1 MARKET POSITION

NET FEES DIVERSIFICATION (%)



■ IT & Engineering
■ New specialisms

NEW SPECIALISMS DEVELOPING RAPIDLY

DIRECTORS' REPORT – BUSINESS REVIEW:

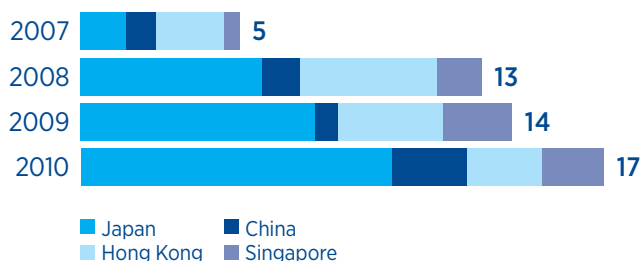
STRATEGY IN ACTION IN ASIA

EXPANDING OUR REACH BUILDING SCALE

Our business in Asia has already returned to pre-recession levels and over the next two years we plan to double the size of the business. We have the number four market position, and with the markets at very early stages of development, we see a substantial opportunity to build a large business in Asia.

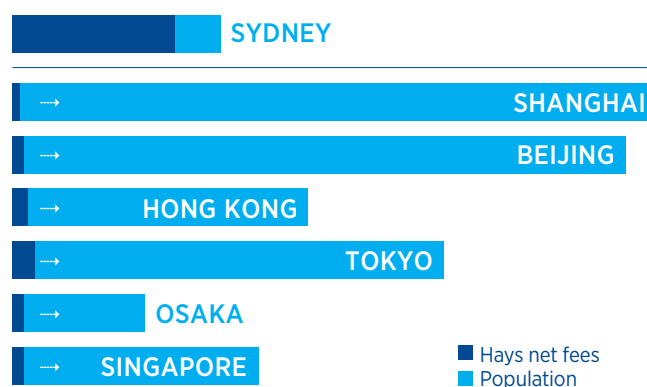
14%* NET FEE GROWTH IN 2010

NET FEES (£M)



175 CONSULTANTS (2006: 20)

MARKET OPPORTUNITY



EARLY STAGES OF DEVELOPMENT

* LFL net fee growth across Asia in 2010.



DIRECTORS' REPORT - BUSINESS REVIEW:

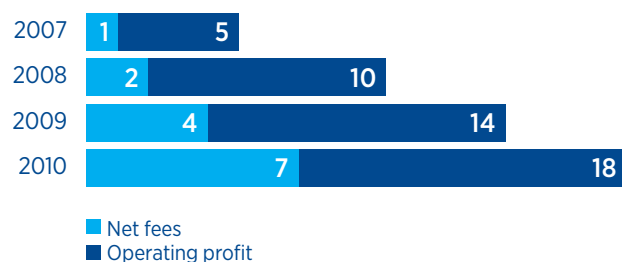
STRATEGY IN ACTION PHARMA

LEVERAGING OUR NETWORK BUILDING A GLOBAL BUSINESS

Since the acquisition of the James Harvard business in 2007, we have rapidly built scale by rolling its Pharma business from the UK across our international network. This year we are starting operations in the US.

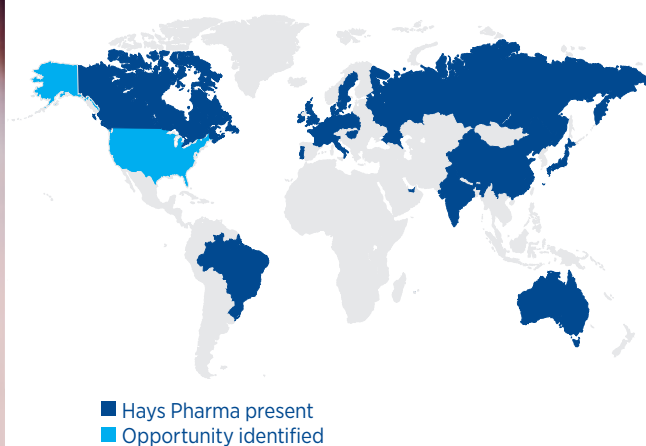
4TH LARGEST SPECIALISM

OPERATING PROFIT AND NET FEES (£M)

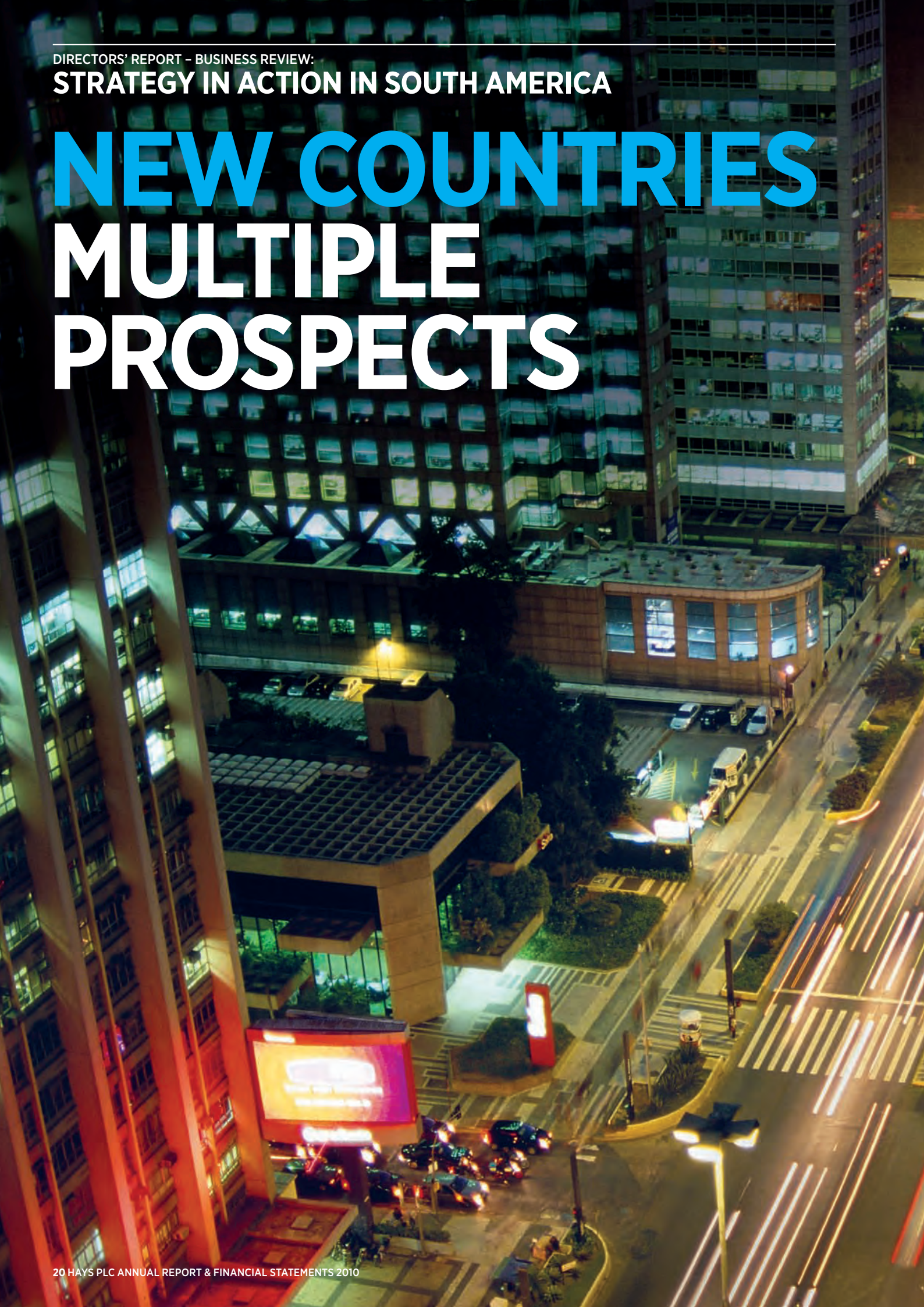


1 → 25 COUNTRIES IN 3 YEARS

PHARMA OPERATIONS



US ENTRY PLANNED THIS YEAR



DIRECTORS' REPORT – BUSINESS REVIEW:

STRATEGY IN ACTION IN SOUTH AMERICA

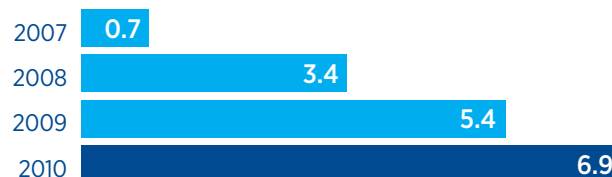
NEW COUNTRIES MULTIPLE PROSPECTS

Since our organic entry in 2007, we have rapidly built scale in Brazil establishing a number two market position. In the final quarter of 2010, this business was growing by 60% per annum as we rapidly added consultants. This year we plan to start operations in Mexico and we have a pipeline of further new country opportunities in the region.

385M POPULATION IN SOUTH AMERICA

56 HAYS CONSULTANTS

BRAZIL NET FEES (£M)



NO. 2 MARKET POSITION IN BRAZIL

MARKET OPPORTUNITY



MEXICO ENTRY PLANNED THIS YEAR

ASIA PACIFIC

OPERATING PERFORMANCE

Year ended 30 June (In £'s million)	2010	2009	Actual growth	LFL* growth
Net fees	146.3	149.1	(2)%	(18)%
Operating profit	52.0	61.4	(15)%	(30)%
Conversion rate	35.5%	41.2%		
Period-end consultant headcount**	881	771	14%	
Division as % of Group net fees	26%	22%		

2010 HIGHLIGHTS

- Strong recovery across the region during the year with 17%* sequential net fee growth in the second half versus the first half
- Broad recovery in Australia and New Zealand across all regions and specialisms
- Asian businesses now operating at above pre-downturn levels
- Achieved excellent conversion rate of 36%
- Actively investing in headcount across the region to capitalise on significant market opportunity

PERFORMANCE OVERVIEW

In Asia Pacific, net fees decreased by 2% (18% on a like-for-like basis*) to £146.3 million and operating profit decreased by 15% (30% on a like-for-like basis*) to £52.0 million. The division represents 65% of Group operating profit, making Asia Pacific the largest contributing division. The difference between actual growth and like-for-like growth was mainly due to the appreciation in the Australian dollar. The business achieved a strong conversion rate of 35.5% for the year, with the second half conversion rate at 36.5%.

In our market-leading Australia and New Zealand business, net fees were down 21%* versus prior year. Net fees decreased by 18%* in the temporary placement business and by 25%* in the permanent placement business. Following a period of sequential net fee stability in the first quarter of the year we recorded three consecutive quarters of sequential net fee growth as we capitalised on the strong private sector recovery across all specialisms and states. The recovery was driven by the permanent placement business, which achieved 35%* sequential net fee growth in the second half, with a more modest recovery in temporary placement which achieved 4%* sequential net fee growth in the second half. The recovery has been broadly based across

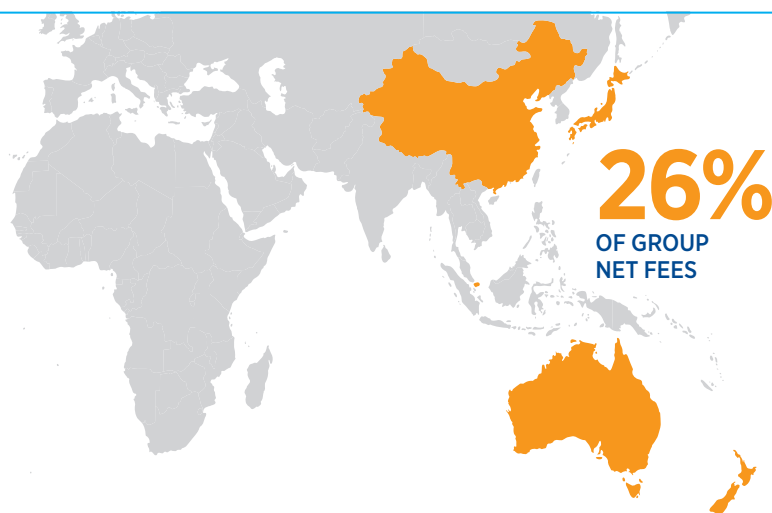
all specialisms, led by Financial Services and Resources & Mining with each of these specialisms achieving sequential net fee growth in excess of 30%* in the second half. In our public sector business, which accounts for 25% of net fees in Australia and New Zealand, net fees were sequentially stable through the year.

Our Asian business, which accounted for 12% of the division's net fees in the period, achieved net fee growth of 14%* versus prior year. Market conditions improved markedly through the year, driven by improved levels of demand across a broad range of specialisms, culminating in all-time record monthly net fee performances being achieved by Japan, China and Singapore during the year. We are aggressively pursuing our strategy of doubling the size of this business within the next two years and Asia is now operating at above its pre-downturn level.

Consultant headcount** in Asia Pacific increased by 14% during the year with significant headcount investment in the second half. In Australia and New Zealand, consultant headcount increased by 12% in the second half with broad investment across all specialisms and regions. In Asia, consultant headcount was added aggressively and broadly in the second half, resulting in a 43% increase to 175 consultants, which is 6% above the pre-downturn peak.

PROPORTION OF GROUP NET FEES

£146.3M
NET FEES



FUTURE FOCUS

- Continue market-beating performance in Australia and New Zealand
- Gain critical mass in Japan
- Aggressively build business across Asia
- Seize early advantage in recovering markets

REGIONAL PROFILE

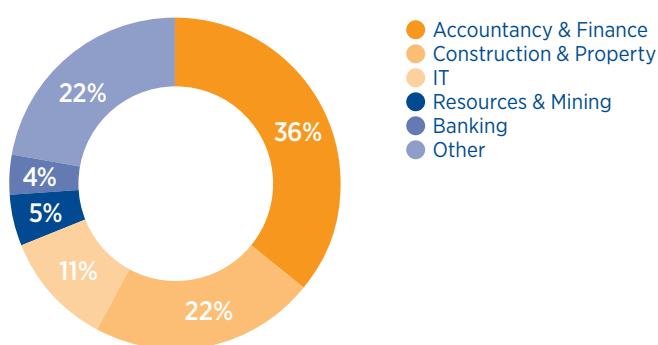
17
SPECIALISMS

881
CONSULTANTS**

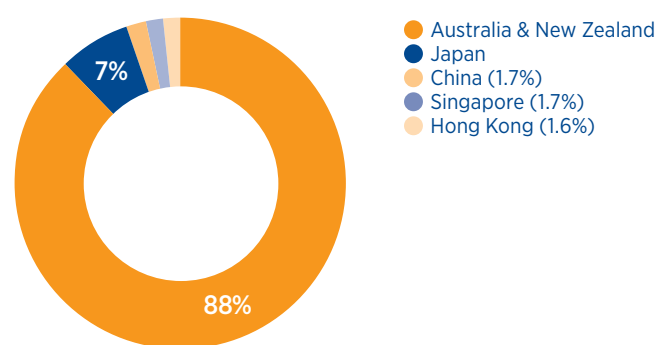
43
OFFICES

No.1
MARKET POSITION IN
AUSTRALIA AND NEW ZEALAND

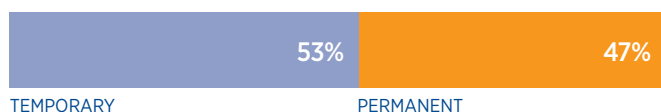
NET FEES BY SPECIALISM (%)



NET FEES BY REGION (%)



TEMPORARY: PERMANENT (%)†



PRIVATE: PUBLIC SECTOR (%)†



† Split based on net fees.

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

** The change in consultants is shown on a closing basis, comparing 30 June 2010 versus 30 June 2009. The number of consultants has been restated in 2009 and 2010 to include resource analysts in addition to frontline consultants.

CONTINENTAL EUROPE & REST OF WORLD

OPERATING PERFORMANCE

Year ended 30 June (In £'s million)	2010	2009	Actual growth	LFL* growth
Net fees	167.5	191.0	(12)%	(16)%
Operating profit**	17.1	33.1	(48)%	(50)%
Conversion rate	10.2%	17.3%		
Period-end consultant headcount***	1,355	1,400	(3)%	
Division as % of Group net fees	30%	29%		

2010 HIGHLIGHTS

- Resilient performance in Germany with market improvement in the second half
- Broad recovery across the region in the fourth quarter with Brazil, Hungary, Portugal and Denmark each recording all-time record monthly net fee performances
- Infrastructure protected across the region positioning us well to capitalise on growth

PERFORMANCE OVERVIEW

In Continental Europe & RoW, net fees decreased by 12% (16% on a like-for-like basis*) to £167.5 million and operating profit** decreased by 48% (50% on a like-for-like basis*) to £17.1 million. This division now represents 21% of Group operating profit**. The difference between actual growth and like-for-like growth was mainly due to the appreciation in the Euro. The conversion rate declined from 17.3% to 10.2% in 2010.

Our German business, representing 48% of the division's net fees and the majority of the division's profits, recorded a 12%* decrease in net fees versus prior year. Germany has been the Group's most resilient country through the downturn and, on a sequential basis, net fees in Germany showed a stable trend in the first half of the year before recording 8%* sequential net fee growth in the second half, driven by a broad-based recovery of the temporary and permanent placement markets. Our German business continues to diversify into a broader range of specialisms including Accountancy & Finance, Construction & Property, Sales & Marketing, Legal and Pharma, which now account for 21% of total net fees in Germany (2005: 3%). Our market-leading position and increasing diversification of the business place us in a strong position to benefit from the improving market conditions.

Our other businesses in this division, covering 19 countries, are focused principally on the permanent placement markets. After experiencing sequential net fee stability in the first half of the year, most countries returned to sequential growth in the second half as client and candidate confidence levels improved across our markets. Our businesses in Brazil, Portugal, Denmark and Hungary each achieved all-time record fee months during the fourth quarter of the year, with 14 countries across the region achieving net fee growth of over 10%* in this quarter. Our businesses in Southern and Eastern Europe, which currently contribute 11% of the division's net fees, have seen no impact from the sovereign debt issues.

Consultant headcount*** decreased by 3% during the year. This comprised a 9% reduction in the first half which was partially offset by a 6% increase in the second half, with increases in Germany and Brazil. We currently plan to add headcount more broadly across the region after the summer vacation period. During the downturn we protected the infrastructure in these businesses and as a result we are well positioned to capitalise on the significant structural and cyclical growth that we expect to see in the coming years.

PROPORTION OF GROUP NET FEES

£167.5M
NET FEES

30%
OF GROUP
NET FEES



FUTURE FOCUS

- Consolidate No.1 position in 'IT' market in Germany and roll out new specialisms
- Build scale in major cities in France, prioritising Accountancy & Finance
- Aggressively expand in embryonic markets as markets recover
- Pursue top 3 positioning in all geographies
- Plan to invest in headcount across the region

REGIONAL PROFILE

16

SPECIALISMS

1,355

CONSULTANTS***

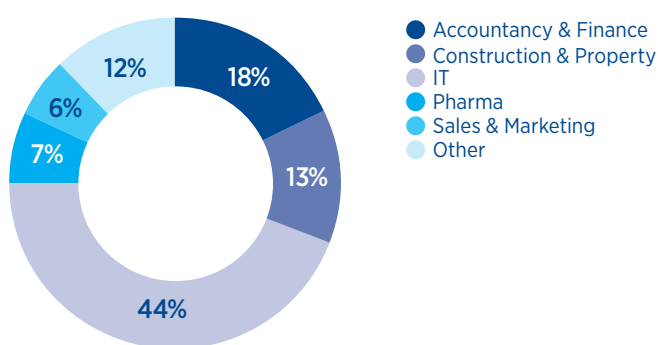
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OFFICES

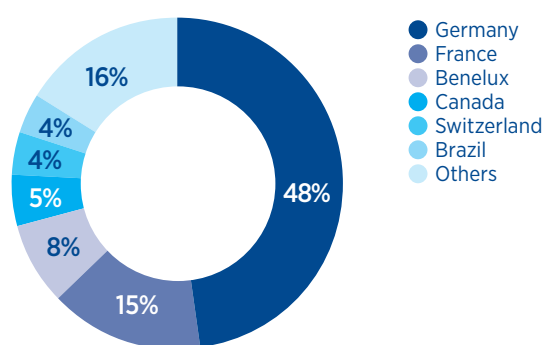
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COUNTRIES

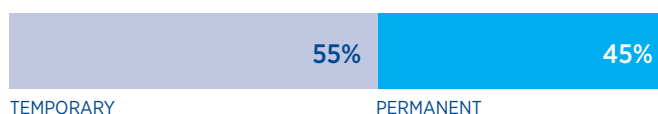
NET FEES BY SPECIALISM (%)†



NET FEES BY REGION (%)†



TEMPORARY: PERMANENT (%)†



PRIVATE: PUBLIC SECTOR (%)†



† Split based on net fees.

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

** 2010 numbers are presented before exceptional costs.

*** The change in consultants is shown on a closing basis, comparing 30 June 2010 versus 30 June 2009. The number of consultants has been restated in 2009 and 2010 to include resource analysts in addition to frontline consultants.

UK & IRELAND

OPERATING PERFORMANCE

Year ended 30 June (In £'s million)	2010	2009	Actual and LFL* growth
Net fees	243.9	330.7	(26)%
Operating profit**	11.4	63.5	(82)%
Conversion rate	4.7%	19.2%	
Period-end consultant headcount***	2,272	2,387	(5)%
Division as % of Group net fees	44%	49%	

2010 HIGHLIGHTS

- Sequential stability through the year with growth in the private sector offsetting weakness in parts of the public sector
- Strong growth in our Healthcare, Pharma and Education businesses
- Excellent recovery in our leading Financial Services and City-related businesses
- Good growth in large corporate accounts business with several major client wins
- Front and back-office projects substantially completed

PERFORMANCE OVERVIEW

In the United Kingdom & Ireland, net fees declined by 26% to £243.9 million, and operating profit** declined by 82% to £11.4 million. Net fees decreased by 23% in the temporary placement business and by 32% in the permanent placement business. The conversion rate declined from 19.2% to 4.7% this year.

Overall, demand remained sequentially stable throughout the period with net fees in the second half of the year in line with the first half. In the private sector, net fees improved sequentially in the second half versus the first half with Pharma, Corporate Accounts and City-related recruitment all achieving particularly strong growth. As expected, performances in the public sector were mixed. In frontline service areas we continued to achieve growth, with net fees in our Healthcare and Education businesses up 29% and 4%, respectively, versus prior year. In contrast, the pressures on public finances impacted the remainder of our public sector business, particularly in Construction & Property and back-office functions. Overall public sector net fees, which currently represent 30% of our United Kingdom & Ireland net fees, decreased by 19% versus prior year, and are now more than a third below peak levels.

Consultant headcount*** in the United Kingdom & Ireland was reduced by 5% during the year with most of the reduction being undertaken near the start of the year. Throughout the year,

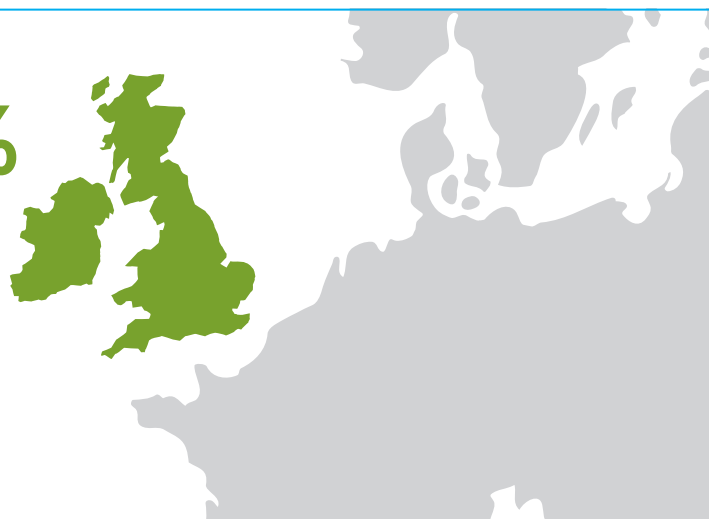
we have supported growth in the private sector by redirecting resources from the public sector and we will continue to do this if current trends continue. As a result, we expect to broadly maintain headcount at current levels in the coming months.

In the year, 38 offices were closed as we have continued to drive efficiency savings by consolidating operations in selected cities. We have also made excellent progress on our key efficiency investment programmes this year. Our new front-office system has been fully rolled out across the United Kingdom & Ireland business and we are now focused on leveraging this to increase consultant productivity and deliver enhanced client and candidate service. The back-office automation project will complete in October 2010. As a result of this implementation, and the reduction in volumes during the downturn, our back-office headcount will be reduced by around 50% from peak levels to around 300, of which a significant proportion will be based in India. We have also continued to strengthen our national corporate account management and recruitment outsource services. These investments have yielded several important client wins, including Bank of America, JP Morgan Chase, The Audit Commission and Northampton County Council, during the year. These wins have consolidated our market-leading position, particularly in the City.

PROPORTION OF GROUP NET FEES

44%
OF GROUP
NET FEES

£243.9M
NET FEES



FUTURE FOCUS

- Retain focus on core SME market
- Roll out our corporate account capability, entrenching client relationships and increasing market share
- Capture high-growth opportunities in newer specialisms as markets recover
- Drive greater efficiency in the business
- Capitalise on the recovery in the private sector

REGIONAL PROFILE

16

SPECIALISMS

2,272

CONSULTANTS***

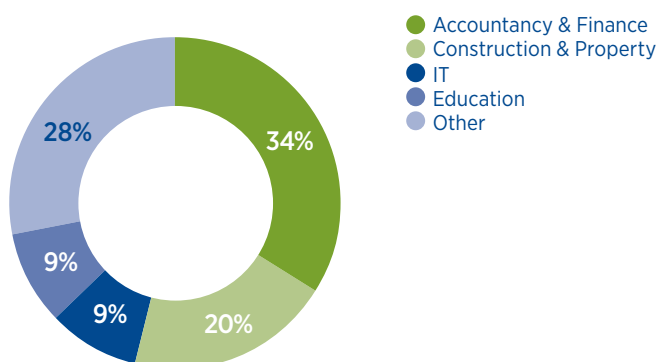
148

OFFICES

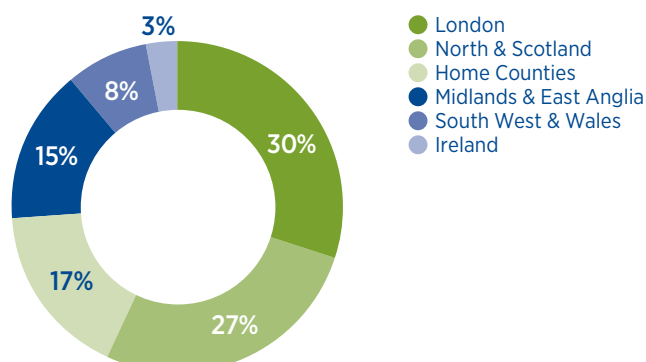
No.1

MARKET POSITION

NET FEES BY SPECIALISM (%)



NET FEES BY REGION (%)



TEMPORARY: PERMANENT (%)†



PRIVATE: PUBLIC SECTOR (%)†



† Split based on net fees.

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

** 2010 numbers are presented before exceptional costs.

*** The change in consultants is shown on a closing basis, comparing 30 June 2010 versus 30 June 2009. The number of consultants has been restated in 2009 and 2010 to include resource analysts in addition to frontline consultants.

A MARKED IMPROVEMENT IN PERFORMANCE IN THE SECOND HALF

We saw a broad based recovery in the second half of the year and capitalised on this with sequential net fee growth of 8%* and operating profit** growth of 23%*, versus the first half.

The performance of the Group during the year has been impacted by tough trading conditions although market conditions improved markedly in the second half of the year. Overall, Group turnover increased by 5%*, net fees decreased by 17% (declining by 21% on a like-for-like basis*), and operating profit decreased by 49% (53% on a like-for-like basis*). The results benefited from exchange rate movements, principally the Australian Dollar and the Euro, which had a favourable impact increasing net fees by £37.2 million and operating profit by £13.9 million. The increase in turnover was primarily due to significant corporate account wins, which include a high proportion of pass through third-party supplier revenues, and the withdrawal of Staff Hire Concession.

The temporary placement business, representing 58% of Group net fees, was more resilient through the downturn than the permanent placement business, with net fees decreasing by 18%*. This reflected a volume decrease of 9% and a 160 basis point reduction in the underlying temporary margin to 15.2% (2009: 16.8%)*. Around half of the margin reduction was a result of the mix effect of a greater proportion of placements being made through large volume contracts, with the balance of the reduction resulting from modest pricing pressure impacting our major temporary placement markets, namely Australia, Germany and the UK.

However, the margin remained broadly stable on a sequential basis across all markets in the second half of the year. On a sequential basis, Group temporary placement net fees increased by 4%* in the second half of the year driven by increased demand in our Australian, German and UK private sector businesses, and we continue to see improving trends in these markets.

Net fees in the permanent placement business, representing 42% of Group net fees, declined by 26%*, with permanent placement volumes decreasing by 19%. Average fees per placement decreased by 8%* compared to last year, primarily due to a less favourable mix. Market conditions were very difficult across all countries at the start of the year, however, in the second half of the year we saw improved levels of demand across nearly all our businesses, with particularly strong recovery in Asia Pacific. This drove sequential net fee growth of 15%* in our permanent placement business in the second half of the year with the momentum continuing into the current year.

GROUP NET FEES

H1 10	£264.8m	8%* Sequential growth in H2 v H1
H2 10	£292.9m	

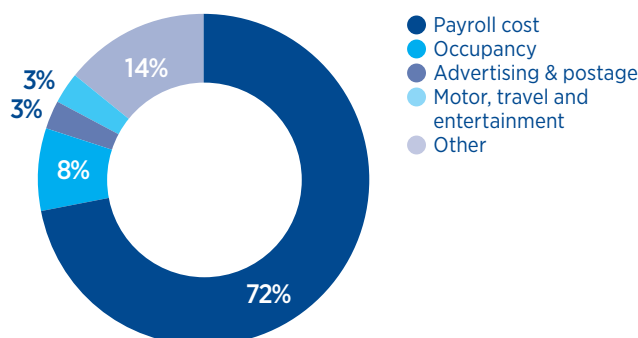
GROUP OPERATING PROFIT**

H1 10	£35.1m	23%* Sequential growth in H2 v H1
H2 10	£45.4m	

GROUP CONVERSION RATE

H1 10	13.3%	+2.2% in H2
H2 10	15.5%	

COST BASE ANALYSIS (%)





SUMMARY INCOME STATEMENT

Year ended 30 June (In £'s million)	2010	2009	Actual growth	LFL* growth
Turnover	2,691.1	2,447.7	10%	5%
Net fees				
Temporary	323.5	373.4	(13)%	(18)%
Permanent	234.2	297.4	(21)%	(26)%
Total	557.7	670.8	(17)%	(21)%
Operating profit**	80.5	158.0	(49)%	(53)%
Conversion rate	14.4%	23.6%		
Underlying temporary margin***	15.2%	16.8%		
Temporary fees as % of total	58%	56%		
Period-end consultant headcount****	4,508	4,558	(1)%	

The Group's cost base excluding exceptional items was 11%* lower than last year, principally due to the early actions taken at the start of the previous year to realign the cost base. However, lower placement volumes versus last year and the lower level of average consultant productivity achievable in a demand constrained market led to a reduction in the Group's conversion rate, which is the proportion of net fees converted into operating profit**, from 23.6% in the last year to 14.4% this year. As the improvement in market conditions in the second half of the year led to an increase in consultant productivity levels, we achieved an improved conversion rate of 15.5% versus 13.3% in the first half.

Group consultant headcount***** at the year end was 1% below the position at the start of the year. This comprised an increase of 14% in Asia Pacific, as we rapidly invested to capitalise on the strong recovery in market conditions, offset by a 5% reduction in the United Kingdom & Ireland and a 3% reduction in Continental Europe & Rest of World, with most of these reductions being made near the start of the year.

Exceptional costs

There is an exceptional cost of £41.4 million included in the Consolidated Income Statement in 2010. Of this, £29.0 million relates to The Office of Fair Trading's ('OFT's) decision, as disclosed in the Half Year Report, which found that Hays' Construction & Property business in the UK had breached competition law in the period October 2004 to November 2005. Hays co-operated fully with the OFT in its investigation under the leniency regime and was fined £30.4 million. The Group is appealing the decision and whilst in progress, the £30.4 million fine is being held on deposit by Hays. The remaining £12.4 million of the exceptional cost relates to a non-recurring restructuring cost which we disclosed in the fourth quarter trading update. This related principally to the back-office staff redundancy costs and non-cash asset write-downs following the near completion of the United Kingdom back-office automation project.

Net finance charge

The net finance charge for the year was £9.4 million (2009: £7.0 million). The average interest rate on gross debt during the year was 1.0% (2009: 3.2%), generating a net bank interest payable of £1.6 million (2009: £3.5 million). There was a non-cash net interest charge on the defined pension scheme obligations of £6.7 million (2009: £2.4 million) with the increase mainly due to the lower expected return on scheme assets, and a charge for the Pension Protection Fund levy of £1.1 million (2009: £1.1 million). It is expected that the net finance charge for the year ending 30 June 2011 will be at a similar level to 2010.

Taxation

Taxation before exceptional items** for the year was £26.6 million, representing an effective tax rate of 37.4% (2009: 29.9%). The increase in the effective tax rate was a result of the changing geographical mix of profits, the presence of unrelieved tax losses in some countries during the period and an increase in disallowable expenses. The Group also recognised a £3.5 million tax credit in respect of the exceptional restructuring cost incurred in the year, bringing the total tax charge in the year to £23.1 million. It is expected that the effective tax rate will reduce in 2011 to around 34% as a number of countries return to profitability and available tax losses are utilised.

Earnings per share

Basic earnings per share before exceptional items** decreased 58% to 3.25 pence (2009: 7.72 pence). The fall in earnings per share reflects the reduction in operating profit, the higher net finance charge and the increase in the effective tax rate. Basic earnings per share post-exceptional items decreased 94% to 0.48 pence.

2010 REVIEW OF GROUP PERMANENT AND TEMPORARY BUSINESSES

Permanent

£234.2M

42% OF GROUP NET FEES

- 26% net fee decrease
- 19% volume decrease
- 8% reduction in average permanent fee

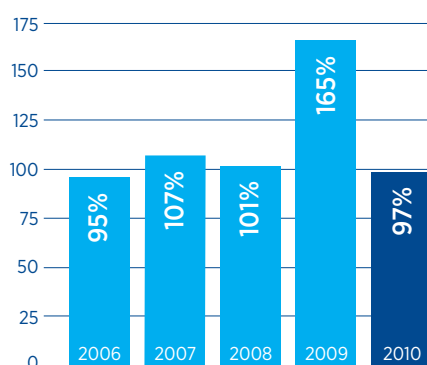
Temporary

£323.5M

58% OF GROUP NET FEES

- 18% net fee decrease
- 9% volume decrease
- 160 bps underlying margin**** decrease

CONVERSION OF OPERATING PROFIT** TO OPERATING CASH FLOW*** (%)

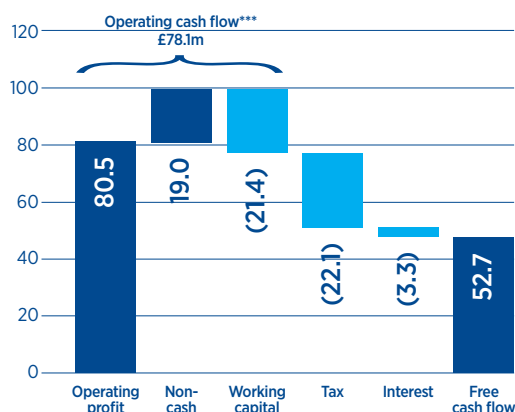


Cash flow and balance sheet

Cash flow in the year was strong with 97% conversion of operating profit** into operating cash flow***, driven by continued close control of working capital. Overall, net cash generated by operations*** was £78.1 million (2009: £260.9 million). Cash outflow from working capital was £21.4 million, resulting principally from the £20 million payment to other agencies relating to the withdrawal of the staff hire concession at the start of the year which reversed the one-off cash inflow received in June 2009. Trade debtor days, at 35 days, remained in line with prior year (2009: 35 days). Tax paid was £22.1 million.

Net capital expenditure was £29.8 million, reflecting the additional expenditure on the Group's key IT projects. These IT projects are now substantially complete and therefore capital expenditure in the year to June 2011 will reduce to historic levels of around £15 million per annum. As a result of the expenditure on the IT projects, this year's depreciation and amortisation charge increased to £14.6 million from £11.6 million last year, and we expect this to increase to around £22 million next year. In respect of the James Harvard acquisition, £18.7 million was paid in the year representing the final deferred consideration payment following the very strong post-acquisition performance of this business. In the year, the James Harvard acquisition generated £11.4 million operating profit which compares to a total consideration paid of £48.3 million.

CASH FLOW ANALYSIS (£M)



Dividends paid in the year totalled £79.5 million and £3.3 million was paid out in net interest. Principally due to the payment of the dividend, net debt increased from a net cash position of £0.7 million at the start of the year to net debt of £77.2 million at the end of the year. During the recession we have reduced net debt by around £40 million, whilst maintaining the payment of the Group's dividend, which demonstrates the consistency of the Group's operating cash flow and the robustness of Hays' business model.

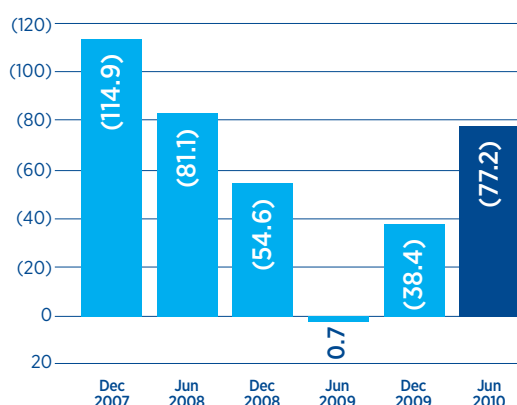
The Group completed the refinancing of its revolving credit banking facility on 1 July 2010. The new facility of £300 million provides considerable headroom versus current and future expected levels of Group debt. The covenants in the new facility require the Group's interest cover to be at least 4:1 and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1. The 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. After taking account of the improving trading trends in the second half of the year, the Board's confidence in the outlook and the strength of the Group's balance sheet, the Board proposes to maintain the final dividend at last year's level of 3.95 pence per share, equating to £54.2 million. This would make a total dividend for the full year of 5.80 pence per share (2009: 5.80 pence). The recommended dividend payment date will be 19 November 2010 and will be paid to shareholders on the register at close of business on 22 October 2010.

“After taking account of the improving trading trends in the second half of the year, the Board’s confidence in the outlook and the strength of the Group’s balance sheet, the Board proposes to maintain the final dividend at last year’s level.”

NET (DEBT)/NET CASH (£M)



Retirement benefits

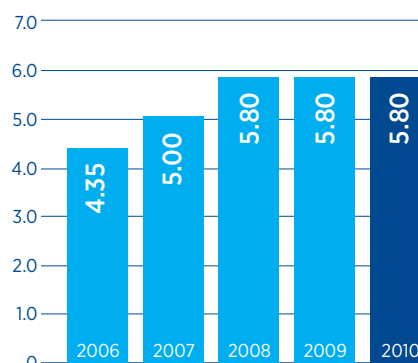
The Group’s pension liability under IAS 19 at 30 June 2010 of £67.1 million (£48.3 million net of deferred tax) decreased by £42.1 million compared to 30 June 2009, primarily due to the greater than expected return from the scheme’s assets and the lower than expected level of underlying scheme liabilities, partially offset by a decrease in the discount rate. During the year, the Company contributed £5.5 million of cash into the defined benefit scheme, which included £1.2 million additional funding towards the pension deficit.

To address the pension deficit, Hays has agreed in principle with the Trustees of the pension scheme to increase its deficit funding into the scheme to £12 million per annum (£9 million net of tax), increasing thereafter by 3% per annum, with effect from the 2011 financial year. This revised level of annual payments towards the deficit funding is at the lower end of the guidance previously given of between £10 million and £20 million per annum.

Current trading

The outlook across 90% of our markets continues to improve, including the UK private sector. The agility and flexibility of our business, combined with the investments we have made during the downturn, ideally position us to capitalise on the significant growth opportunities that are increasingly present across our markets.

DIVIDEND PER SHARE (PENCE)



Treasury management

The Group’s treasury operations remain straightforward and uncomplicated with Group operations financed by retained earnings and bank borrowings. On 1 July 2010 the Group completed the renewal of its reduced £300 million revolving credit facility, in place until January 2014, 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

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

** 2010 numbers are presented before exceptional charges of £41.4 million, comprising £29.0 million relating to the OFT fine that is currently under appeal and £12.4 million non-recurring restructuring costs relating principally to the United Kingdom back-office automation project.

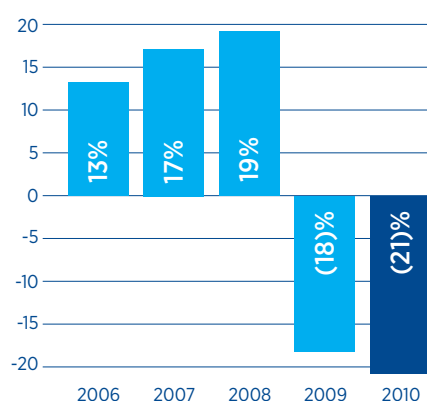
*** Excludes cash impact of exceptional items of £4.1 million paid in the year.

**** The underlying temporary placement gross margin is calculated as temporary placement net fees divided by temporary placement gross revenue and relates solely to temporary placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third party agencies.

***** The change in consultants is shown on a closing basis, comparing 30 June 2010 versus 30 June 2009. The number of consultants has been re-stated in 2009 and 2010 to include resource analysts in addition to frontline consultants.

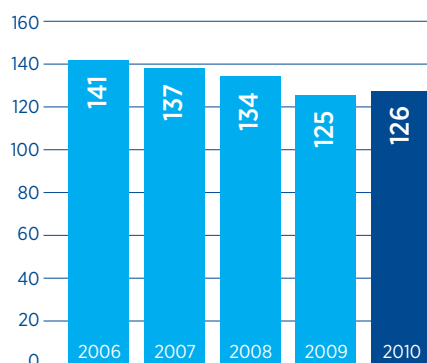
KEY PERFORMANCE INDICATORS

NET FEES GROWTH (%)*



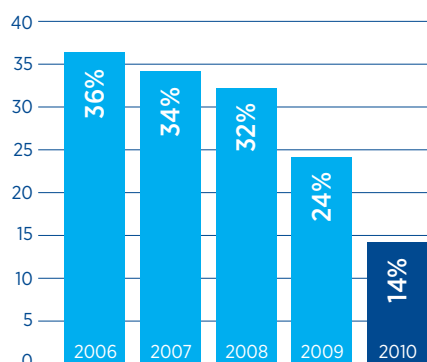
- The year-on-year growth in our net fees provides a measure of the business development and growth in each period.
- In 2010, net fees decreased by 21%* as a result of weak market conditions across the business, particularly in the first half of the year.

NET FEES PER CONSULTANT (£'000)**



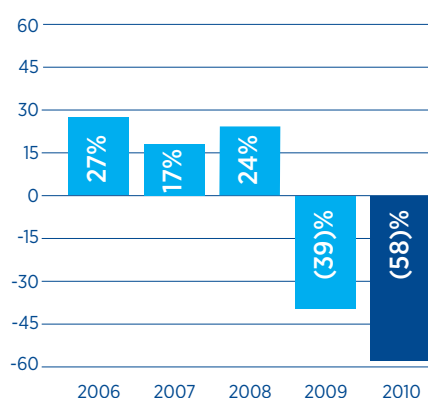
- The average net fees generated per sales consultant*** represents how productive fee earners are in the business.
- In 2010, net fees per consultant increased by 1% as we benefited from the early actions taken to reduce the consultant headcount and from the improved market conditions in the second half of the year which enabled greater consultant productivity.

CONVERSION RATE (%)



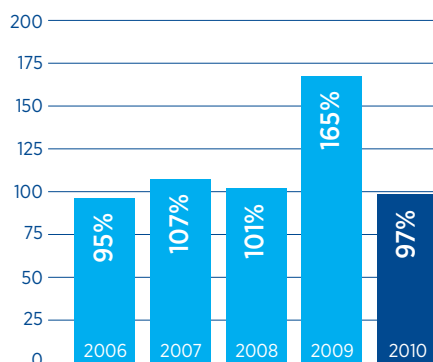
- The conversion rate is the operating profit** stated as a percentage of net fees and measures how effective the Group is at controlling the costs and expenses associated with its normal operations and its level of investment for the future.
- The conversion rate decreased in 2010 as the difficult market conditions resulted in an increased level of fixed cost in the business relative to net fees.

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 undiluted 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 58% in 2010, reflecting the difficult market conditions and the fall in the underlying profitability of the Group.

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 was again strong with 97% conversion of operating profit** to operating cash flow**** reflecting the Group's continued focus on tight credit control and working capital management.

The Group's non-financial key performance indicator can be found on page 35.

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

** Continuing activities only, pre-exceptional items.

*** Consultant headcount in each year represents the average consultant headcount and has been restated to include resource analysts in addition to traditional frontline consultants.

**** Operating cash flow is presented before capital expenditure and excludes exceptional items.

CORPORATE RESPONSIBILITY REPORT

MOBILISING FOR GOOD

Dear shareholder

The past year has been tough for the world economy. Yet against this background it is encouraging to see that corporate responsibility ('CR') has gained further momentum. Watchwords like governance, accountability, risk control, ethics and sustainability have taken on greater prominence. Put each of these words into a search engine and you will hit upwards of 450 million web pages. For Hays, they are integral to the way we want to do business, building trust with people and organisations we rely on for our success.

Our whole business model is based on providing a service that is very relevant in the world we live in today, namely helping organisations find the people they need to flourish and helping individuals find the next role to further their own careers and livelihoods. We take our role in this process very seriously, not just because it drives our business but also because it is a meaningful and responsible role in society in general. This holds true wherever we operate, whether it be helping to solve local employment issues in any one of our many markets, helping multinationals tap into global talent pools or bringing our services to new markets such as Brazil and India.

We have continued to integrate CR into everything we do, for example, this year we have measured our global carbon footprint for the first time. While our business has a low environmental impact, we work to reduce it each year.

We also seek to use our scale to make our contribution toward national and international charitable appeals. I was proud of our response to the January Haiti earthquake appeal, which saw Hays employees from 22 countries working together to help earthquake victims, and within many of our regions we support local charities, by both volunteering and donating.

We have been operating our new CR business plan for a year now, co-ordinated by our Corporate Responsibility Steering Group. Already we have achieved a number of our early milestones. There remain many challenges ahead but I am confident that we will meet them with ingenuity and resolve.

Alistair Cox

Chief Executive

This report is a summary of the full Corporate Responsibility Report, which is available on the Company's website, haysplc.com. The full Report includes details of our corporate responsibility plan and the results of our global carbon emissions survey.

**WE HELP ORGANISATIONS
FIND THE PEOPLE
THEY NEED, WHICH IS
A MEANINGFUL AND
RESPONSIBLE ROLE
IN SOCIETY.**

£293,000

RAISED FOR GOOD CAUSES

77%

EMPLOYEE ENGAGEMENT LEVEL



FTSE4Good



VALUES

We are the world's leading recruiting experts in qualified, professional and skilled work. By truly understanding our candidates and clients, locally and globally, we help people and companies achieve lasting impact. Our values aim to reflect this promise. Our values underpin our skills, behaviours and way of doing business. These values are:

Ambitious

As a results-orientated company we are continually driven to succeed. Our energy and dynamism makes us ambitious for our people, clients and candidates, and for the positive impact we know recruiting can have in their lives.

Passionate About People

We are a people business so we're passionate about creating valuable relationships with everyone we work with. Our enthusiasm compels us to find the right person, believing this is fundamental to improving their life and work, allowing people to be all they can be.

Expert

As experts across many industry sectors and professions, our professional know-how and unique understanding of markets and people is shared with our clients, candidates and across our expanding global network.

Inquisitive

We're always curious, wanting to understand more about people and the world of work. That's how we build deeper knowledge into what makes people fit culturally and how companies and people can achieve their full potential.

For information on our business principles and policies, please visit haysplc.com/hays/corporateresponsibility.

EMPLOYEES

Our business is 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 continues to focus 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, 2010 has seen continued progress in the areas of employee engagement, succession planning, 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. 2010 participation levels were no exception with just over 70% 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. Although slightly fewer employees participated in the 2010 survey, it shows that the majority of employees want to share their views with us and see a value in doing so.

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 unchanged from the prior year, at 77%, reflecting positive responses to most of the items that make up this dimension. Given the amount of change that our employees have experienced during the year with new systems and ways of working, as well as the difficulties of operating in a challenging economic environment and the backdrop of the global financial crisis, this reflects the high level of commitment from our employees of which we are justly proud.

KPI: EMPLOYEE ENGAGEMENT

77%	2010
77%	2009

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

CORPORATE RESPONSIBILITY REPORT

“Our business is 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 continues to focus on ensuring that we have the necessary capabilities, resources and work environment appropriate for a high-performing organisation.”

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. In 2010 we worked closely with the Chartered Management Institute and launched an online global e-learning and resource centre 'ManagementDirect', which is available to all employees. This allows employees to develop their skills in a broad range of areas, explore a range of different media and learn at their own pace.

Additionally, Hays aims for all employees to have regular discussions with their managers regarding their performance, potential and their 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. 2010 saw the launch of 'Fast Forward', our flagship global executive development programme for our most senior leaders. This has been funded under the auspices of the Waxman Scholarship and combines formal classroom training at internationally renowned business schools with individual and team coaching, 'live' project-based work on global business issues and action learning. Work is also under way on developing our Advanced Management Programme, the 'Hays AMP' to deliver a broader executive curriculum to our key senior management populations in each region. In order that our executive development activity remains closely tailored and aligned to the succession planning needs of the business, we have also completed the first phase of running global executive development centres. This ensures that we have an objectively benchmarked understanding as to where our strengths lie and that we address any capability gaps with targeted responses.

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 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 61.

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 once again we were awarded the 'Employer of Choice for Women' status for 2010. Hays was the first recruitment company to achieve this award and the only one to achieve it consecutively for eight 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.

Each year, EOWA, an Australian Government department, assesses applications from a range of organisations to create a list of great places for women to work. Organisations on this list need to meet a series of criteria each year designed to ensure their workplaces have a focus on ensuring equity for all female staff.

By applying for and receiving this citation, organisations are not only meeting the criteria, they are publicly declaring their commitment to making their workplaces equitable.





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 re-using wherever possible.

Hays recognises that environmental initiatives do not work in isolation. So we are developing our environmentally-sensitive procurement arrangements that encourage 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 large supplier in the UK, we establish by questionnaire, the supplier's policy, practice and targets in the areas of corporate responsibility and environmental management.

Actions taken under the Environmental Policy

Actions of particular note included:

- we have taken an industry lead in measuring our global carbon footprint in accordance with the Greenhouse Gas Protocol. This equips us to give greater focus to reducing our energy consumption in coming years;
- 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; and
- 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 Gold Award in recognition of work undertaken since joining the scheme.

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.

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 wider environment.

Throughout the 2010 financial year, our business operated in accordance with the June 2008 Combined Code on Corporate Governance published by the Financial Reporting Council.

All Hays employees are aware of our Code of Conduct & Ethics Policy, which aims to ensure the Company's values are upheld.

For the first time this year, we published our Business Principles and Public Policy Principles, which can be found on our website at haysplc.com.

CONTINUOUS IMPROVEMENT

We will maintain our commitment to continuous improvement in the area of corporate responsibility and we will seek to develop the quality of our reporting year-on-year. We continue to keep the need for any further KPI disclosures under review. In the 2011 financial year, our main priorities are:

- commencing meaningful reductions in our energy consumption, adjusted for cyclical and strategic growth;
- reviewing our anti-corruption policies and procedures in the new financial year and reinforcing them globally through training and other promotional steps;
- establishing a stakeholder engagement programme in relation to our CR activities; and
- promoting the adoption of core CR principles by major suppliers in key countries beyond the UK.

CORPORATE RESPONSIBILITY REPORT

USING OUR GLOBAL SCALE TO IMPROVE THE LIVES OF MANY

JUST SOME OF THE MANY EXAMPLES OF OUR CHARITABLE SUPPORT

CANADA

CIBC Run for the Cure CANADIAN BREAST CANCER FOUNDATION

In support of the Canadian Breast Cancer Foundation CIBC Run for the Cure, several Hays 'Recruiters for Hooters' teams participated in the annual run raising funds for breast cancer research, and education and awareness programmes.

Employees from offices in the Toronto area raised £5,400 for the WWF, climbing the 1,776 steps of the CN Tower, the world's second tallest building.

In our Vancouver office, business clothing was collected for Dress for Success – which equips women seeking employment and self-sufficiency to confidently tackle job interviews. Hays Vancouver also supports a local women's crisis shelter providing transition housing to rape and abuse victims and their children.

HAITI

unicef

In January 2010, over 220,000 people died and 300,000 people were injured by the devastating Haiti earthquake. Hays employees from 22 countries joined together to raise £53,000 for the Unicef appeal. This money has gone towards Unicef's relief projects giving safe water to 333,000 people, supplying 185,000 children with educational materials and preparing for the hurricane season.

Here are some of the initiatives our employees have undertaken on behalf of the Haiti victims:

- Hays Spain organised a 'solidarity campaign' for Haiti, generating financial support from 45 national and international clients, including names such as Hugo Boss and Verifone. In recognition of their generosity, Hays Spain published all 45 client logos in El País.
- Hays Belgium donated €20 for every vacancy filled during 12 days in February, while Hays Germany donated €10 for every placement over five days in the same month.
- Across our APAC region we raised over Aus \$20,000. A National Marketing Day was the focus of activity and for every job registered on the day, Hays donated \$10 to the appeal.

BRAZIL



Last Christmas, employees from the Rio de Janeiro office gave up their usual 'Secret Santa' tradition in order to shower the children of Lalec (Lar Amor Luz e Esperança da Criança) with a 'Social' Secret Santa. Lalec is a shelter for abandoned children suffering from social vulnerability, giving care and hope to children until they are reintegrated into society.

Hays employees spent the day with the children, distributed gifts and donated some much needed items to the shelter. The team decided they had benefited more from this visit than the children themselves.

UK



£95,000 raised in the UK – we began our relationship with Hays UK's official charity partner, Action for Children, in 2009.

Over 100 Hays employees, clients and friends took part in the 'Beat the Moon' charity challenge in May 2010, raising over £55,000 matched by a Hays UK contribution of £40,000. The challenge required participants to complete a series of physical challenges over the course of one day: cycling for nine miles, a nine mile trek to the top of Scafell Pike (the highest point in England), a canoeing stint on Wast Water, before finishing with a one mile run to the finish line before the moon rose.

GERMANY



£45,700 donated in Germany – continuing its social commitment to children with cancer, Hays Germany sponsors paediatric care within the oncology unit of a children's hospital in Heidelberg, helping the unit's young cancer patients.

NEW ZEALAND



£9,000 donated in New Zealand – United Way New Zealand helps support community initiatives providing funding assistance, time and skills to benefit the underprivileged across New Zealand. £4,500 was raised through charity auctions, event nights and golf tournaments, with Hays New Zealand donating £1 for every pound raised by employees. Hays New Zealand's Managing Director also acts as Vice-Chairperson for the charity, donating his personal time to promote the charity and its cause.

AUSTRALIA



£12,000 donated in Australia – our involvement remains as strong as ever 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'. This outstanding effort has enabled us to fund camps for over 35 children.

PORTUGAL



In May 2010, Hays Portugal celebrated 10 years supporting the work of Fundação Gil, an organisation that provides social support to children hospitalised for long periods and shelter for children in need of non-medical help.

AUDIT COMMITTEE REPORT

Dear shareholder

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 '2008 Code') published by the Financial Reporting Council. Further information on the 2008 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

Paul Harrison, an independent non-executive director, chairs the Audit Committee. Lesley Knox, William Eccleshare and Paul Stoneham were members of the Committee throughout the year.

Paul 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. The qualifications (both formal and by experience) of the other members of the Committee can be found in the Corporate Governance Report on page 45.

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 Auditor regularly attend meetings.

Membership of the Committee is reviewed by the Chairman of the Committee and the Chairman of the Board, 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

During the year, the Committee reviewed the Audit Committee terms of reference. These were considered to be in line with best practice and no changes were necessary. 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 Auditor;

- monitor the relationship with the Company's Auditor, including consideration of its fees, the audit scope and the terms of its engagement;
- review the effectiveness and objectivity of the external audit as well as the Auditor's independence;
- review the policy on engagement of the Auditor for the provision of non-audit services and monitor compliance;
- review the Company's internal control 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 2010. Attendance at meetings is shown on page 51.

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

Financial statements

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

External Auditor

The Audit Committee is responsible for recommending to the Board for approval by the shareholders the appointment of the external Auditor. Deloitte LLP is the external Auditor 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 four years.

In line with its terms of reference, the Committee undertook a thorough annual assessment of the quality, effectiveness, value and independence of the audit provided by Deloitte LLP, 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 Auditor.

The Committee considered the scope and materiality for the audit work, considered the audit fee, reviewed the results of the Auditor's work and considered the Auditor's performance and effectiveness. The risk of the Auditor withdrawing from the market was also considered.



The Committee met the external Auditor twice during the year without management being present.

The Committee reviewed the policy on the engagement of the Auditor 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 the Auditor 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 impaired.

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 and their associates during the financial year are set out in note 7 to the financial statements on page 78.

After due and careful consideration, taking account of the processes above, the Committee has recommended to the Board that Deloitte LLP be re-appointed as the Company's Auditor at the Annual General Meeting to be held on 10 November 2010.

Risk management and internal control

The Audit Committee reviewed the Company's risk management and internal control systems by considering the Group's risk assessment process which included detail of the extent of coverage, the assessment methods employed and the effectiveness of the controls to mitigate those risks. It also considered the results of testing performed by both the internal and external audit teams in evaluating the effectiveness of such controls.

Internal Audit and risk

The Audit Committee oversees the risk management and assurance activities including the work of Internal Audit.

During the year, the Audit Committee reviewed the terms of reference of the Internal Audit function and no changes were necessary.

During the year, the Committee reviewed the performance and effectiveness of the Head of Internal Audit and the Internal Audit function through an internal review process, which sought views from a number of internal stakeholders. The Committee also reviewed the independence and objectivity of Internal Audit and its activities, including the annual audit plan and resource requirements. The plan has delivered both geographic and financial coverage, as well as risk-based assurance in support of non-financial topics such as HR processes, finance system implementations and contract management capabilities.

Internal Audit reports include recommendations to improve internal controls and management action plans to address any issues. At each meeting, the Committee received details of outstanding audit recommendations and those that were overdue, with management comments on progress made.

The Committee also met the Head of Internal Audit twice during the year 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 undertook its own 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.

The Chairman of the Audit Committee will be available at the 2010 Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Audit Committee.

P S Harrison

Chairman, Audit Committee

CORPORATE GOVERNANCE REPORT

Dear Shareholder

Hays is a strong business with a global reach. We are the world's leading experts in qualified, professional and skilled recruitment, helping to power the growth and success of thousands of organisations on five continents.

The Board of Hays plc continues to be committed to the highest standards of corporate governance. Its role is three-fold: to provide entrepreneurial leadership to the business, stewardship and to understand the views of shareholders. To help all our stakeholders to understand how the Board has achieved these aims in the year, we have restructured this report along these three themes.

In the boardroom and across our business, we aim to ensure that we do the right thing by promoting long-term commercial success, while embedding sound values and principles within our business culture.

The Financial Services Authority requires UK listed companies to explain how they applied the main principles set out in Section 1 of the June 2008 Combined Code on Corporate Governance (the '2008 Code') and whether they have complied with the

principles set out in Section 1 throughout the financial year. This Corporate Governance Report explains how we have applied the main principles of the 2008 Code during the financial year.

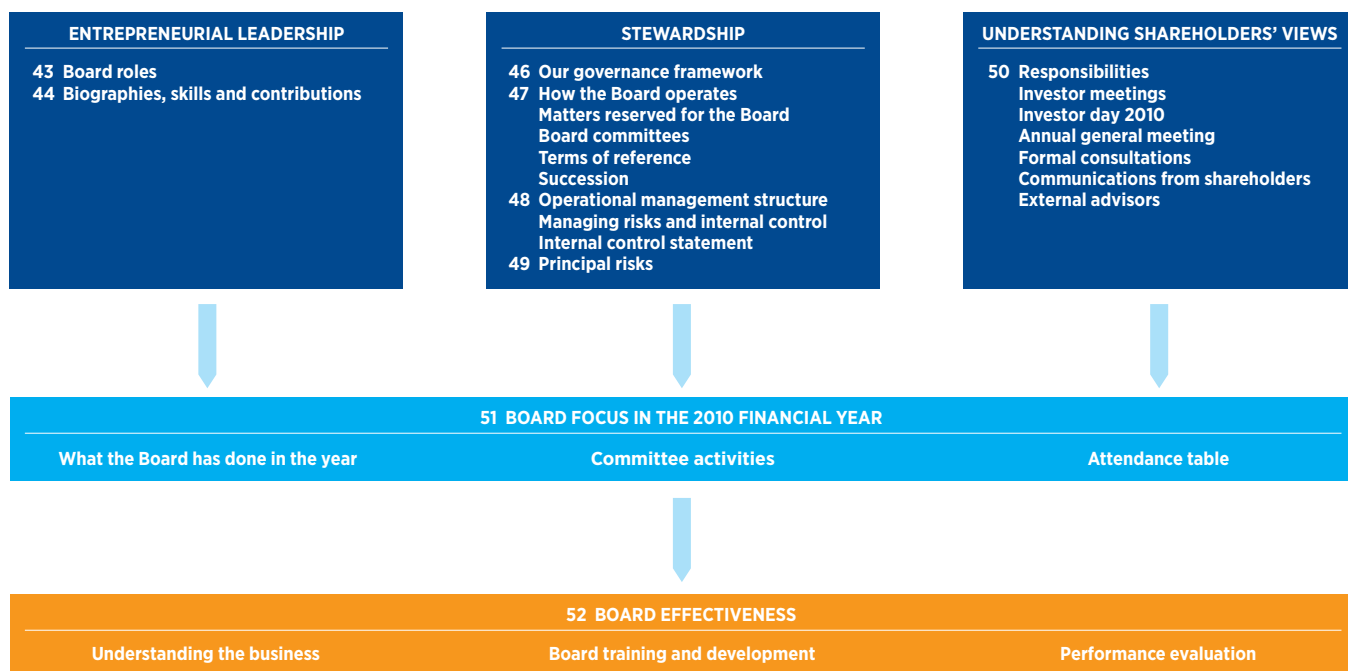
I will retire from the Board at the November Annual General Meeting and will hand over the stewardship of the Board to Alan Thomson. I am delighted that Alan will be joining Hays. He has had a long and successful career across a variety of sectors and will bring considerable expertise to the Board.

Bob Lawson
Chairman

Statement of compliance

Throughout the year ended 30 June 2010, the Company has without exception, complied with the provisions set out in Section 1 of the 2008 Code. Further information on the 2008 Code can be found on the Financial Reporting Council's website, frc.org.uk.

THE BOARD AND ITS WORK





ENTREPRENEURIAL LEADERSHIP

Board roles

The Board is organised to apply breadth and depth, in both experience and skills, to ensure the successful development of the business, deliver shareholder value sustainably over the long-term and to enable the Company to make a positive contribution to society. The Board sets the goals for the business, its culture and standards of conduct. The health of any business is measured in part by the extent to which reward and risk are balanced, how the business uses its strengths to reach its potential and how it effectively addresses its areas of weakness. Essentially, the Board establishes an entrepreneurial framework within which the business can flourish without promoting excessive risk-taking or disproportionately impacting the world's resources.

Bob Lawson manages and leads the Board as Chairman. The Chairman's main objective is to ensure the Board performs all its functions effectively and sets the standard of leadership for the senior managers and employees to follow throughout the Group. As part of his formal remit, the Chairman:

- sets and manages the Board agenda;
- ensures the provision of sufficient, appropriate and timely information to all directors;
- ensures that effective communication takes place with shareholders and that the Board understands the views of shareholders;
- ensures the Board has adequate time to consider complex or strategically important issues;
- ensures new directors receive appropriate induction training that is tailored to their specific requirements;
- is responsible for the development of the Board and its individual members, ensuring optimal effectiveness and active engagement of all members; and
- ensures that the Board and its members are evaluated at least once a year.

Alistair Cox manages and leads the Group's business as Chief Executive. His core role is to carry out the strategic plans and policies established by the Board and to manage the business operations. In performing his remit, Alistair:

- formulates, develops and recommends the strategy and strategic priorities for the business;
- manages the implementation of the approved strategy and the strategic priorities;
- manages and optimises the operation and financial performance of the business;
- manages and delivers the appropriate communications to shareholders with the Group Finance Director;
- develops the effectiveness of the senior management team and manages the succession requirements; and
- ensures the Chairman is regularly appraised of current business issues.

Paul Venables as Finance Director provides Board focus on the financial position of the Company, manages key stakeholder relationships, including shareholders and banks, oversees the Company's financial reporting and control systems and assists the Chief Executive in operational matters.

Lesley Knox represents the non-executive directors and is an alternative point of contact for shareholders in her role as Senior Independent Director. She also leads discussions on the Chairman's performance and the succession of the Chairmanship, as required. In conjunction with her role as Chairman of the Remuneration Committee, Lesley is a key voice representing shareholder views on the Board.

Paul Harrison chairs the Audit Committee and has a key role in the Company's governance and control framework, including managing the relationship with the Auditor and representing the Audit Committee on the Board.

Alison Yapp as Company Secretary and General Legal Counsel assists the Chairman in administering Board meetings, provides support and advice to the directors, and acts as the principal advisor on governance and legal matters.

CORPORATE GOVERNANCE REPORT

Biographies, skills and contributions

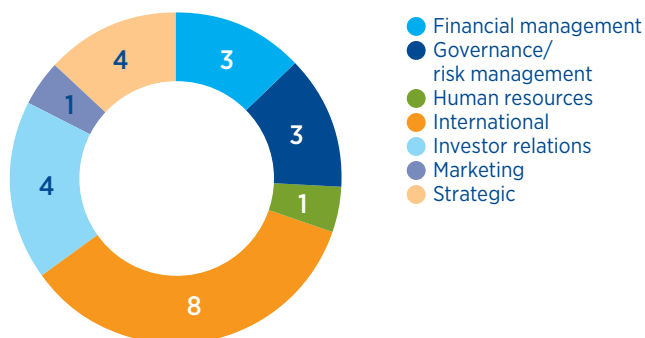
The effectiveness of the Board and its committees is determined by the qualities and experience of the individual directors.

The non-executive directors bring an independent view to the Board's discussions and the development of the Company's strategy. Their range of skills and experience ensures that the performance of management in achieving the business goals

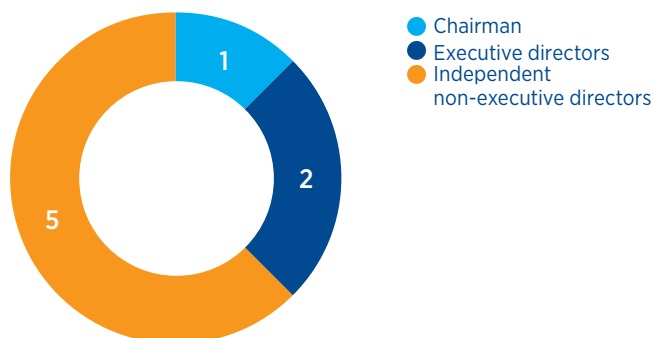
is appropriately challenged. They also ensure that financial controls and systems of risk management are both rigorous and appropriate for the needs of the business.

The following profiles demonstrate the range of experience, independent judgement and contribution each director brings to the Board.

BOARD EXPERIENCE*



BALANCE OF NON-EXECUTIVE AND EXECUTIVE DIRECTORS



* Individual directors may fall into one or more categories



1. Bob Lawson^a

Chairman, 65

Appointed Chairman of the Board and of the Nomination Committee on 1 July 2001. Bob joined the Company as a non-executive director on 1 July 1998 and became Deputy Chairman on 11 November 1999. Educated at Cambridge University, Bob 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, Bob joined the board of Barratt Developments PLC and became their non-executive Chairman on 1 July 2008. He is also Chairman of the Federation of Groundwork Trusts, a group of charities helping people and organisations make changes in order to create better neighbourhoods, to build skills and job prospects, and to live and work in a greener way.

2. Alistair Cox

Chief Executive, 49

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

3. Paul Venables

Group Finance Director, 48

Appointed Group Finance Director on 2 May 2006. Paul is a Chartered Accountant. He previously worked for Exel plc for 13 years prior to the acquisition of Exel plc by Deutsche Post in December 2005. At Exel he held a number of senior finance and operational roles, including Deputy Group Finance Director, a member of the executive board of Exel plc and Chairman of their Acquisitions and Projects Review Board. He joined Hays from DHL Logistics, a division of Deutsche Post World Net. Paul joined the board of Wincanton plc as a non-executive director on 2 September 2009.

4. Lesley Knox^{a,b,c}

Independent Non-Executive Director, 57

Appointed non-executive director on 30 April 2002, she is Chairman of the Remuneration Committee and Senior Independent Director. Lesley graduated in law from Cambridge University. 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 Advisors (a specialist corporate finance advisor) and remained as a director until 2002. She is Chairman of the Alliance Trust plc, Chairman and Trustee of Grosvenor Estates and a director of Grosvenor Group Limited. Lesley provides strategic insight for the Company's business and adds clarity on the views of investors in relation to the Company's performance and commercial and remuneration strategies.

5. William Eccleshare^{a,b,c}

Independent Non-Executive Director, 54

Appointed non-executive director on 24 November 2004. William graduated with a Masters degree in History from Cambridge University. He was previously Chairman and CEO of Young & Rubicam EMEA and Wunderman EMEA, held senior executive roles at McKinsey & Company, where he was also a Partner, and 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. He is President and Chief Executive of Clear Channel International, the world's largest outdoor advertising media owner. William played a major role in the development of the new Hays brand identity and continues to bring clarity on the Company's marketing approach, especially across the Group's international markets.

6. Paul Harrison^{a,b,c}

Independent Non-Executive Director, 46

Appointed non-executive director on 8 May 2007 and is Chairman of the Audit Committee. Paul is a Chartered Accountant. He was a Senior Manager in Price Waterhouse, now PricewaterhouseCoopers LLP, and was responsible for the provision of audit and advisory services to large private and publicly-listed companies. He joined The Sage Group plc as Group Financial Controller in 1997 and became its Group Finance Director in April 2000. As a rounded and pragmatic finance director, Paul brings much value and thought to the Audit Committee and the Group's risk management and control systems.

7. Richard Smelt^{b,c}

Independent Non-Executive Director, 53

Appointed non-executive director on 15 November 2007. Richard graduated 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, which he left earlier this year. Richard has been influential in helping the Company enhance the key skills within its global workforce and has supported management in creating an industry-leading development process for all levels of employees.

8. Paul Stoneham^{a,b,c}

Independent Non-Executive Director, 48

Appointed non-executive director on 24 November 2004. Paul holds a degree in Sociology from the University of Western Ontario and an MBA from Harvard University. He was previously Managing Director of Boots Healthcare International and a member of the Boots PLC Executive Committee, before moving to Colgate-Palmolive Co, where he was President of Global Business Development and was responsible for leading the Oral Care, Personal Care and Home Care global categories. He is currently Chief Executive Officer of ghd Group Holdings Ltd, a professional hair care company. Paul is a key contributor to the Company's execution of strategy. As the only non-British member of the Board and having worked and lived in five countries, he also brings an international perspective to the Board's discussions.

9. Alison Yapp

Company Secretary and General Legal Counsel, 44

Appointed Company Secretary and General Legal Counsel on 30 January 2006. Alison qualified as a solicitor in 1990. She began her career in private practice 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 in the engineering, industrial and support services sectors. She was previously Company Secretary and Group Legal Advisor 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.

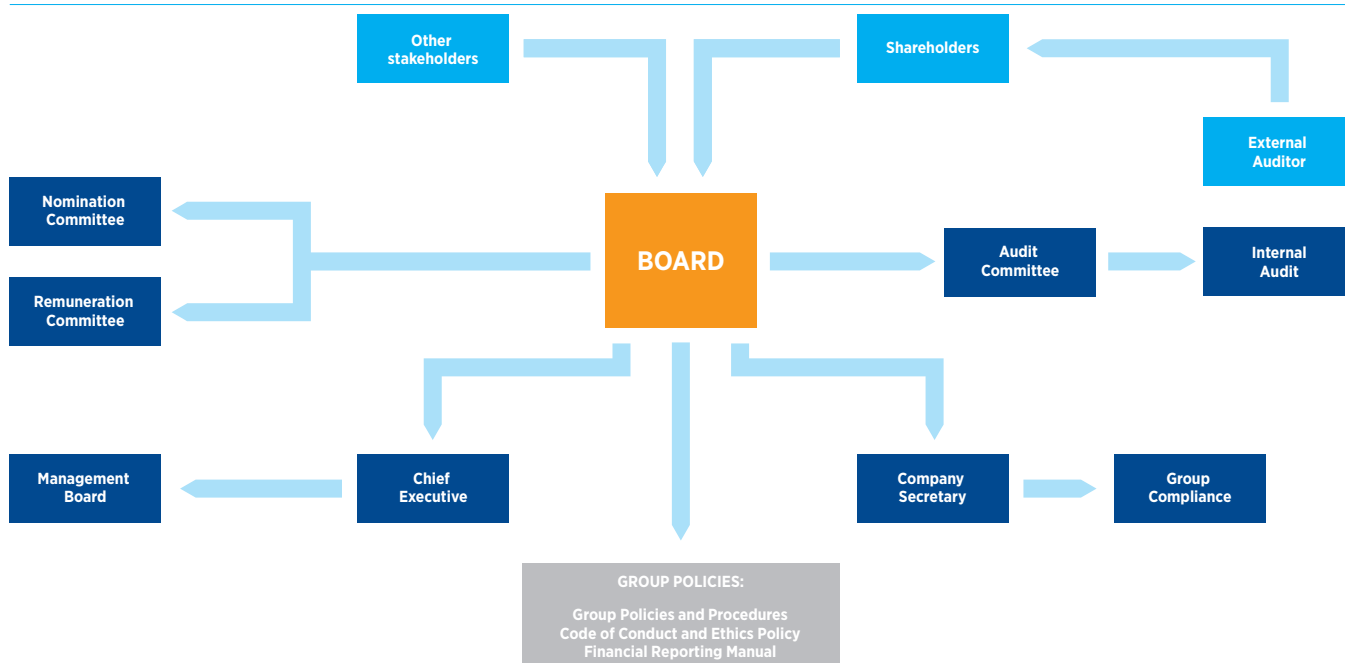
All the non-executive directors are considered by the Board to be independent as detailed in the 2008 Code. The letters of appointment for non-executive directors are available for review at the Company's Registered Office and prior to each annual general meeting. A proforma letter of appointment is available on the Company's website, haysplc.com.

- a** Audit Committee
- b** Nomination Committee
- c** Remuneration Committee

CORPORATE GOVERNANCE REPORT

STEWARDSHIP

Our governance framework



The main functions of our governance framework are listed below, along with an overview of their responsibilities.

Nomination Committee

Reviews the composition of the Board to ensure it remains appropriate for the needs of the business and plans for the progressive refreshing of the Board. Leads the process for the identification and selection of new directors and makes recommendations to the Board in respect of such appointments. Makes recommendations to the Board on committee membership and the annual rotation of directors.

Internal Audit

Facilitates the identification of risks and carries out reviews and testing of the controls that are in place to mitigate the risks. Further details of the work of Internal Audit are provided in the Audit Committee Report on pages 40 and 41.

Remuneration Committee

Determines and agrees with the Board the policy for the remuneration of the Chairman, Executive Directors, Company Secretary and selected senior managers of the Group. Further details on the Group's remuneration policy are provided in the Remuneration Report on pages 57 and 58.

Management Board

Chaired by the Chief Executive, this body is responsible for overseeing operations in the Group's regions and the Group functional areas.

Audit Committee

Ensures that the Company applies consistent financial reporting and internal control procedures and maintains an appropriate relationship with the Company's Auditor. Further details on the activities of the Audit Committee are provided in the Audit Committee Report on pages 40 and 41.

Group Functions

These specific administrative functions are controlled centrally at Group level and report to the Board via various members of the Management Board. For example, Finance, Investor Relations, Insurance, Tax and Treasury report through the Group Finance Director, and Compliance and Environmental, Health and Safety report through the Company Secretary. Procedures are clearly defined to ensure that the activities of these functions reduce the risk profile of the organisation.

Company Secretary

Ensures good information flows for the Board and its committees and between senior management and non-executive directors. Facilitates the induction of new directors and assists with professional development as required. Ensures Board procedures are complied with and that applicable rules and regulations are followed. The Company Secretary is available to all directors to provide advice and assistance, and is responsible for providing governance advice to the Board.

Group Policies

The Board is responsible for ensuring that adequate policies and procedures are in place. These are reviewed and amended as required to ensure that they remain in line with legislation and regulations and are sufficiently robust to ensure appropriate internal controls are maintained, whilst also providing a suitable framework for the businesses and Group functions within which to operate.

How the Board operates

The Chairman, in conjunction with the Company Secretary, plans the agenda for each meeting, which is issued with supporting papers during the week preceding the meeting. Board packs contain monthly management accounts, briefing papers on commercial and operational matters and major capital projects, reports on relations with investors and updates on the implementation of key strategic plans.

The programme for visits to operations in the UK and overseas is agreed with the Chairman and scheduled by the Company Secretary. This provides the Board with the opportunity to broaden its understanding of the business and key markets year-on-year and to gain invaluable insights through direct contact with business managers and the operations.

A procedure exists for directors to take independent professional advice if necessary at the Company's expense. All directors also have access to the advice and services of the Company Secretary.

Matters reserved for the Board

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving Group strategy;
- Approving appointments to the Board;
- Recommending dividends and deciding dividend policy;
- Reviewing material litigation;
- Approving major capital projects, acquisitions and disposals;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the annual budget.

Board committees

Our non-executive directors play an important governance role in the work they carry out on our committees. The Chairman and members of each committee are detailed below. The Board has satisfied itself that at least one member of the Audit Committee has recent and relevant financial experience. The committees can seek professional advice at the Company's expense.

Audit Committee

Paul Harrison, Chairman	Lesley Knox
William Eccleshare	Paul Stoneham

Nomination Committee

Bob Lawson, Chairman	Lesley Knox
William Eccleshare	Richard Smelt
Paul Harrison	Paul Stoneham

Remuneration Committee

Lesley Knox, Chairman	Richard Smelt
William Eccleshare	Paul Stoneham
Paul Harrison	

Terms of reference

The Board has agreed written terms of reference for each committee, which are available on the Company's website, haysplc.com, and are also available upon request from the Company Secretary at the Registered Office. During the year, the Audit Committee and Remuneration Committee reviewed their terms of reference to ensure that they remained in line with best practice guidance and the Company's policies and practices. Following the reviews, no changes were made to the terms of reference for the Audit Committee and the terms of reference for the Remuneration Committee were amended to take into account the ABI guidance issued in 2009 relating to the need to consider the risk-related aspects of remuneration policy and practice and the need to determine the salary and incentive arrangements of executive directors taking into account remuneration policy and practice across the Group.

Succession

The Nomination Committee periodically reviews the composition of the Board to ensure that it continues to meet the ongoing needs of the Company and is progressively refreshed over time.

On 15 July 2010, we announced that Bob Lawson will retire from the Board following the Annual General Meeting to be held on 10 November 2010. Alan Thomson will be joining the Board as a non-executive director on 1 October 2010 and will succeed Bob as Chairman following the Annual General Meeting. At the Annual General Meeting, shareholders will be asked to re-appoint Alan Thomson as a director.

Lesley Knox, as Senior Independent Director, led the Nomination Committee in the process for appointing the new Chairman. The Zygos Partnership, an external search consultancy, was engaged to lead the search. Lesley Knox briefed Zygos as to the personal attributes needed in the new Chairman with regard to the business and its future direction. The Board sought an individual with strong international experience, credibility with the investment community and sound interpersonal skills and people judgement, who would ensure the Board continued to work effectively and who would lead the Group through the next phase of its international growth and development strategy. Style and cultural fit with Hays were also important considerations.

Zygos produced a shortlist of candidates. All members of the Nomination Committee and the executive directors met with the candidates selected from the shortlist.

Alan Thomson was considered to be the ideal candidate given his background and experience and met the Board's criteria. He is currently Chairman of Bodycote plc, the international provider of thermal processing services, the Senior Independent Director and Audit Committee Chairman of Johnson Matthey plc, a speciality chemicals company and a world leader in advanced materials technology, and a non-executive director of Alstom SA, the French power generation, rail transportation and electrical transmission equipment manufacturer. Alan is also President of the Institute of Chartered Accountants of Scotland.

The Board is delighted that Alan will be joining the Company.

CORPORATE GOVERNANCE REPORT

Operational management structure

Responsibility for the management and operations of the business is delegated to the Chief Executive who operates through the Management Board. The Management Board is chaired by the Chief Executive and consists of the Group Finance Director, Regional Managing Directors, the Group HR Director, the Group Marketing Director, the Group IT Director and the Company Secretary and General Legal Counsel. Clear levels of authority exist for the Management Board in their day-to-day activities.

Each of the Company's Regional Managing Directors operates through their regional operating boards. Each regional board is led by the regional managing director and consists of key management from the region's operations and business functions, including Finance, HR and Marketing.

As far as possible, each business is given autonomy, whilst being required to operate within the internal control environment established through the Group Policies and Procedures Manual.

Managing risks and internal control

The Board is responsible for the Group's risk management process, its system of internal control and for maintaining and reviewing their effectiveness. The Board annually reviews the nature and extent of significant risks identified by management and the status of mitigation plans. This exercise involves the presentation of risk findings to enable the Board to review and oversee the status of the key risks to the business. The Board in turn reflects on the level of risk appetite acceptable to the Group, in order to achieve the Company's strategic objectives. In June 2010, the Board reviewed the nature and extent of the significant risks in the Group and determined that the risks and their relative priority were appropriate and that the risk review process enabled risks to be prioritised. The Board also considered the key regional risks that had been identified by management.

Day-to-day management of risk is overseen by the Management Board, which operates a risk-management process involving assessment of key Group risks twice a year. The operating regions also conduct assessments of strategic and operational risks within each region. Each risk is assessed in terms of its likelihood to occur and the potential financial and reputational impact if it does so. Appropriate mitigation plans and strategies are put in place for those risks that are controllable. Progress on the management of risks is reported to the Management Board. During the year under review, the Management Board reviewed the progress of high priority risks, and also considered any new or emerging risks that were identified.

Risks are further controlled through delegated authorities and other written policies and procedures, which are approved by the Board and overseen by Group functional departments. The Group Policies and Procedures and Financial Reporting Manuals, which encompass all of the Groups' operations, are designed to ensure that a minimum level of corporate, accounting, financial and operating controls are in place and allow matters to be appropriately and promptly escalated to

senior management and the Board. The manuals are 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.

The Group operates a comprehensive budgeting and financial reporting process. Annual budgets are reviewed and approved at business and Group levels. 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's Internal Audit department also focus on facilitating the identification of risks and undertake reviews and testing of the controls in place for their mitigation. The department's resources are augmented with independent, expert external resource where 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 management and to the Audit Committee, and recommendations are agreed upon and implemented.

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 Principal Risks disclosed opposite represent the significant areas which the Board considers could most likely impact the Group's financial performance and position.

Internal control statement

Responsibility for reviewing the effectiveness of the Group's system of internal control has been delegated to the Audit Committee. The Audit Committee has reviewed the effectiveness of the Group's system of internal control for the year ended 30 June 2010, covering all material controls, including financial, operational and compliance controls and risk management systems and has concluded that it is in compliance with the revised Turnbull guidance – Internal Control: Revised Guidance for Directors on the Combined Code (October 2005) published by the Financial Reporting Council. This internal control statement has been reviewed and approved by the Audit Committee. Further details on the Group's internal control system are reported in the Audit Committee Report on page 41.

PRINCIPAL RISKS

Risk	Management actions to mitigate risk
Cyclical nature of our business The performance of the Group is significantly impacted by the underlying rate of global economic growth and that of the United Kingdom, Australia, Germany and France.	The Group has diversified its operations to include a balance of both temporary and permanent placement recruitment services to public- and private-sector markets, and operates across 28 countries and 17 sector specialisms. The Group's cost base is highly variable and is carefully managed to align with business activity. The Group has ensured that the level of net debt has been kept low and manageable. The Group is highly cash generative, requiring low levels of asset investment. Cash collection is a key priority and the Group has made appropriate investment in its credit control and working capital management processes.
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: namely the United Kingdom and Australia. In these countries there is strong competition for clients and candidates and we face pricing and margin pressures in our temporary business across our major specialist activities. In addition, the nature of recruitment for some lower-skilled roles is becoming more online-based.	We have a rapidly increasing presence in emerging recruitment markets outside the United Kingdom and Australia where there are significant structural growth opportunities. We are investing significantly in our IT systems and applications to both improve the efficiency of our business and to develop a market-leading online presence which provides a high quality and engaging customer experience. We have leveraged our broad geographical and sectoral footprint to win a significant number of multi-specialism contracts with large corporate organisations. This has strengthened significantly our relationship with these clients, increasing our share of their recruitment spend and increasing our share of the markets in which we operate.
Candidate due diligence Certain checks are required before we place any candidate into a role. For certain roles and industries those checks are more specific as set out by legislation. Failure to complete, maintain and renew applicable documentation to support those checks could lead to legal, financial and reputational risks.	All new employees receive training in respect of the relevant operating standards that are applicable to their particular recruitment role. The Compliance function is also available to provide support and guidance to recruitment consultants. Our higher-risk specialisms such as Education and Healthcare have supplementary processes and controls in place to ensure that operational standards are complied with. Dedicated compliance audit teams conduct spot checks on candidate records, to ensure that the appropriate vetting checks and due diligence is carried out in line with legal, contractual and other requirements.
Reliance on technology The Group is increasingly reliant on a number of key systems to deliver its services to clients and uses third-party providers for support services. A large amount of confidential data is held in these systems.	Our relationships with third-party providers of IT services are monitored through service reviews and periodic audits to ensure business-critical processes are safeguarded. Technology systems are housed in various data centres and the Group has capacity to cope with a data centre loss through the establishment of disaster recovery sites that are physically based in separate locations to the ongoing operations. Data protection remains a key priority. Specific contractual provisions exist with regard to our data centres, to ensure we have sufficient handling and storage procedures around confidential data. The Company has in place data protection and security policies and, where data protection legislation allows, email monitoring programmes are undertaken to highlight potential areas of concern, which are then investigated.
Talent The Group is reliant on its ability to recruit, train and develop people to meet its future growth plans.	Our leadership development programme 'Fast Forward' has been launched to develop and fast track individuals with the potential to lead our business in the future. The Hays 'Advanced Management Programme' and 'Hays Academy' have been introduced to provide technical, leadership and management training to our consultants and managers across the business. An annual succession planning review is undertaken across all regions to identify key roles and successor options. We maintain medium to long-term management incentive schemes to foster a commitment to the continued growth of the Group.
Contract risk The Company enters into contractual arrangements with clients, some of which can be onerous in terms of required activities.	During contract negotiations management seeks to minimise risk and ensure that the nature of risks and their potential impact is understood. Our legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in contracts. Reviews are performed on a risk basis across key contracts, to identify and agree improvements to the way in which we deliver services to clients. The Group Finance Director reviews and approves contracts with non-standard terms.
Changing legal and regulatory environment The recruitment industry is affected by an increasing level of compliance and changes in legislation (particularly in the temp market, which is more heavily regulated) and this is a key area of management focus.	The legal and compliance teams keep the business informed as to changes in legislation that may impact the Group, and provide training and compliance programmes in key areas. In those markets in which temporary recruitment is offered, the legal teams are sufficiently experienced to advise operations. Changes in temp-market legislation may impact profitability and therefore close monitoring is undertaken. Project teams are established to implement, update or consult on new or changing legislation.
Foreign exchange The Group has significant operations outside the UK and is therefore exposed to movements in exchange rates.	Profits from Australia and Euro-based markets have increased as a percentage of the Group. There is no active management of foreign-exchange risk. However, we continue to monitor our policies in this area.

CORPORATE GOVERNANCE REPORT

UNDERSTANDING SHAREHOLDERS' VIEWS

Responsibilities

Hays gains insight into the views of shareholders and other stakeholders through a variety of means. Feedback received through these engagement channels is regularly reported to the Board.

Primary responsibility for engaging with shareholders rests with the Chairman, Chief Executive and Finance Director, supported by the Investor Relations and Company Secretarial departments, and external advisors.

Should shareholders wish to raise any concern where the normal channels have failed to resolve the issue or are inappropriate for any reason, Lesley Knox is available to shareholders in her role as Senior Independent Director. Lesley is a significant contributor to the Board on shareholders' perspectives.

EXTEL SURVEYS

IDENTIFYING EXCELLENCE

Our Investor Relations team ranked 7th out of 46 European support & business services companies in the 2010 Thomson Reuters Extel Pan-European Survey of investor relations associations.

This illustrates the importance we attach to effective communication with our shareholders.

How we engage with shareholders

During the year, the Board has maintained a regular and open dialogue with investors. We have formal arrangements for engaging with shareholders including those described below.

Investor meetings

The executive directors and the Investor Relations team regularly meet with analysts and major investors to discuss any concerns they may have and to explain the Company's strategy.

The Group's advisers maintain a dialogue with major shareholders and following each investor roadshow provide a report on the views of shareholders on key issues and management performance. A summary of this report is subsequently provided to the Board.

All non-executive directors are aware of the investor relations programme and are available should shareholders wish to meet them. Investors are offered the opportunity to meet the Chairman and Senior Independent Director.

Investor Day 2010

The Chairman, executive directors and senior management from across the Group's operations met a large number of investors at the Investor Day held by the Company on 29 April 2010, which focused on the Group's strong performance during the economic downturn and the strategic investments made during this period, and explained the Group's strategy to capitalise on future growth opportunities. This was attended by approximately 140 analysts and investors who received presentations on performance, strategy and key objectives and were also provided with the valuable opportunity to meet with senior management from around the world.

Annual general meeting

The annual general meeting provides an opportunity to communicate with all shareholders and in particular with our private shareholders. The Chairmen of the Audit, Nomination and Remuneration Committees are also available at the Annual General Meeting to answer any questions shareholders may have.

The Notice of Meeting sets out the resolutions being proposed at the Annual General Meeting to be held on 10 November 2010. It is the Company's policy at present to take all resolutions at a general meeting on a poll.

Formal consultations

The Chairman of the Remuneration Committee consults with major investors and seeks their views on the proposed incentive arrangements for executive directors and senior management. From time to time, we specifically seek major shareholders' views on other Company proposals.

Communications from shareholders and representative bodies

From time to time, we receive circulars directly from major shareholders and representative bodies, such as the Association of British Insurers, the National Association of Pension Funds and Pensions Investment Research Consultants. We also review the various environmental, social and governance reports published about us annually and endeavour to address any weaknesses or failings identified.

External advisors

Legal, financial, remuneration and communications advisors naturally have broad exposure to shareholder views and practice in the course of their research and work with their many clients. Appropriate external advice is sought by the Board, Board committees and Group departments when considering important issues.

Corporate website

There is a wealth of information available on our corporate website, haysplc.com, including:

- financial information and results history;
- all announcements made to the London Stock Exchange;
- the terms of reference of the Audit, Nomination and Remuneration Committees;
- a proforma letter of appointment for the non-executive directors;
- the presentation from the Investor Day held on 29 April 2010;
- latest news and press releases; and
- webcasts and interviews given by our executive directors.

BOARD FOCUS IN THE 2010 FINANCIAL YEAR

WHAT THE BOARD HAS DONE IN THE YEAR

Developing a successful strategy	Ensuring appropriate financial management	Implementing governance and ethics and monitoring risk
- Received reports on the progress of the implementation of the Group's IT infrastructure projects - Attended two strategy days, with the members of the Management Board, at which key strategic matters were discussed - Visited operations in Spain. Received presentations from the senior management team on performance and opportunities and undertook a visit of operations - Considered long-term strategy in light of the global economy - Reviewed operations and performance in each of the Group's regions	- Regularly received reports on the Group's financial performance - Reviewed and approved the Group's new revolving credit facility arrangements - Considered and approved a recovery plan with regard to the deficit under the UK defined benefit pension scheme - Approved financial announcements for publication - Approved the annual budget	- Performed the annual review of the effectiveness of internal control and of the nature and extent of risks identified and mitigation strategies - Approved a new Ethics Code, Business Principles and Public Policy Principles - Reviewed regular reports on legal and compliance matters from the Company Secretary - Reviewed Board and committee effectiveness
Motivating employees	Engaging with investors	Building strong leaders
Considered the results from TALKback, the Group's employee engagement survey	- Held an investor day at which major investors received presentations from over 30 senior managers on Group strategy and regional performance - Received regular updates on views and concerns from investors	- Reviewed the Group's succession plans and assessed succession risks and options - Assessed 'Fast Forward', the leadership development programme for senior managers - Reviewed the structure of the Group's management training and development programmes

COMMITTEE ACTIVITIES

Audit Committee	Nomination Committee	Remuneration Committee
- Received reports from internal audit on the findings of their work and reviewed and approved the internal audit plan - Reviewed the effectiveness of the implementation of the Group's IT infrastructure systems - Considered the external audit plan and reviewed the results of the audit - Assessed the performance of the key individuals in the regional finance teams and the central finance function - Reviewed the risk management and controls framework and their effectiveness - Reviewed the performance and independence of the Auditor - Considered the effectiveness of the Group's whistleblowing arrangements and received regular reports of any serious concerns - Reviewed financial announcements for publication	- Led the process for the appointment of a new chairman - Recommended the appointment of Alan Thomson to the Board	- Reviewed the incentive framework for executive directors and senior management in light of the economic environment - Considered and approved the targets for the Performance Share Plan and deferred bonus awards made in the 2010 financial year - Engaged with investors regarding the proposed incentive arrangements for executive directors for the 2010 financial year

ATTENDANCE TABLE

The table opposite sets out the number of scheduled meetings held by the Board and its committees during the year and individual attendance by Board and committee members at those meetings.

- Bob Lawson did not attend three Nomination Committee meetings as they concerned the succession of the Chairmanship. These meetings were chaired by Lesley Knox as Senior Independent Director.
- William Eccleshare did not attend one Board, Audit Committee and Remuneration Committee meeting due to personal commitments.
- Paul Harrison did not attend one Remuneration Committee meeting due to other business commitments.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
No. held	8	4	4	8
No. Attended				
Bob Lawson ¹	8	–	1	–
Alistair Cox	8	–	–	–
William Eccleshare ²	7	3	4	7
Paul Harrison ³	8	4	4	7
Lesley Knox	8	4	4	8
Richard Smelt	8	–	4	8
Paul Stoneham	8	4	4	8
Paul Venables	8	–	–	–

CORPORATE GOVERNANCE REPORT

BOARD EFFECTIVENESS

Understanding the business

We consider that, to function effectively, all members of the Board need appropriate knowledge of the Company and access to its operations and staff. Presentations and reports on commercial initiatives, our markets, our competitive position and the general economic indicators are given periodically to the Board. In addition, we hold Board meetings away from the head office approximately twice a year, which allows focus on local markets and operations and enables the non-executive directors to meet the local management.

Board training and development

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 needs of the individual director and continue throughout their tenure.

Briefing sessions on legislative and accounting developments are held for the Board when appropriate. During the year, the Board received updates from the Company Secretary regarding regulatory changes and new legislation and the Remuneration Committee received updates from their external advisors, PricewaterhouseCoopers LLP, regarding regulatory changes and recent developments in shareholder sentiments.

Performance evaluation

An external review of the effectiveness of the Board, its Committees and individual members in respect of the financial year was undertaken by Egon Zehnder. An external review was last undertaken in 2007, also by Egon Zehnder. Each director and the Company Secretary completed a questionnaire comprising questions relating to:

- board structure and composition;
- board dynamics and relationships;
- processes, information flows and decision making;
- reporting to shareholders and other stakeholders;
- the Audit, Remuneration and Nomination Committees;
- people and people processes;
- people evaluation (including the performance of the Chairman and the effectiveness of the Senior Independent Director);
- remuneration and succession planning;
- strategy and performance;
- capital and risk; and
- progress and benchmarking.

The completed questionnaires were sent to Egon Zehnder for evaluation. A representative from Egon Zehnder attended a full Board meeting as an observer and, following receipt of the completed questionnaires, met with each respondent individually to discuss their responses. The results of the performance evaluation were formally presented to the Board and discussed, following which individual one-to-one feedback was provided to each Board member, as required.

Details of the results of the performance evaluation review are provided opposite.

Board and committee performance

The external effectiveness review found that the Board has responded well to the recent economic challenges. Board members work with unity of purpose, focus and commitment. The structure of the Board is considered to be appropriate and relationships between Board members are constructive. The Chairman provides strong leadership, encouraging open debate and challenge and the Board is apprised of all material matters. The Board is aligned around the strategic objectives facing the business. The committees are well chaired and their structure and responsibilities are clear and appropriate. The process for the succession of the Chairmanship was particularly well managed by the Nomination Committee. Looking forward, the Board will continue to focus on ensuring that it has the appropriate level of skills and experience in relation to the strategic objectives of the business.

Various actions arising from the review will be addressed in the coming year, including increasing the time spent on strategic debate, facilitating more Board time with the executive directors outside scheduled meetings and further operational focus in relation to efficiency improvements.

The Audit Committee also undertook its own separate review, details of which are reported in the Audit Committee Report on page 41.

Individual performance

The effectiveness of each member of the Board was reviewed in respect of the financial year. The Chairman, along with the non-executive directors, reviewed the performance of the executive directors individually against their objectives. The remuneration of the executive directors is linked to their respective performances and is determined by the Remuneration Committee based upon the result of these reviews. Further details are reported in the Remuneration Report on pages 56 to 65.

Following the performance evaluation review, the Chairman is satisfied that the non-executives all remain independent in character and judgement. Shareholders will be asked to re-appoint William Eccleshare and Paul Stoneham, who will be retiring by rotation at the annual general meeting. As both directors will extend their terms of office beyond six years, the Nomination Committee has given their performances particular consideration, as required by the UK Corporate Governance Code (the '2010 Code'), which applies to the Company from 1 July 2010, taking into account the need for progressive refreshing of the Board. Each of the rotating directors being put forward for re-appointment at the 2010 Annual General Meeting continues to be effective. Their ongoing commitment to the role is undiminished and they continue to make a valuable contribution to the Board and its committees. We are actively considering the 2010 Code guidelines regarding the annual re-election of directors and, in particular, whether and how to implement a policy of annual re-election. If we decide to adopt a policy of annual re-election, any necessary changes to the Articles of Association will be proposed at the 2011 Annual General Meeting.

The disclosures required by DTR 7.2.6R of the Disclosure Rules and Transparency Rules of the United Kingdom Listing Authority (information required by paragraph 13(2)(c), (d), (f), (h) and (i) of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008) can be found in the Other Statutory Information section of this Annual Report.

OTHER STATUTORY INFORMATION

Directors

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

Bob Lawson, Chairman	Paul Harrison*
Alistair Cox, Chief Executive	Lesley Knox*
Paul Venables, Group Finance Director	Richard Smelt*
William Eccleshare*	Paul Stoneham*

* Independent non-executive director.

Biographical details for all directors are shown on page 45.

Structure of share capital

Under the Companies Act 2006, companies are no longer required to have an authorised share capital and a resolution was passed by shareholders at last year's Annual General Meeting to take advantage of this deregulating measure. Therefore, the Company no longer has an authorised share capital.

As at 30 June 2010, the Company's issued share capital of £14,640,965.66 comprised 1,464,096,566 Ordinary shares of 1p each. No shares were allotted during the year.

During the year from 1 July 2009 to 30 June 2010, the Company did not purchase any Ordinary shares of the Company.

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. At 30 June 2010, 80,227,930 Ordinary shares of 1p each were held in treasury. During the year to 30 June 2010, 1,649,325 shares held in treasury were transferred to satisfy awards of shares under the Company's employee share schemes and a further 147,327 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 a return of capital on a winding up, holders of Ordinary shares are entitled to participate in such a return.

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, 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 Registered 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; and
- awards of shares under the Company's incentive arrangements, the Performance Share Plan and the Deferred Annual Bonus Plan, are subject to restrictions on the 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. Except where acting under instruction as a bare nominee, the Trustee of the Hays plc Employee Share Trust does not seek to exercise the voting rights on these shares. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

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 shareholdings

As at 1 September 2010, the Company had been notified of the following voting rights attaching to Hays plc shares in accordance with the Disclosure and Transparency Rules of the United Kingdom Listing Authority:

	Nature of holding	% of total voting rights
Morgan Stanley Investment Management Limited	Indirect	9.93%
Chainpoint Limited	Direct	5.81%
Capital Research and Management Co	Indirect	5.13%
Templeton Global Advisors Limited	Indirect	5.00%
Baillie Gifford & Co	Indirect	Below 5%
Majedie Asset Management Limited	Indirect	4.98%
Legal & General Group Plc	Direct	3.99%
Barclays Global Investors	Indirect	3.96%

An update to significant shareholdings will be provided in the Notice of the 2010 Annual General Meeting.

OTHER STATUTORY INFORMATION

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 11 November 2009, shareholders authorised the directors, until the conclusion of the Annual General Meeting to be held on 10 November 2010, to purchase up to 138,210,080 Ordinary shares of 1p each in the Company and to allot new shares up to an aggregate nominal amount of £4,607,002, 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 it is in the best interests of shareholders generally. No share purchases are anticipated in the 2011 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 re-appointment.

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 practicable, 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-appointment.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution passed by shareholders at a general meeting of the Company.

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 and 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 underway 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 we ensure our employees are involved in the business and issues relating to its performance, including senior management briefings, employee briefing groups, email messaging and our global group 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 accommodate them or 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 pages 35 and 36.

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 2010 were an average of 32 (2009: 31). The Company creditor days at 30 June 2010 were 32 (2009: 31).

Charitable and political donations

Group charitable donations made during the year totalled £183,000 (2009: £197,000). No payments were made to political parties. The charitable donations were made to the following good causes:

	£'000
Children's charities	102
Cancer research and care	46
Disaster relief	30
Community care projects	5
Total	183

Auditor

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

As at 30 June 2010, the Company had entered into one significant agreement containing provisions that allow a counterparty to alter and amend the terms of the agreement following a change of control of the Company. This was an unsecured revolving credit facility with a number of banks for £460 million 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 2010, £315 million of this facility had not been drawn down. This agreement was renewed on 1 July 2010 with a reduced facility of £300 million.

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.

Conflicts of interest

In line with the Companies Act 2006, the Articles of Association 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.

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 73.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

Responsibility statement

The Board confirms to the best of its knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the Auditor

As required by section 418 of the Companies Act 2006, each of the directors as at 1 September 2010 confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's Auditor is 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 Auditor is aware of that information.

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

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

Alison Yapp
Company Secretary

1 September 2010

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

REMUNERATION REPORT

Contents

56	Introduction
57	Remuneration Report
57	Composition and terms of reference of the Remuneration Committee
57	Advisors to the Remuneration Committee
57	Remuneration policy
58	How the executive directors were paid in 2010
58	Elements of executive director remuneration package for 2010 and 2011 financial years
59	Fixed to variable remuneration
59	Summary of share-based incentive schemes
59	Performance targets on incentives
60	Incentive structure for the 2011 financial year
61	Shareholding policy
61	Service contracts
61	Non-executive directors
61	Policy on external appointments
61	TSR performance
62	Information subject to audit

Dear Shareholder

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

2010 performance and reward

This year has seen the toughest recruitment markets on record. However, we have acted rapidly and decisively to defend profits and maximise cash generation. We have managed the business effectively in the downturn, whilst continuing to implement the steps necessary to achieve our long-term objective of capitalising on the tremendous structural growth opportunities present in our markets. In our Preliminary Results we reported that the Group had returned to year-on-year growth in the second half of the year primarily driven by the international business which currently accounts for c.60% of the Group's net fees. We remain committed to building a stronger, broader-based and more efficient business and are confident that we are well placed to capitalise fully on the opportunities for growth that we are seeing in many of our markets.

Whilst the market has been very challenging in 2010, the 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 accordance with the arrangements agreed last year for 2010 and beyond. Bonuses for executive directors for 2010 ranged between 110% (2009: 142%) and 112% (2009: 152%) of salary. Of each bonus achieved, 60% will be paid in cash and 40% will be satisfied in shares and deferred for a three-year period. 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 period.

2010 Remuneration Committee activities

The Committee's activities for the 2010 financial year have included:

- a review of potential additional performance measures for the PSP awards;
- structuring the executive bonus arrangements in light of the change in market conditions;
- considering the impact of the increase in marginal UK income tax rates from April 2010;
- considering the reward strategy in the context of Group risk; and
- consideration of the relationship between executive reward and the reward structures in place for other employees.

2011 Remuneration arrangements

Given the continuing economic uncertainty and the current environment, base salaries for the executive directors have been frozen for the second year in a row.

The overall structure of the bonus arrangements remains unchanged, as does the maximum bonus potential at 125% of salary, with 40% of any bonus awarded deferred into shares. However, given the continued focus on earnings growth, the Committee has decided to increase the weighting of the EPS component of the annual bonus to 60% (2010: 40%) of the total bonus opportunity (the remainder of the bonus opportunity is 20% based on cash conversion and 20% based on personal objectives).

Last year, in light of the uncertain economic outlook, the Committee applied a single performance measure for the PSP award. However, following consultation with shareholders, the Committee does wish to put in place long-term incentives that will last a number of cycles. For the 2011 financial year and beyond, the Committee has decided to re-introduce EPS as a second performance measure alongside TSR for the PSP award. The Committee considered a number of measures and believed this measure to be the most appropriate given the continued focus on earnings growth. Therefore, 50% of the PSP award for this year will be based on TSR relative to a sector group and 50% on cumulative EPS measured over a three-year period. Vesting of the TSR component will be subject to satisfactory financial performance over the performance period as determined by the Committee.

The Committee has reviewed the executive remuneration arrangements in the light of recent publications from shareholder representative groups and the UK Corporate Governance Code and is satisfied that the arrangements are compliant.

The Committee unanimously recommends that shareholders vote to approve the Remuneration Report at the 2010 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 10 November 2010. In carrying out its functions, the Committee has followed the provisions of Schedule A to the June 2008 Combined Code on Corporate Governance in relation to the 2010 financial year, and Schedule A to the June 2010 UK Corporate Governance Code for matters relating to the 2011 financial year, both of which are published by the Financial Reporting Council. Further information on the Codes 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. During the year the Committee reviewed its terms of reference. Certain changes were recommended to reflect the ABI guidance issued in 2009 relating to the need to consider the risk-related aspects of remuneration policy and practice and the need to determine the salary and incentive arrangements of executive directors taking into account remuneration policy and practice across the Group. These changes were approved by the Board and the revised 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 Lesley Knox throughout the year under review. All members of the Committee are independent non-executive directors. William Eccleshare, Paul Harrison, Richard Smelt and Paul Stoneham 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 Chief Executive and the Group Finance Director also attended by invitation on occasions. The Committee met eight times during the financial year ended 30 June 2010. Meeting attendance is shown on page 51 of this Annual Report.

Advisors to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP ('PwC') as independent remuneration advisors. 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 tax, administrative and compliance issues relating to the operation of the Company's share schemes around the world, and the Group's transformational IT projects.

Freshfields Bruckhaus Deringer LLP, who act as the Company's principal legal advisors, 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.

During the year, the Committee reviewed the remuneration policy and certain changes were made to reflect the Committee's duty to take into account the risk-related aspects of remuneration policy. These changes are reflected in the Group's remuneration policy below and overleaf.

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 taking risk into account, 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 throughout 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; and

REMUNERATION REPORT

- provide a balanced package that takes into account the associated risks of each aspect 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 2010

Details of the specific 2010 remuneration arrangements for the executive directors are set out in the table below.

It is the Company's policy to take into account the pay and employment conditions of employees throughout the Group when determining directors' remuneration. During the year, the Committee received a paper from the Group HR Director, and noted the pay freeze applicable in the Group's main areas of operation in determining that there should be no increase in the executive directors' base salary for the 2011 financial year.

The table below sets out the key elements of the Company's remuneration policy for the 2010 and 2011 financial years.

ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION PACKAGE FOR 2010 AND 2011 FINANCIAL YEARS

	Objective	2010 Policy ¹	2011 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.	No increase.	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 debtor and capital expenditure control and is a key indicator of the efficiency of the business. 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.	Maximum 125% of base salary. 60% of bonus taken in cash and the remainder deferred into shares. Bonus Performance Conditions² Earnings per share (40%) Cash conversion (40%) Personal objectives (20%)	Maximum 125% of base salary. 60% of bonus taken in cash and the remainder deferred into shares. Bonus Performance Conditions Earnings per share (60%) Cash conversion (20%) Personal objectives (20%)
Bonus Deferral (Pages 62 and 63)	A significant proportion of bonus is deferred into shares subject to a three-year restricted period. The deferral assists with the retention of executive directors and aligns their interests with those of shareholders.	Compulsory deferral of 40% of annual bonus into shares. No match.	Compulsory deferral of 40% of annual bonus into shares. No match.
Performance Share Plan ('PSP') Award (Page 63)	Aligns executive director interests with those of shareholders and incentivises them to pursue superior results within the limits of the Group's risk appetite. The TSR metric measures the relative return from Hays shares against a basket of comparator companies, providing alignment with shareholders' interests. The additional EPS metric is also a key performance measure aligned with shareholders' interests.	Awards of 175% of base salary. Award Performance Conditions³ Total shareholder return (100%)	Awards of 175% of base salary. Award Performance Conditions³ Total shareholder return (50%) Cumulative earnings per share (50%)
Pension Allowance	To provide a competitive retirement benefit.	Salary supplement of 30% of base salary in lieu of pension contributions.	Salary supplement of 30% of base 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.
Maximum Variable Pay	Maximum variable pay as a percentage of basic salary.	300%	300%

Notes

1. The 2010 arrangements replaced the one-year transitional arrangements that were in place for 2009 only. See the 2009 Remuneration Report for full details.
2. The bonuses paid to Mr A R Cox and Mr P Venables for the 2010 financial year as a percentage of base salary were 111.7% and 110.6% respectively. Details of the performance conditions for 2010 bonuses are set out in the table on page 60.
3. Vesting of the TSR component is subject to satisfactory financial performance over the period as determined by the Committee.

Fixed to variable remuneration

The remuneration packages for executive directors in respect of 2010 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 deferred bonus arrangements and Performance Share Plan as stated on pages 62 and 63.
2. Fixed compensation comprises salary, pension contribution and other benefits as stated in the table on page 62.

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 2010 financial year. The Company's long-term incentives primarily comprise the Performance Share Plan and the Deferred Annual Bonus Plan.

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 2010, the headroom available under these limits was 63.7% and 47.6%, respectively.

Performance Share Plan

The Performance Share Plan ('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. Awards below Management Board level were based on a one-year performance period and a further two-year holding 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 2010 financial year were capped at 175% for executive directors and 120% for other senior executives.

Approximately 350 key executives, including Alistair Cox, Paul Venables and seven other Management Board executives, participated in PSP awards made in October 2009. 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. For the 2010 financial year and future years, 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.

As they had previously deferred bonuses before deduction of tax, prior to the increase in the highest marginal rate of UK income tax to 50% in April 2010, the Committee permitted the executive directors and certain senior employees to waive certain pre-tax share awards for no monetary consideration. This arrangement was made available to all UK employees who had participated in the 2007 and 2008 Deferred Annual Bonus Plan awards. Pursuant to minor amendments to the award terms, electing individuals were on 26 March 2010 granted vested special awards over an equivalent number of shares, with sufficient shares then being sold to discharge tax liabilities on vesting of the award. The post-tax number of shares in the vested special awards must be retained until the end of the relevant retention period of the original award in order for the individual to qualify, where applicable, for matching shares. Certain special awards are subject to forfeiture, together with an obligation to reimburse an amount equivalent to the tax liability paid on vesting of the special award, in the event that the director ceases employment in certain circumstances before the end of the relevant retention period. The Committee considered that this variation to the terms of the relevant awards was appropriate in light of the underlying commercial substance of the awards on these revised terms. Further information is set out in the tables on pages 62 and 63.

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 2010 financial year, options over 1,746,156 shares at a price of 93.0 pence per share, representing a 10% discount to market value, were granted to 446 participants under both Schemes. The overall participation rate for all current schemes remains high at 35.4% of eligible employees.

Both schemes were renewed in 2009 at the Company's 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 62 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, cyclicity 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 2010 financial year, as reported on page 62, 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 2010 bonuses for the executive directors are shown in the table overleaf.

REMUNERATION REPORT

Financial targets for executive directors' 2010 annual bonuses

	Performance	Value	Payment percentage
EPS (40%) ¹	Maximum	3.55p	100%
	Threshold	2.72p	30%
	Performance	Percentage conversion	Payment percentage
Cash Conversion (40%) ²	Maximum	112.6%	100%
	Target	92.6%	50%
	Threshold	82.6%	20%

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

Notes

1. The EPS target was set at entry at budget for FY 2010 and the maximum was set at market consensus. A fixed interest charge and fixed tax rate have been used. On this basis the EPS result for the 2010 financial year was 3.295 pence, which was between the threshold and maximum targets and, therefore, 78.5% of the EPS element of the bonus has been paid.
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 2010 financial year of 118.5% was above the maximum target. Full payment has been made in respect of this element. As stated in last year's report, the 2009 cash conversion result excluded a cash inflow of £20 million that was determined to be a one-off windfall and the corresponding cash outflow has therefore been excluded from the 2010 result.
3. The personal objectives for the Chief Executive included key milestones relating to the strategic plans for the growth of the business, the global roll out of the Group's marketing approach and new brand identity, the implementation of the new front-office IT technology and the Group's leadership and development plans. Those for the Group Finance Director included a number of targets relating to debtors, Group reporting and investor strategies, the implementation of key back-office systems, the renewal of the Group's revolving credit facilities and certain matters relating to the Hays defined benefit Pension Scheme. Progress against these objectives has been good but this element did not pay out in full.

The performance conditions for outstanding long-term incentive arrangements can be found on page 64 of this Report. The emoluments of the executive directors and their share interests are set out on pages 62 to 65.

Incentive structure for the 2011 financial year

The Committee Chairman's introduction on page 56 and the policy table on page 58 summarise the approach taken for the 2011 financial year. This section provides more detail on the bonus and share incentive arrangements for 2011.

Bonuses for 2011 financial year

The structure of bonus arrangements for the 2011 financial year remains unchanged, although the respective weightings of the performance measures have changed.

Annual bonus structure

	2010	2011
Maximum bonus as % of base salary	125%	125%
Proportion of maximum based on financial measures:	80%	80%
– EPS	40%	60%
– Cash Conversion	40%	20%
Proportion of maximum based on personal objectives	20%	20%
Proportion of bonus payable subject to compulsory deferral	40%	40%

Last year the proportion of bonus based on financial measures was split equally between EPS and Cash Conversion. To reflect current market opportunities and the focus on earnings growth, the balance has been adjusted for 2011 so that three quarters of the financial measure is based on EPS and one quarter is based on Cash Conversion.

Of any bonus awarded, 40% will be compulsorily deferred into restricted shares for a period of three years, subject only to continued employment. As in 2010, there is no matching award. The Committee retains discretion to reduce the number of deferred shares vesting if the underlying financial performance of the Company has not been satisfactory over the three-year deferral period.

Suitable stretching targets have been set in relation to budget. Similar bonus arrangements will be put in place for the Management Board members, but with the maximum set at a lower percentage of base salary.

PSP for 2011 financial year

The PSP awards for the 2010 financial year were based solely on Total Shareholder Return ('TSR'). Historically, the Company's executive reward measures have included a significant proportion focused on earnings growth and the Committee believes that this remains one of the key measures for delivery of long-term shareholder value and aligns the interests of management with those of shareholders. For this reason, and following shareholder consultation, the Committee has decided to re-introduce EPS as a second performance measure. The PSP awards for the 2011 financial year will therefore be based 50% on TSR relative to a sector peer group of companies and 50% on cumulative EPS.

The 2011 PSP award structure for the executive directors is shown in the table below.

PSP incentive structure

	2010	2011
PSP award as % base salary	175%	175%
TSR target relative to comparator group	100% of Award	50% of Award
– Maximum (100% vesting)	Upper Quartile	Upper Quartile
– Threshold (25% vesting)	Median	Median
Cumulative EPS target	–	50% of Award
– Maximum (100% vesting)		
– Threshold (25% vesting)		

Similar arrangements will be put in place for the Management Board members, but at a lower percentage of base salary.

The size of the awards and proportion vesting at threshold levels for both elements of the award are unchanged (25%).

The Committee consulted with its major shareholders with regard to putting in place long-term incentive measures that would last a number of cycles and, specifically, the reintroduction of EPS as a second performance measure. Following this consultation, the Committee will set EPS targets using market consensus (reflecting the current point in any cycle) as the starting point for the three-year cycle with a range of RPI plus 4% to RPI plus 12% for threshold and maximum payment respectively. The Committee considers this range to be appropriate over several cycles. The Committee will keep the range under review to ensure it remains appropriate.

Performance targets for the TSR component of the award are unchanged for the 2011 financial year. However, following the acquisition of MPS by Adecco in January 2010, the Committee has replaced MPS in the comparator group with CDI Corporation. The Committee believes that CDI is an appropriate replacement for MPS due to its US listing (which is similar to MPS), size and large construction recruitment division.

The intended constituents of the comparator group for the 2011 awards are shown below:

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

The peer group has been chosen to reflect most closely the mix of the Company's business.

The EPS and TSR components will operate independently. There will be no payout for achieving less than threshold performance and vesting levels between threshold and maximum performance will be calculated on a straight-line basis.

Vesting of the TSR component is subject to satisfactory financial performance over the performance period as determined by the Committee.

Pension, benefits and 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 those of 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*	July 2001	Indefinite	One year
A R Cox	Sept 2007	Indefinite	One year
P Venables	May 2006	Indefinite	One year

* Mr R A Lawson is due to retire at the forthcoming Annual General Meeting to be held on 10 November 2010. No compensation will be paid to him on retirement.

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 proforma letter of appointment can be viewed on the Company's website, haysplc.com.

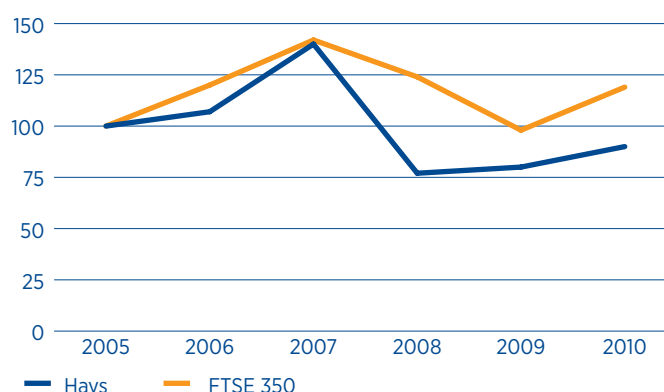
Policy on external appointments

The Company permits its executive directors to hold one external non-executive directorship and all fees paid are retained by the director. Alistair Cox became a non-executive director of 3i Group plc on 1 October 2009. Paul Venables joined Wincanton plc as a non-executive director on 2 September 2009. The directors retained fees of £40,183 and £37,154 respectively from these external appointments during the year under review.

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.

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.



REMUNERATION REPORT

INFORMATION SUBJECT TO AUDIT

Emoluments

The emoluments of the directors are shown below:

(in £'s thousand)	2010 Salary/ Fees	2010 ¹ Bonus paid in cash	2010 ¹ Bonus deferred into shares	2010 Payments in lieu of pension contributions	2010 ² Benefits- in-kind	2010 Total emoluments	2009 Total emoluments
R A Lawson	230	-	-	-	24	254	253
A R Cox	630	422	282	189	41	1,564	1,765
C W Eccleshare	50	-	-	-	-	50	50
P S Harrison	62	-	-	-	-	62	62
L M S Knox	66	-	-	-	-	66	66
R J Smelt	50	-	-	-	-	50	50
P H Stoneham	50	-	-	-	-	50	50
P Venables	454	301	201	136	25	1,117	1,310
Total	1,592	723	483	325	90	3,213	3,606

The remuneration of the highest paid director, Mr A R Cox, was £1,564,000.

Notes:

- Messrs Cox and Venables are required to compulsorily defer 40% (£281,602 and £200,764 respectively) of their 2010 annual bonuses into shares for a three-year restricted period. The comparative data for 2009 for Messrs Cox and Venables, based on 70% compulsory deferral, included bonus deferral into shares of £624,456 and £484,573 respectively.
- The non-cash elements of the emoluments are disclosed as benefits-in-kind in the table, and comprise car benefit (or equivalent) and insurance-based benefits.

Bonus deferral arrangements

The following tables set out the interests of the executive directors under bonus deferral arrangements. The detail of these interests is set out in the footnotes beneath each table and in the table on page 64.

Bonus deferral linked to Matching Awards

	Grant date	Purchased shares underpinning matching awards	Matching awards				At 30 June 2010	Earliest vesting date
			At 30 June 2009	Awarded	Vested	Lapsed		
A R Cox	13 Oct 2008 ¹	566,275 ⁵	839,160	-	-	-	839,160	13 Oct 2011
	9 Oct 2009 ²	124,133	-	210,396	-	-	210,396	9 Oct 2012
P Venables	9 May 2007 ³	18,555	31,449	-	18,051	13,398	-	4 Sep 2009
	21 Sep 2007 ⁴	64,403 ⁵	91,104	-	-	-	91,104	21 Sep 2010
	13 Oct 2008 ¹	200,058 ⁵	296,467	-	-	-	296,467	13 Oct 2011
	9 Oct 2009 ²	96,326	-	163,265	-	-	163,265	9 Oct 2012

Notes:

- 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 matching shares that vest. The market price per share on the award date was 73.5 pence. See also Note 5.
- The directors were required to defer 70% of their bonuses for the 2008/09 financial year into shares subject to a three-year restricted period. The award in respect of 45% of the bonus earned was deferred on a pre-tax basis and is addressed in the second table opposite. Messrs Cox and Venables elected to defer 25% of the bonus on a post-tax basis under the Deferred Annual Bonus plan for a three-year period. Matching shares were awarded in respect of this element, which are subject to the satisfaction of performance conditions over a three-year period ending on 30 June 2012 based on earnings per share, international net fees and cash conversion, in equal proportions. Dividend equivalent shares will be transferred to the directors in respect of any matching shares that vest. The market price per share on the grant date was 107.4 pence.
- 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 ending on 30 June 2009. The number of matching shares was determined by reference to the pre-tax amount of deferred bonus. Mr Venables' matching award partially vested on 1 October 2009 at the rate of 57.4% calculated as 43.2% of the Cumulative EPS performance condition (75% of the award) and 100% of the International Net Fees performance condition (25% of the award). Together with the 18,051 matching shares, 18,555 deferred shares and 2,626 dividend equivalent shares were released. Of these, 8,496 shares were sold to satisfy tax and national insurance due. The market price per share on the award date was 168.75 pence. The market price per share on the date of vesting was 102.0 pence.
- 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 matching shares that vest. The market price per share at the award date was 142.0 pence. See also Note 5.
- Details of shares underpinning matching awards have altered since the 2009 Remuneration Report. On 26 March 2010, the Committee accepted the waiver of certain deferred rights (as previously disclosed) and granted vested special awards for no monetary consideration (representing the original awards plus dividend equivalent shares accrued up to the grant date of the special awards). A proportion of the shares under the special awards were sold on 26 March 2010 at a price of 108.7 pence per share to pay the tax and national insurance due. The special awards otherwise continue to be subject to the same restrictions and conditions as applied to the original awards. The matching awards and associated conditions remain unchanged. The market price per share on the special award date was 108.8 pence. A reconciliation between the original awards disclosed in the 2009 Remuneration Report and those stated in this 2010 Remuneration Report is shown opposite.

Bonus deferral linked to Matching Awards continued

Grant date	Name	Original award per 2009 Report	Dividend equivalent shares	Special award	Sold	Balance of special award per 2010 Report
21 Sept 2007	P Venables	91,104	18,206	109,310	44,907	64,403
13 Oct 2008	A R Cox	839,160	121,969	961,129	394,854	566,275
13 Oct 2008	P Venables	296,467	43,089	339,556	139,498	200,058

Bonus deferrals not linked to Matching Awards

	Grant date	At 30 June 2009	Awarded	Vested	Lapsed	At 30 June 2010	Earliest vesting date
A R Cox	9 Oct 2009 ¹	–	378,713	–	–	378,713	9 Oct 2012
P Venables	9 Oct 2009 ¹	–	293,878	–	–	293,878	9 Oct 2012

Note:

- The directors were required to defer 70% of their bonuses for the 2009 financial year into shares subject to a three-year restricted period. 45% of the bonus earned was deferred on a pre-tax basis and Messrs Cox and Venables were granted a conditional right to receive shares at the end of a three-year period, subject only to remaining in employment. The balancing 25% of the bonuses were deferred on a post-tax basis and will potentially attract matching shares and are stated in the previous table. Dividend equivalent shares will be transferred to the directors in respect of any shares that vest. The market price per share on the grant date was 106 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 footnote below and in the table on page 64.

	Grant date	At 30 June 2009	Granted	Vested	Lapsed	At 30 June 2010	Earliest vesting date
A R Cox	5 Sep 2007	766,773	–	–	–	766,773	5 Sep 2010
	13 Oct 2008	440,559	–	–	–	440,559	13 Oct 2011
	9 Oct 2009 ¹	–	1,040,094	–	–	1,040,094	9 Oct 2012
P Venables	4 Apr 2007 ²	514,196	–	111,066	403,130	0	4 Sep 2009
	5 Sep 2007	414,632	–	–	–	414,632	5 Sep 2010
	13 Oct 2008	317,643	–	–	–	317,643	13 Oct 2011
	9 Oct 2009	–	749,908	–	–	749,908	9 Oct 2012

Notes:

- The market price per share on the date of grant was 107.4 pence.
- This award partially vested on 1 October 2009 for nil consideration at the rate of 21.6% calculated as 43.2% of the Cumulative EPS performance condition (50% of the award) and 0% of the Cumulative Economic Profit performance condition (50% of the award) measured over the three-year period to 30 June 2009. Together with the 111,066 vested PSP shares, 16,169 dividend equivalent shares were released. Of these, 52,272 shares were sold to satisfy tax and national insurance due. The market price per share on the date of grant was 168.75 pence. The market price per share on the date of vesting was 102.0 pence.

Other conditional share awards

The following table sets out the interests of Mr A R Cox in a Restricted Share Award. Details of this award are set out in the footnote below.

	Awards held at 30 June 2009	Grant date	Granted	Vested	Lapsed	Awards held at 30 June 2010	Vesting date
A R Cox ^{1, 2}	258,064	3 Sep 2007	–	129,032 ³	64,516	64,516⁴	2 Sep 2010

Notes:

- 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 3 September 2009, the second tranche of shares partially vested and the vested portion was released to Mr Cox. The first criterion (continued employment) was met but the second (Group PBT growth) was not. Consequently, only one sixth of the second tranche vested. The market price per share on the grant date was 160.25 pence and at the date of vesting was 98.2 pence.
- On 26 March 2010, Mr Cox waived that element of the final tranche that related to continuing employment (64,516 shares), which was replaced by a vested special award over the same number of shares subject to the same restrictions. Mr Cox settled the tax and national insurance due from his own funds calculated by reference to the market value of the shares on the special award date of 108.8 pence.
- Includes the 64,516 vested special award shares that remain subject to forfeiture if the continued employment condition is not met (see note 2).
- In addition, Mr Cox has 64,516 vested special award shares (see notes 2 and 3).

REMUNERATION REPORT

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

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%

October 2009 Matching Awards

Performance period 1 July 2009 – 30 June 2012

	Performance	Value	Vesting percentage
Cumulative EPS ^{1, 2} (One-third of Award)	Maximum	17.66p	100%
	Target	14.72p	60%
	Threshold	11.78p	20%
	Performance	Value	Vesting percentage
Cumulative International Net Fees ¹ (One-third of Award)	Maximum	£817m	100%
	Target	£745m	60%
	Threshold	£678m	20%
	Performance	Percentage conversion	Vesting percentage
Cumulative Cash Conversion ¹ (One-third of Award)	Maximum	112.6%	100%
	Target	92.6%	50%
	Threshold	82.6%	20%

Performance Share Plan

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%

October 2009 Awards

Performance period 1 July 2009 – 30 June 2012

	Performance	Rank	Vesting percentage
Total Shareholder Return ³ (100% of Award)	Maximum	Upper quartile	100%
	Threshold	Median	25%

Performance levels between threshold, target (where relevant) and maximum are graduated on a straight-line basis.

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 and October 2009 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 Cumulative 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.
3. For the purpose of ranking the performance of Hays shares against a sector group of comparator companies, TSR for each company is the difference between the average market values (in Sterling terms) of a notional shareholding in that company on all dealing days for the three-month periods to 20 June 2009 and 30 June 2012 divided by the average market values (in Sterling terms) of a notional shareholding in that company on all dealing days for the three-month period to 30 June 2009. The TSR for Hays shares is ranked against the respective TSR performances of 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 and USG People NV. Vesting will be subject to satisfactory financial performance over the performance period as determined by the Remuneration Committee.

Directors' interest in shares

The beneficial interests of the directors in office as at 30 June 2010 in the Ordinary shares of the Company at 30 June 2010 are set out below:

Shares as at:	30 June 2010	30 June 2009
R A Lawson	175,287	175,287
A R Cox ¹	1,247,667	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	853,953	499,715

Note:

1. The shares disclosed for Mr A R Cox and P Venables include the deferred shares and rights held under the bonus deferral arrangements as described on pages 62 and 63 and the Restricted Share Award as detailed 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 2010:

		30 June 2009	Exercised	Granted	Lapsed	30 June 2010	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	0	142.00p	1 Jan 2010	30 Jun 2010
	UK Sharesave	5,877	-	-	-	5,877	98.00p	1 May 2011	1 Nov 2011
	UK Sharesave	-	-	3,903	-	3,903	93.00p	1 May 2013	1 Nov 2013

The market price at 30 June 2010 was 91.7 pence per share. During the year the shares traded in the range 81.0 pence to 117.8 pence per share (prices at mid-market close).

By order of the Board.

Alison Yapp

Company Secretary

1 September 2010

CAUTIONARY STATEMENT

This Annual Report (comprising the Directors' Report on pages 2 to 55 and the Remuneration Report on pages 56 to 65) and the financial statements on pages 68 to 103 ('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.

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 2010 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 33. 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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 on page 55, 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 2010 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group 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 matter

We have reported separately on the parent Company financial statements of Hays plc for the year ended 30 June 2010 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

1 September 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £'s million)	Note	2010 Before exceptional items	2010 Exceptional items (note 5) & discontinued operations	2010	2009
Turnover					
Continuing operations		2,691.1	–	2,691.1	2,447.7
Net fees					
Continuing operations	4	557.7	–	557.7	670.8
Operating profit from continuing operations	4	80.5	(41.4)	39.1	158.0
Finance income	9	0.7	–	0.7	1.9
Finance cost	9	(10.1)	–	(10.1)	(8.9)
Profit before tax		71.1	(41.4)	29.7	151.0
Tax	10	(26.6)	3.5	(23.1)	(45.2)
Profit from continuing operations after tax		44.5	(37.9)	6.6	105.8
Profit from discontinued operations	11	–	2.7	2.7	–
Profit attributable to equity holders of the parent		44.5	(35.2)	9.3	105.8
Earnings per share from continuing operations					
– Basic	13	3.25p	(2.77)p	0.48p	7.72p
– Diluted	13	3.21p	(2.73)p	0.48p	7.71p
Earnings per share from continuing and discontinued operations					
– Basic	13	3.25p	(2.57)p	0.68p	7.72p
– Diluted	13	3.21p	(2.54)p	0.67p	7.71p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

(In £'s million)	2010	2009
Profit for the financial year	9.3	105.8
Currency translation adjustments taken to equity	6.8	15.9
Gain on sale of own shares taken to equity	–	5.4
Actuarial gain/(loss) on defined benefit pension scheme	47.4	(21.2)
Tax on items taken directly to equity	(13.3)	5.2
Net income recognised directly in equity	40.9	5.3
Total recognised income and expense for the year	50.2	111.1
Attributable to equity shareholders of the parent	50.2	111.1

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £'s million)	Note	2010	2009
Non-current assets			
Goodwill	14	185.6	174.9
Other intangible assets	15	62.1	38.6
Property, plant and equipment	16	23.8	29.1
Deferred tax assets	17	29.0	42.9
		300.5	285.5
Current assets			
Trade and other receivables	18	407.2	352.4
Cash and cash equivalents	19	74.7	55.0
		481.9	407.4
Total assets		782.4	692.9
Current liabilities			
Trade and other payables	21	(371.9)	(312.5)
Current tax liabilities		(14.6)	(16.3)
Bank loans and overdrafts	20	(151.9)	-
Provisions	23	(7.9)	-
		(546.3)	(328.8)
Non-current liabilities			
Bank loans and overdrafts	20	-	(54.3)
Retirement benefit obligations	22	(67.1)	(109.2)
Provisions	23	(36.7)	(46.2)
		(103.8)	(209.7)
Total liabilities		(650.1)	(538.5)
Net assets		132.3	154.4
Equity			
Called up share capital	24	14.7	14.7
Share premium account	25	369.6	369.6
Capital redemption reserve	26	2.7	2.7
Retained earnings	27	(313.0)	(282.6)
Other reserves	28	58.3	50.0
Total shareholders' equity		132.3	154.4

The financial statements were approved by the Board of Directors and authorised for issue on 1 September 2010.

Signed on behalf of the Board of Directors

R A Lawson

P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

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

FOR THE YEAR ENDED 30 JUNE 2009

(In £'s million)	Share capital	Capital redemption reserve	Share premium account	Retained earnings	Other reserves	Total
Balance at 1 July 2008	14.7	2.7	369.6	(307.0)	43.0	123.0
Currency translation adjustments	-	-	-	-	15.9	15.9
Actuarial profits on defined benefit pension scheme	-	-	-	(21.2)	-	(21.2)
Tax on items taken directly to reserves	-	-	-	5.2	-	5.2
Net (expense)/income recognised directly in equity	-	-	-	(16.0)	15.9	(0.1)
Profit for the year	-	-	-	105.8	-	105.8
Total recognised income for the year	-	-	-	89.8	15.9	105.7
Dividends paid	-	-	-	(79.3)	-	(79.3)
Share-based payment schemes	-	-	-	4.5	(4.9)	(0.4)
Gain on sale of own shares taken to reserves	-	-	-	5.4	-	5.4
Purchase of own shares	-	-	-	-	(4.0)	(4.0)
Other share movements	-	-	-	5.4	-	5.4
Share buy-back	-	-	-	(1.4)	-	(1.4)
Balance at 30 June 2009	14.7	2.7	369.6	(282.6)	50.0	154.4

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £'s million)	Note	2010	2009
Operating profit from continuing operations		39.1	158.0
Adjustments for:			
Exceptional items	5	37.3	-
Depreciation of property, plant and equipment		11.8	10.4
Amortisation of intangible fixed assets		2.8	1.2
Loss on disposal of property, plant and equipment		0.1	0.8
Net movement in provisions		(4.2)	0.1
Movement in employee benefits and other items		8.5	0.4
		56.3	12.9
Operating cash flows before movement in working capital		95.4	170.9
Changes in working capital			
(Increase)/decrease in receivables		(50.6)	99.0
Increase/(decrease) in payables		29.2	(9.0)
		(21.4)	90.0
Cash generated by operations		74.0	260.9
Income taxes paid		(22.1)	(56.5)
Net cash from operating activities		51.9	204.4
Investing activities			
Purchases of property, plant and equipment		(6.7)	(8.2)
Proceeds from sales of business and related assets		1.1	-
Purchase of intangible assets		(23.1)	(28.8)
Cash paid in respect of acquisitions made in previous years		(17.9)	(5.4)
Interest received		0.7	1.9
Net cash used in investing activities		(45.9)	(40.5)
Financing activities			
Interest paid		(4.0)	(4.6)
Equity dividends paid		(79.5)	(79.3)
Cash outflow in respect of share buy-back		-	(2.1)
Purchase of own shares		(0.4)	-
Proceeds from share option exercises		0.2	-
Proceeds from sale of own shares		-	5.4
(Repayment)/issue of loan notes		(0.8)	0.6
Increase/(decrease) in bank overdrafts		98.4	(82.7)
Additional pension scheme funding		(1.2)	(2.7)
Net cash from/(used) in financing activities		12.7	(165.4)
Net increase/(decrease) in cash and cash equivalents		18.7	(1.5)
Cash and cash equivalents at beginning of year	32	55.0	54.0
Effect of foreign exchange rate changes		1.0	2.5
Cash and cash equivalents at end of year	32	74.7	55.0

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

The Consolidated Financial Statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ending 30 June 2010. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2009 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning 1 January 2009.

IAS 1 (revised 2007) Presentation of Financial Statements IAS 1 (2007) has introduced a number of changes in the format and content of the financial statements. On adoption there were no changes to the disclosure previously provided except for the following:
The Statement of Recognised Income and Expenditure has been renamed the Statement of Comprehensive Income. The Statement of Changes in Equity has been included.
A third comparative is to be included within the Consolidated Balance Sheet if any previously reported information is restated or represented. In the current year, the adoption of IFRS 8 triggers this requirement. The Board of Directors have concluded that the addition of the 2008 comparative information would not provide any additional information or enhance the overall clarity of the Consolidated Financial Statements. A full explanation of the impact of IFRS 8 is provided in note 4.

IFRS 8 Operating Segments IFRS 8 is a disclosure Standard that has resulted in a review of the Group's reportable segments (see note 4).

IFRS 2 (amendment) Share-Based Payment – Vesting Conditions and Cancellations The amendments clarify the definition of vesting conditions for the purpose of IFRS 2, introduce a concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations. This change has not had a material impact on the accounts.

IAS 23 (revised 2007) Borrowing Costs The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because this has always been the Group's policy.

There have been no alterations made to the accounting policies as a result of considering all amendments to other IFRS and IFRIC amendments and interpretations that became effective during the financial year, as these were not material 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 July 2010 or later periods. These new pronouncements are listed below:

Improvements to IFRSs 2009	(Effective 1 January 2010)
IFRS 2 (amendment)	Group Cash Settled Share-Based Payment Transactions (effective 1 January 2010)
IAS 32 (amendment)	Financial Instrument Presentation – clarification of rights issues (effective 1 February 2010)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
Improvements to IFRSs 2010	(Effective 1 July 2010 and 1 January 2011)
IAS 24 (revised 2009)	Related Party Disclosure (effective 1 January 2010)
IFRIC 14 (amendment)	IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2011)
IFRS 9	Financial Instruments (effective 1 January 2013)

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.

b 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 39. The financial position of the Group, its cash flows and liquidity position are described in the financial review on pages 28 to 31. In addition, notes 19 to 20 of 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 judgement, 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.

c 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.

d 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 workers are provided. Where the Group is acting as a principal, turnover represents the amounts billed for the services of the temporary workers, including the remuneration costs of the temporary workers.

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 workers and does not include the remuneration costs of the temporary workers. Where the Group receives income in respect of payroll processing, only the service fee element of this service is recognised as turnover.

e Net fees

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

f 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.

g 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.

2 Significant accounting policies continued**h 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 Comprehensive Income 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 Comprehensive Income.

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.

i 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.

j Borrowing costs

Interest costs are recognised as an expense in the Consolidated Income Statement in the period in which they are incurred. Arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

k 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.

l 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.

m 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 incorporated into major ERP implementations that support the recruitment process and financial reporting is amortised over a life of up to seven years. Other software is amortised between three and five years.

n Property, plant and equipment

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation 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%

o 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.

p 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.

q Trade payables

Trade payables are measured at fair value.

r 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.

s 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.

t 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

Retirement benefit obligations

Under IAS 19 'Employee Benefits', the Group has recognised a pension deficit of £61.7 million (2009: £109.2 million). A number of assumptions have been made in determining the pension deficit and these are described in note 22 of the financial statements.

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 14 of the financial statements.

Provisions in respect of disposed businesses

As described in note 23, 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.

Provisions in respect of recoverability of trade receivables

As described in note 18, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

4 Segmental information

Adoption of IFRS 8, Operating Segments

The Group has adopted IFRS 8, Operating Segments, with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess their performance.

As a result, the Group continues to split the business into three regions, Asia Pacific, Continental Europe & Rest of World, and United Kingdom & Ireland.

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

Net fees and profit from continuing operations

The Group does not split turnover by segment in internal reports, as remuneration of temporary workers and payments to other recruitment agencies, where the Group acts as principal, are not considered relevant in allocating resources to segments. The Group's chief operating decision maker instead focuses on net fees. The reconciliation of turnover to net fees can be found in note 6.

Net fees and profit from continuing operations

(In £'s million)

	2010	2009
Net fees from continuing operations		
Asia Pacific	146.3	149.1
Continental Europe & Rest of World	167.5	191.0
United Kingdom & Ireland	243.9	330.7
	557.7	670.8

(In £'s million)	2010 Before exceptional items	2010 Exceptional items	2010	2009
Operating profit from continuing operations				
Asia Pacific	52.0	–	52.0	61.4
Continental Europe & Rest of World	17.1	(1.4)	15.7	33.1
United Kingdom & Ireland	11.4	(40.0)	(28.6)	63.5
	80.5	(41.4)	39.1	158.0

The Group does not report items below operating profit by segment in the internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 68.

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

Net trade debtors

For the purpose of monitoring performance and allocating resources from a balance sheet perspective, the Group's chief operating decision maker only monitors trade debtors net of provisions for impairments on a segment by segment basis. These are monitored on a constant currency basis for comparability through the year, these are shown below and reconciled to the totals as shown in note 18.

Net trade debtors

(In £'s million)	As reported internally	Foreign exchange	2010	As reported internally	Foreign exchange	2009
Asia Pacific	39.3	6.4	45.7	29.9	0.7	30.6
Continental Europe & Rest of World	72.4	(1.8)	70.6	57.5	4.3	61.8
United Kingdom & Ireland	146.8	(0.1)	146.7	137.5	0.2	137.7
	258.5	4.5	263.0	224.9	5.2	230.1

Major customers

Included in turnover is an amount of approximately £278 million (2009: £28 million) which arose from sales to the Group's largest customer. This revenue is generated within the United Kingdom & Ireland. This is the only customer to exceed 10% of the Group's turnover. However, as this includes a significant element of remuneration of other recruitment agencies, it represents less than 1.5% of the Group's net fees.

5 Exceptional items

During the year, the Group incurred an exceptional charge of £41.4 million in relation to the following items:

On the 30 September 2009, The Office of Fair Trading ('OFT') issued its decision finding that Hays' Construction & Property business in the UK had breached competition law in the period October 2004 to November 2005. Hays has co-operated fully with the OFT in its investigation under the leniency regime and has been fined £30.4 million which is currently under appeal. The effect of this fine and legal costs associated with the appeal has been recognised in the Income Statement as an exceptional charge of £29.0 million. The fine has not yet been paid and a current liability of £30.4 million is held on the Balance Sheet within trade and other payables pending the outcome of the appeal.

The Group incurred a non-recurring restructuring cost of £12.4 million which principally relates to back-office staff redundancy costs of £7.9 million, onerous property leases of £2.5 million and non-cash fixed asset write down of £2.0 million following the near completion of the United Kingdom back-office automation project. The exceptional charge generated a tax credit of £3.5 million.

The cash impact from the exceptional items as at the balance sheet date was £4.1 million with a further £35.3 million cash outflow expected in the future, primarily during the financial year to 30 June 2011.

In the prior year, non-recurring net costs of £0.3 million included within operating costs have not been restated (note 6).

6 Operating profit from continuing operations

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

(In £'s million)	2010	2009
Turnover	2,691.1	2,447.7
Remuneration of temporary workers	(1,811.8)	(1,672.4)
Remuneration of other recruitment agencies	(321.6)	(104.5)
Net fees	557.7	670.8

Profit from operations is stated after charging/(crediting) the following items to net fees of £557.7 million (2009: £670.8 million):

(In £'s million)	Note	2010 Before exceptional items	2010 Exceptional items	2010	2009
Staff costs	8	345.0	7.9	352.9	371.3
Depreciation of property, plant & equipment		11.8	2.0	13.8	10.4
Amortisation of intangible assets		2.8	-	2.8	1.2
Auditors' remuneration	7				
– for statutory audit services		1.0	-	1.0	1.0
– for other services		0.2	-	0.2	0.2
Other external charges		116.4	31.5	147.9	128.7
		477.2	41.4	518.6	512.8

The operating costs in the prior year include restructuring costs of £8.0 million and a release of £7.7 million in respect of prior year's share-based payment charges as a result of the change in performance (net £0.3 million).

7 Auditors' remuneration

(In £'s million)	2010	2009
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	0.7
Total audit fees	1.0	1.0
Half year review pursuant to legislation	0.1	0.1
Tax & other services	0.1	0.1
Total non-audit fees	0.2	0.2

Other services, mainly technical accounting advice, totalled £26,000 (2009: £15,000).

Fees payable to Deloitte LLP 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.

8 Staff costs

The aggregate staff remuneration (including executive directors) was:

(In £'s million)	2010 Before exceptional items	2010 Exceptional items	2010	2009
Wages and salaries	288.4	7.1	295.5	319.4
Social security costs	36.1	0.8	36.9	40.1
Other pension costs	12.0	–	12.0	11.4
Share-based payments	8.5	–	8.5	0.4
	345.0	7.9	352.9	371.3

Average number of persons employed (including executive directors):

(Number)	2010	2009
Continuing operations		
Asia Pacific	1,070	1,309
Continental Europe & Rest of World	1,880	2,258
United Kingdom & Ireland	3,766	4,471
	6,716	8,038

Closing number of persons employed (including executive directors):

(Number)	2010	2009
Continuing operations		
Asia Pacific	1,183	1,047
Continental Europe & Rest of World	1,929	1,997
United Kingdom & Ireland	3,733	3,889
	6,845	6,933

9 Finance income and finance costs

Finance income

(In £'s million)

	2010	2009
Interest on bank deposits	0.7	1.9

Finance costs

(In £'s million)

	2010	2009
Interest payable on bank loans and overdrafts	(2.3)	(5.4)
Pension Protection Fund levy	(1.1)	(1.1)
Net interest on pension obligations	(6.7)	(2.4)
	(10.1)	(8.9)
Net finance charge	(9.4)	(7.0)

10 Tax

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

(In £'s million)	2010 Continuing	2010 Discontinued	2010	2009
Current tax	(22.0)	1.6	(20.4)	(43.8)
Deferred tax	(1.1)	–	(1.1)	(1.4)
	(23.1)	1.6	(21.5)	(45.2)

Tax on items taken directly to equity:

(In £'s million)	2010	2009
Deferred tax (credit)/charge on actuarial (gain)/loss in respect of defined benefit schemes	(13.3)	5.2

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% (2009: 28.0%).

The differences are explained below:

(In £'s million)	2010 Before exceptional items	2010 Exceptional items	2010	2009
Profit before tax from continuing operations	71.1	(41.4)	29.7	151.0
Tax at the standard rate of UK corporation tax of 28.0% (2009: 28.0%)	(19.9)	11.6	(8.3)	(42.2)
Factors affecting charge for year:				
Tax effect of expenses that are not deductible in determining taxable profit	(2.9)	(8.1)	(11.0)	(1.1)
Adjustment in respect of foreign tax rates	(2.9)	–	(2.9)	(2.4)
Prior year adjustments	1.8	–	1.8	3.8
Unrelieved overseas losses	(1.5)	–	(1.5)	(2.7)
Impact of share-based payment charges and share options	(1.2)	–	(1.2)	(0.6)
Tax on continuing operations	(26.6)	3.5	(23.1)	(45.2)
Effective tax rate for the year on continuing operations	37.4%	8.5%	77.8%	29.9%

(In £'s million)	2010	2009
Profit before tax from discontinued operations	1.1	–
Tax at the standard rate of UK corporation tax of 28.0% (2009: 28.0%)	(0.3)	–
Factors affecting the charge for the year:		
Release of tax accruals (note 11)	1.6	–
Prior year adjustments	0.3	–
Tax credit on discontinued operations	1.6	–
Effective tax rate for the year on discontinued operations	n/a	–

11 Discontinued operations

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

(In £'s million)	2010	2009
Profit from disposal of business assets	1.1	–
Profit before tax	1.1	–
Tax credit	1.6	–
Profit from discontinued operations after tax	2.7	–

The profit from disposal of business assets of £1.1 million relates to the cash receipts from loan notes arising from the disposal of the Hays US Home Delivery business, which were previously fully provided against.

The tax credit of £1.6 million is the result of a £1.6 million write-back of tax related accruals that were established when the Group completed the disposal of non-core activities between March 2003 and November 2004 and in the light of subsequent events were no longer required.

Cash inflows generated from discontinued operations were the following:

(In £'s million)	2010	2009
Investing activities	1.1	–

12 Dividends

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

	2010 pence per share	2010 £ million	2009 pence per share	2009 £ million
Previous year final dividend	3.95	54.2	3.95	54.0
Current year interim dividend	1.85	25.3	1.85	25.3
		79.5		79.3

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

	2010 pence per share	2010 £ million	2009 pence per share	2009 £ million
Interim dividend	1.85	25.3	1.85	25.3
Final dividend (proposed)	3.95	54.2	3.95	54.0
	5.80	79.5	5.80	79.3

The final dividend for 2010 of 3.95 pence per share (£54.2 million) will be proposed at the Annual General Meeting on 10 November 2010 and has not been included as a liability as at 30 June 2010. If approved, the final dividend will be paid on 19 November 2010 to shareholders on the register at the close of business on 22 October 2010.

13 Earnings per share

For the year ended 30 June 2010

	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	44.5	1,371.1	3.25
Dilution effect of share options	-	15.0	(0.04)
Diluted earnings per share from continuing operations	44.5	1,386.1	3.21
Continuing operations after exceptional items:			
Basic earnings per share from continuing operations	6.6	1,371.1	0.48
Dilution effect of share options	-	15.0	-
Diluted earnings per share from continuing operations	6.6	1,386.1	0.48
Discontinued operations:			
Basic earnings per share from discontinued operations	2.7	1,371.1	0.20
Dilution effect of share options	-	15.0	(0.01)
Diluted earnings per share from discontinued operations	2.7	1,386.1	0.19
Continuing and discontinued operations:			
Basic earnings per share from continuing and discontinued operations	9.3	1,371.1	0.68
Dilution effect of share options	-	15.0	(0.01)
Diluted earnings per share from continuing and discontinued operations	9.3	1,386.1	0.67

Reconciliation of earnings

(In £'s million)

	Earnings
Continuing operations before exceptional items	44.5
Exceptional items (note 5)	(41.4)
Tax credit on exceptional items (note 10)	3.5
Continuing operations	6.6

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 were no discontinued operations in the prior year.

The weighted average number of shares in issue for both years exclude shares held in treasury and shares held by the Hays plc Employee Share Trust.

14 Goodwill

(In £'s million)

	2010	2009
Cost		
At 1 July	174.9	168.9
Exchange adjustments	0.8	10.2
Additions during the year	9.9	-
Amounts written back in year	-	(4.2)
At 30 June	185.6	174.9

The additions of £9.9 million during the year represents an increase in the deferred consideration required in relation to the James Harvard acquisition in respect of earn-out payments.

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 one-year forecasts for the CGUs approved by management and management estimates discount rates using pre-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 in perpetuity based on the long-term growth rates and expected cash conversion rates. The long-term growth rates are based on management forecasts, which are consistent with external sources of an average estimated growth rate of 3.0% (2009: 3.0%), reflecting long-term wage inflation driving fee growth. The rate used to discount the forecast cash flows is 12.0% (2009: 12.0%). In 2009, management used a post-tax discount rate of 9.0%, this translates to a pre-tax rate of 12.0%.

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.

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 a change in the discount rate of up to 1% and changes in long-term growth rate from 0% to 5%.

In the United Kingdom & Ireland group of CGUs, the carrying value in respect of the UK RSG acquisition of £15.3 million is in line with its value in use. The sensitivity analysis, based on a 0.5% change in discount rate, equated to a circa £0.9 million change in the value in use. A 1% change in growth rate equated to a circa £0.5 million change in the value in use. An increase in discount rate to 13% with no growth would lead to a potential impairment of £4.5 million. Management will continue to monitor this acquisition but, based on the potential for growth in excess of the estimates being at least as likely as an increase in discount rates, they do not consider impairment appropriate.

The sensitivity analysis shows that no impairment would arise under each scenario for any of the other CGUs.

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

(In £'s million)	2010	2009
Asia Pacific	23.9	19.9
Continental Europe & Rest of World	59.9	62.6
United Kingdom & Ireland	101.8	92.4
	185.6	174.9

15 Other intangible assets

(In £'s million)	2010	2009
Cost		
At 1 July	48.7	14.1
Exchange adjustments	0.1	0.3
Additions	26.2	34.6
Disposals	-	(0.3)
At 30 June	75.0	48.7
Amortisation		
At 1 July	10.1	8.7
Exchange adjustments	-	0.2
Charge for year	2.8	1.2
At 30 June	12.9	10.1
Net book value		
At 30 June	62.1	38.6

All other intangible assets relate to computer software.

Other intangible asset additions in the current year include £25.6 million in relation to internally-generated intangible assets (2009: £33.1 million).

Included within the other intangible cost is £6.9 million (2009: £34.2 million) in respect of assets in the course of construction. These assets relate to the Group's projects to transform its software.

The estimated average useful life of the intangible assets is seven years (2009: five years). The increase in useful life compared to last year is due to software incorporated into major ERP implementations which is amortised over a life of up to seven years. Other software is amortised between three and five years.

Capital commitments were £0.2 million (2009: £1.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

16 Property, plant and equipment

(In £'s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2009	1.3	7.1	29.3	28.8	66.5
Exchange adjustments	(0.1)	1.1	0.8	0.1	1.9
Capital expenditure	–	0.9	6.4	0.6	7.9
Disposals	–	(0.6)	(3.5)	(0.9)	(5.0)
At 30 June 2010	1.2	8.5	33.0	28.6	71.3
Accumulated depreciation					
At 1 July 2009	0.8	4.2	19.0	13.4	37.4
Exchange adjustments	(0.1)	0.5	1.1	(0.3)	1.2
Charge for the year	0.1	1.7	4.5	5.5	11.8
Disposals	–	(0.4)	(2.2)	(0.3)	(2.9)
At 30 June 2010	0.8	6.0	22.4	18.3	47.5
Net book value					
At 30 June 2010	0.4	2.5	10.6	10.3	23.8
At 1 July 2009	0.5	2.9	10.3	15.4	29.1

Capital commitments were nil (2009: nil).

(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

17 Deferred tax

(In £'s million)	Retirement benefit obligations	Other	Total
Assets			
Balance at 1 July 2009	30.6	12.3	42.9
(Charge)/credit to income	1.5	(2.5)	(1.0)
Charge to equity	(13.3)	–	(13.3)
Exchange difference	–	0.4	0.4
Balance at 30 June 2010	18.8	10.2	29.0

Other includes accelerated tax depreciation, tax losses and other timing differences.

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so and they relate to taxes levied by the same taxation authority either on the same taxable entity or entities which intend to settle current tax assets or liabilities on a net basis.

At the balance sheet date, the Group has unused tax losses of £33.2 million (2009: £36.1 million) available for offset against future profits, of which £6.2 million relates to United Kingdom capital losses, £8.4 million relates to otherwise unrelievable EU losses potentially relievable against United Kingdom profits and £18.6 million relates to overseas losses. No deferred tax asset has been recognised in respect of such losses (2009: nil). Of these unrecognised tax losses, £0.7 million is due to expire between 2012 and 2018 and £32.5 million is unlikely to expire in the short-term.

The United Kingdom government has announced that the rate of corporation tax will reduce from 28% to 27% with effect from 1 April 2011. If this change had been substantively enacted at 30 June 2010, the Group's deferred tax asset would have been reduced by £0.7 million, with £0.6 million charged to equity and £0.1 million charged to the Consolidated Statement of Comprehensive Income.

The Group has no unused tax credits available for offset against future profits (2009: £3.1 million). No deferred tax asset was recognised in respect of these credits in the prior year. The reduction compared to last year is due to a change in the United Kingdom tax legislation.

The aggregate amount of temporary differences associated with investments in subsidiaries on which deferred tax liabilities have not been provided is £2.9 million. The temporary differences at 30 June 2010 are reduced from the previous year as a result of the change in United Kingdom tax legislation which largely exempts from United Kingdom tax, overseas dividends received after 1 July 2009. The temporary differences at 30 June 2010 represents only the un-remitted earnings of those overseas subsidiaries where remittance of those earnings may still result in a tax liability, principally as a result of dividend with-holding taxes levied by the jurisdictions in which these subsidiaries operate.

(In £'s million)	Retirement benefit obligations	Other	Total
Assets			
Balance at 1 July 2008	24.7	14.0	38.7
Reclassification	0.7	(0.7)	–
Charge to income	–	(1.5)	(1.5)
Credit to equity	5.2	–	5.2
Exchange difference	–	0.5	0.5
Balance at 30 June 2009	30.6	12.3	42.9

18 Trade and other receivables

(In £'s million)	2010	2009
Trade receivables	279.2	247.8
Less provision for impairment of trade receivables	(16.2)	(17.7)
Net trade receivables	263.0	230.1
Prepayments and accrued income	144.2	122.3
	407.2	352.4

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

The average credit period taken is 35 days (2009: 35 days).

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

(In £'s million)	2010	2009
Not yet due	143.3	129.3
Up to one month past due	91.1	84.4
One to three months past due	28.6	16.4
	263.0	230.1

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

(In £'s million)	2010	2009
At 1 July	17.7	16.2
Exchange movement	0.4	0.3
Charge for the year	2.1	4.6
Uncollectable amounts written off	(4.0)	(3.4)
At 30 June	16.2	17.7

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 reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoice on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on page 49 within the Directors' Report form part of these financial statements.

19 Cash and cash equivalents

(In £'s million)	2010	2009
Cash at bank and in hand	26.4	51.6
Short-term bank deposits	48.3	3.4
	74.7	55.0

The effective interest rate on short-term deposits was 1.3% (2009: 2.7%); these deposits have an average maturity of one day (2009: one day).

Short-term bank deposits include £30.4 million held in respect of the OFT fine pending the appeal.

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.

20 Bank loans and overdrafts

(In £'s million)	2010	2009
Loan notes	–	0.8
Bank loans	145.0	52.0
Overdrafts	6.9	1.5
	151.9	54.3

Explanations of the Group's treasury policy and controls are included in the Financial Review on page 31.

Interest rate risk profile of bank loans and overdrafts

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

(In £'s million)	2010	2009
Floating rate – Sterling	151.9	54.3

The floating rate liabilities comprise bank loans, unsecured overdrafts and loan notes, bearing interest at rates based on local market rates.

Maturities of bank loans and overdrafts

The maturity of borrowings are as follows:

(In £'s million)	2010	2009
Within one year	151.9	–
More than one year	–	54.3
	151.9	54.3

As detailed in note 33, on 1 July 2010 the Group renewed its unsecured revolving credit facility. This new facility expires in January 2014.

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.

Committed facilities

The Group had a £460 million unsecured revolving credit facility available which was renewed on 1 July 2010 as detailed in note 33. The covenants in the facility as at the balance sheet date required 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 was based on a ratchet mechanism with a margin payable over LIBOR in the range of 0.375% to 0.525%.

At 30 June 2010, £315.0 million of the committed facility was undrawn.

Capital management

The Board's current priorities for the Group's free cash flow are to fund Group development, maintain the strength of the balance sheet and to support a sustainable dividend policy. The Group's overall strategy remains unchanged from last year in that it manages its capital to ensure that entities in the Group will be able to continue as going concerns through the economic cycle.

The capital structure of the Group consists of net debt, which is represented by cash and cash equivalents (note 19), the bank loans and overdraft (note 20) and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 24 to 28.

The Group is not restricted to any externally imposed capital requirements.

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 2010.

Interest rates

The weighted average interest rates paid were as follows:

	2010	2009
Bank borrowings	1.0%	3.2%

21 Trade and other payables

(In £'s million)

	2010	2009
Current		
Trade creditors	78.9	61.8
Other tax and social security	41.7	43.3
Other creditors	19.3	21.1
Accruals and deferred income	230.2	176.3
Acquisition liabilities	1.8	10.0
	371.9	312.5

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period taken for trade purchases is 32 days (2009: 31 days).

22 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 level of employee contribution and seniority.

The total cost charged to the Consolidated Income Statement of £2.3 million (2009: £1.4 million) represents employers' contributions payable to the Stakeholder Pension Plan. Contributions of £0.2 million (2009: £0.1 million) 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 valuation of the Hays Pension Scheme was performed at 30 June 2009 although this has not yet been finalised. A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2010 and a valuation of the Hays Supplementary Pension Scheme have been performed by an independent actuary, and employee of Mercer. The key assumptions used at 30 June 2010 are listed below.

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 Comprehensive Income.

The key assumptions are as follows:

	2010	2009
Inflation assumption	3.35%	3.65%
Discount rate	5.43%	6.35%
Rate of increase in salaries	3.60%	3.90%
Rate of increase of pensions in payment and deferment	3.35%	3.65%
Expected long-term rates of return on scheme assets	5.97%	6.46%

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 SINA generational mortality tables with a medium cohort projection and an underpin to future improvements of 1% per annum with age adjustments (minus 0.5 years for male pensioners). This assumes that a 65-year-old male current pensioner has a life expectancy of 21.5 years.

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

(In £'s million)	2010	2009
Current service cost	(4.1)	(4.5)
Expected return on pension scheme assets	21.0	24.8
Interest on pension liabilities	(27.7)	(27.2)
Net financial charge	(6.7)	(2.4)
Total amount charged to the Consolidated Income Statement	(10.8)	(6.9)

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

(In £'s million)	2010	2009
Actuarial gain/(losses) on scheme assets	37.2	(78.2)
Actuarial gain/(losses) on scheme liabilities	52.2	(12.4)
Impact of changes in assumptions relating to the present value of scheme liabilities	(42.0)	69.4
Net gain/(expense) recognised directly in the Consolidated Statement of Comprehensive Income	47.4	(21.2)

(In £'s million)	2010	2009
Deficit in the scheme brought forward	(109.2)	(88.1)
Current service cost	(4.1)	(4.5)
Contributions	5.5	7.0
Net financial return	(6.7)	(2.4)
Actuarial gain/(loss)	47.4	(21.2)
Deficit in the scheme carried forward	(67.1)	(109.2)

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)	2010	2009
Present value of defined benefit obligations	(445.3)	(439.1)
Fair value of scheme assets	378.2	329.9
Defined benefit scheme deficit	(67.1)	(109.2)
Liability recognised in the Consolidated Balance Sheet	(67.1)	(109.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

22 Retirement benefit obligations continued

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

(In £'s million)	2010	2009
Change in benefit obligation		
Balance at 1 July	(439.1)	(474.8)
Current service cost	(4.1)	(4.5)
Interest cost	(27.7)	(27.1)
Members' contributions	(0.6)	(1.4)
Actuarial gains/(losses)	52.2	(12.4)
Changes in assumptions	(42.0)	69.3
Benefits paid	14.2	11.8
Expenses paid	1.8	-
Benefit obligation at 30 June	(445.3)	(439.1)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(437.8)	(432.2)
Plans that are wholly unfunded	(7.5)	(6.9)
Total	(445.3)	(439.1)
Changes in the fair value of scheme assets are as follows:		
Fair value of plan assets at 1 July	329.9	386.7
Expected return on plan assets	21.0	24.8
Actuarial gains/(losses)	37.2	(78.2)
Employer contributions	5.5	7.0
Member contributions	0.6	1.4
Benefits paid	(14.2)	(11.8)
Expenses paid	(1.8)	-
Fair value of plan assets at 30 June	378.2	329.9

The change in the deficit is mainly attributable to higher than expected asset returns, the experience gains on the liabilities offset by the change in assumptions (to more closely align with the updated actuarial assumptions) and a decrease in net yield (discount rate versus inflation rate).

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

	2010 Fair value £'s million	2010 Expected return %	2009 Fair value £'s million	2009 Expected return %
Equities	196.7	7.30%	170.5	7.50%
Bonds & Gilts	166.4	4.90%	157.7	5.40%
Other	15.1	0.50%	1.7	0.50%
	378.2	5.97%	329.9	6.46%

To develop the expected long-term rate of return on assets assumption used in determining the net pension cost for the year to June 2010, 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 assets classes in which the portfolio is invested and the expectations for future returns of each asset class at 30 June 2009. 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. This resulted in the selection of the 6.46% assumption for the year end 30 June 2010.

The five-year history of experience adjustments is as follows:

(In £'s million)	2010	2009	2008	2007	2006
Present value of defined benefit obligations	(445.3)	(439.1)	(474.8)	(455.6)	(431.7)
Fair value of scheme assets	378.2	329.9	386.7	412.1	375.8
Deficit in the scheme	(67.1)	(109.2)	(88.1)	(43.5)	(55.9)
Experience adjustments on scheme liabilities					
Amount (£'s million)	52.2	(12.4)	(6.1)	(4.7)	(4.7)
Percentage of scheme liabilities (%)	12%	(3%)	(1%)	(1%)	(1%)
Experience adjustments on scheme assets					
Amounts (£'s million)	37.2	(78.2)	(51.0)	16.0	18.5
Percentage of scheme assets (%)	10%	(24%)	(13%)	4%	5%

The estimated amounts of deficit repair contributions expected to be paid to the scheme during the current financial year will be circa £12 million, subject to the finalisation of the triennial actuarial valuation.

23 Provisions

(In £'s million)	Property	Other	Total
Balance at 1 July 2009	20.0	26.2	46.2
Exchange adjustments	(0.1)	(0.1)	(0.2)
Charged to income statement	2.5	3.3	5.8
Utilised	(3.8)	(3.4)	(7.2)
Balance at 30 June 2010	18.6	26.0	44.6

(In £'s million)	2010	2009
Current	7.9	–
Non-current	36.7	46.2
	44.6	46.2

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

Other provisions include, warranty and environmental claim liabilities arising as a result of the business disposals and the Group transformation that concluded in 2004, deferred employee benefit provisions and restructuring provisions mainly as a result of the back-office restructuring (note 5). Of these provisions, £3.8 million of restructuring is expected to be paid in the next 12 months and it is not possible to estimate the timing of the payments for the other items.

24 Called up share capital

Called up, allotted and fully paid share capital

	Share capital number 000's	Share capital £'s million
At 1 July 2009 and 30 June 2010	1,464,097	14.7

Under the Companies Act 2006, companies are no longer required to have an authorised share capital and a resolution was passed by shareholders at the 2009 Annual General Meeting to take advantage of this deregulating measure. Therefore, the Company no longer has an authorised share capital.

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 2010, the Company holds 80.2 million (2009: 82.0 million) Hays plc shares in treasury.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

25 Share premium account

(In £'s million)	2010	2009
At 30 June	369.6	369.6

26 Capital redemption reserve

(In £'s million)	2010	2009
At 1 July 2009 and 30 June 2010	2.7	2.7

27 Retained earnings

(In £'s million)	2010	2009
At 1 July	(282.6)	(307.0)
Actuarial gains/(losses) on defined benefits scheme	47.4	(21.2)
Tax on items taken directly to reserves	(13.3)	5.2
Profit for the year	9.3	105.8
Gain on sale of own shares taken to reserves	-	5.4
Dividends paid	(79.5)	(79.3)
Share-based payments	6.5	4.5
Other share movements	(0.8)	5.4
Share buy-back	-	(1.4)
At 30 June	(313.0)	(282.6)

At the start of the prior year, 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.

28 Other reserves

(In £'s million)	2010	2009
Own shares	(4.7)	(5.5)
Equity reserve	12.7	12.0
Cumulative translation reserve	50.3	43.5
	58.3	50.0

Other reserves – own shares

(In £'s million)	2010	2009
At 1 July	(5.5)	(1.5)
Movement in own shares	0.8	-
Purchase of own shares	-	(4.0)
At 30 June	(4.7)	(5.5)

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 2010 is 11,842,305 (2009: 13,811,276).

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.

Other reserves – equity reserve

(In £'s million)	2010	2009
At 1 July	12.0	16.9
Share-based payments	0.7	(4.9)
At 30 June	12.7	12.0

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

Other reserves – cumulative translation reserve

(In £'s million)	2010	2009
At 1 July	43.5	27.6
Currency translation adjustments	6.8	15.9
At 30 June	50.3	43.5

29 Share-based payments

During the year, £8.5 million (2009: £0.4 million) was charged to the Consolidated Income Statement related to equity-settled share-based payment transactions.

Share Options

At 30 June 2010, the following options had been granted and remained outstanding in respect of the Company's Ordinary shares of 1 pence 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	812,429	8,124	348	2003-2010
	1,877,912	18,779	117	2004-2011
	905,038	9,050	100	2005-2012
	3,595,379	35,953		
Hays plc 1996 Company Share Option Plan	180,396	1,804	392	2003-2010
	276,288	2,763	132	2004-2011
	142,930	1,429	113	2005-2012
	599,614	5,996		
Hays UK Sharesave Scheme	284,560	2,846	100	2008-2010
	306,305	3,063	142	2010-2010
	1,322,720	13,227	98	2011-2011
	6,956,866	69,569	69	2012-2012
	1,431,048	14,310	93	2013-2013
	10,301,499	103,015		
Hays International Sharesave Scheme	1,739,686	17,397	93 to 142	2008-2013
	16,236,178	162,361		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

29 Share-based payments continued

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

	2010 Number of share options 000s	2010 Weighted average exercise price pence	2009 Number of share options 000s	2009 Weighted average exercise price pence
Share options (excluding Sharesave)				
Outstanding at beginning of year	6,523	209	9,603	207
Exercised during the year	-	-	-	-
Expired during the year	(2,328)	273	(3,080)	202
Outstanding at the end of the year	4,195	173	6,523	209
Exercisable at the end of the year	4,195	173	6,523	209

The shares outstanding at 30 June 2010 had a weighted average exercise price of 173 pence and a weighted average remaining contractual life of two years. During the year to 30 June 2010, no options were exercised or granted.

	2010 Number of share options 000s	2010 Weighted average exercise price pence	2009 Number of share options 000s	2009 Weighted average exercise price pence
Sharesave				
Outstanding at beginning of year	13,989	80	14,081	114
Granted during the year	1,746	93	10,086	69
Forfeited/cancelled during the year	(1,334)	85	(8,369)	100
Exercised during the year	(291)	100	-	-
Expired during the year	(2,069)	86	(1,809)	101
Outstanding at the end of the year	12,041	79	13,989	80
Exercisable at the end of the year	655	124	375	112

On 26 March 2010, 1.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.5 million. In the prior year, 10.1 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £1.2 million.

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

Share price at grant	109.00 pence
Exercise price	93.00 pence
Expected volatility	38.0%
Expected life	3.4 years
Risk-free rate	2.1%
Expected dividends	5.3%

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

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

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 approximately 350 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent on the achievement of performance conditions measured over either a three-year period or a one-year period with a two-year holding period.

Only the executive directors and other members of the Management Board participate in the DAB which promotes a stronger link between short-term and long-term performance through deferral of annual bonuses into shares for a three-year period.

Further details of the schemes for the executive directors can be found in the Remuneration Report on pages 62 to 65.

30 Related parties

Remuneration of key management personnel

The remuneration of the Management Board 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 and represents the total compensation costs incurred by the Group in respect of remuneration not the benefit to the individuals. Further information about the remuneration of executive directors is provided in the directors' Remuneration Report on pages 56 to 65.

(In £'s million)	2010	2009
Short-term employee benefits	5.8	4.8
Post-employment benefits	0.1	0.1
Share-based payments	2.0	-
	7.9	4.9

In 2009, there was a release of £7.7 million in respect of prior year share-based payment charges due to the change in performance, and as a result the net charge in respect of the related parties was nil.

The prior year information has been updated to include £2.2 million of short-term employee benefits in respect of the executive directors previously disclosed only in the directors' Remuneration Report.

31 Operating lease arrangements

The Group as lessee

(In £'s million)	2010	2009
Minimum lease payments under operating leases recognised in income for the year	29.5	30.1

At 30 June 2010, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

(In £'s million)	2010	2009
Within one year	13.7	11.8
Between two and five years	45.7	55.0
After five years	10.9	18.5
	70.3	85.3

32 Movement in net (debt)/cash

(In £'s million)	1 July 2009	Cash flow	Exchange movement	30 June 2010
Cash and cash equivalents	55.0	18.7	1.0	74.7
Bank loans and overdrafts	(54.3)	(97.6)	-	(151.9)
	0.7	(78.9)	1.0	(77.2)

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

33 Subsequent events

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

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 2010 which comprise the Company Balance Sheet and the related notes 1 to 16. 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 Chapter 3 of Part 16 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 on page 55, 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 2010;
- 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 2010.

Ian Waller (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom

1 September 2010

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE

(In £'s million)	Note	Company 2010	Company 2009
Fixed assets			
Tangible assets	4	0.7	0.9
Investments	5	910.4	910.4
		911.1	911.3
Current assets			
Debtors due within one year	6	7.8	3.9
Debtors due after more than one year	7	413.2	366.4
Cash at bank and in hand		48.3	-
		469.3	370.3
Creditors: amounts falling due within one year	8	(635.9)	(526.3)
Net current liabilities		(166.6)	(156.0)
Total assets less current liabilities		744.5	755.3
Creditors: amounts falling due after more than one year	9	(48.3)	(78.6)
Provisions	11	(14.0)	(18.4)
Net assets		682.2	658.3
Capital and reserves			
Called up share capital	12,13	14.7	14.7
Share premium account	13	369.6	369.6
Capital redemption reserve	13	2.7	2.7
Profit and loss account	13	299.9	276.8
Own shares	13	(4.7)	(5.5)
Equity shareholders' interests		682.2	658.3

The financial statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 1 September 2010.

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**a 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.

b 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.

c Investments

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

d 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%.

Fixture and fittings – At rates varying between 10% and 25%.

e 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.

f 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.

g 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 with in the Balance Sheet by including them within total equity shareholders' interests in accordance with FRS 20, Share-based payments.

h 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 62 to 65. Except for the directors, there were no employees of the Company in 2010 or 2009.

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 £62.1 million (2009: £48.1 million). The Auditor's remuneration for audit services to the Company was £0.3 million (2009: £0.3 million).

4 Tangible fixed assets

(In £'s million)	Plant and machinery	Fixtures and fittings	Total
Cost			
At 1 July 2009	0.3	0.9	1.2
Additions	0.1	–	0.1
At 30 June 2010	0.4	0.9	1.3
Depreciation			
At 1 July 2009	–	0.3	0.3
Charge for the year	0.1	0.2	0.3
At 30 June 2010	0.1	0.5	0.6
Net book value			
At 30 June 2010	0.3	0.4	0.7
At 30 June 2009	0.3	0.6	0.9

5 Investments

(In £'s million)	Shares in subsidiary undertakings
Cost	
At 1 July 2009 and 30 June 2010	910.4
Provision for impairment	
At 1 July 2009 and 30 June 2010	–
Total	
At 30 June 2009 and June 2010	910.4

The principal subsidiary undertakings of the Group are listed in note 14.

6 Debtors: amounts falling due within one year

(In £'s million)	2010	2009
Corporation tax debtor	7.3	3.7
Prepayments	0.5	0.2
	7.8	3.9

7 Debtors: amounts falling due after more than one year

(In £'s million)	2010	2009
Prepayments	–	0.2
Amounts owed by subsidiary undertakings	412.4	366.2
Deferred tax	0.8	–
	413.2	366.4

Amounts owed by subsidiary undertakings are repayable on demand. The Company charges interest on amounts owed by subsidiary undertakings at a rate of three month LIBOR plus 1%.

8 Creditors: amounts falling due within one year

(In £'s million)	2010	2009
Overdrafts	32.4	51.5
Accruals	21.2	18.8
Other creditors	30.4	–
Amounts owed to subsidiary undertakings	551.9	456.0
	635.9	526.3

Amounts owed to subsidiary undertakings are repayable on demand. The Company is charged interest on amounts owed to subsidiary undertakings at a rate of three month LIBOR less 1%.

9 Creditors: amounts falling due after more than one year

(In £'s million)	Note	2010	2009
Retirement benefit obligations	10	48.3	78.6

10 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 £0.5 million (2009: £0.6 million).

The mortality rates have been calculated using the SINA generational mortality tables with a medium cohort projection and an underpin to future improvements of 1% per annum with age adjustments (minus 0.5 years for male pensioners). This assumes that a 65-year-old male current pensioner has a life expectancy of 21.5 years.

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

(In £'s million)	2010	2009
Deficit in the scheme brought forward	(109.2)	(88.1)
Current service cost	(4.1)	(4.5)
Contributions	5.5	7.0
Net financial return	(6.7)	(2.4)
Actuarial loss	47.4	(21.2)
Deficit in the scheme carried forward	(67.1)	(109.2)

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

	2010	2009	2008	2007	2006
Rate of increase in salaries	3.60%	3.90%	3.95%	5.80%	5.40%
Rate of increase of pensions in payment and deferment	3.35%	3.65%	3.70%	3.30%	2.90%
Discount rate	5.43%	6.35%	5.75%	5.57%	5.22%
Inflation assumption	3.35%	3.65%	3.70%	3.30%	2.90%

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

(% expected rate of return)	2010	2009	2008	2007	2006
Equities	7.30%	7.50%	7.50%	7.80%	7.60%
Bonds and gilts	4.90%	5.40%	5.10%	5.20%	4.90%
Other assets	0.50%	0.50%	5.00%	5.50%	4.50%

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

(In £'s million)	2010	2009	2008	2007	2006
Equities	196.7	170.5	213.9	262.6	229.3
Bonds and gilts	166.4	157.7	164.9	130.8	132.4
Other assets	15.1	1.7	7.9	18.7	14.1
Market value of scheme assets	378.2	329.9	386.7	412.1	375.8
Present value of scheme liabilities	(445.3)	(439.1)	(474.8)	(455.6)	(431.7)
Deficit in the scheme	(67.1)	(109.2)	(88.1)	(43.5)	(55.9)
Related deferred tax asset	18.8	30.6	24.7	12.2	16.8
Net pension liability under FRS 17	(48.3)	(78.6)	(63.4)	(31.3)	(39.1)

The five-year history of experience adjustments is as follows:

(In £'s million)	2010	2009	2008	2007	2006
Present value of defined benefit obligations	(445.3)	(439.1)	(474.8)	(455.6)	(431.7)
Fair value of scheme assets	378.2	329.9	386.7	412.1	375.8
Deficit in the scheme	(67.1)	(109.2)	(88.1)	(43.5)	(55.9)
The history of experience adjustments is as follows:					
Experience adjustments on scheme liabilities					
Amount (£'s million)	52.2	(12.4)	(6.1)	(4.7)	(4.7)
Percentage of scheme liabilities (%)	12%	(3%)	(1%)	(1%)	(1%)
Experience adjustments on scheme assets					
Amounts (£'s million)	37.2	(78.2)	(51.0)	16.0	18.5
Percentage of scheme assets (%)	10%	(24%)	(13%)	4%	5%

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 deficit repair contributions expected to be paid to the scheme during the current financial year will be circa £12 million subject to the finalisation of the triennial actuarial valuation.

11 Provisions

(In £'s million)	Property	Deferred tax	Other	Total
Balance at 1 July 2009	5.0	0.2	13.2	18.4
(Utilised)/provided	(5.0)	(0.2)	0.8	(4.4)
Balance at 30 June 2010	-	-	14.0	14.0

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.

12 Called up share capital

Called up, allotted and fully paid share capital

	Share capital number 000s	Share capital £'s million
At 1 July 2009 and 30 June 2010	1,464,097	14.7

Under the Companies Act 2006, companies are no longer required to have an authorised share capital and a resolution was passed by shareholders at the 2009 Annual General Meeting to take advantage of this deregulating measure. Therefore, the Company no longer has an authorised share capital.

13 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 2009	14.7	369.6	2.7	276.8	(5.5)	658.3
Total recognised gains and losses	-	-	-	96.3	-	96.3
Other share movements	-	-	-	(0.8)	0.8	-
Share-based payments	-	-	-	7.1	-	7.1
Dividends paid	-	-	-	(79.5)	-	(79.5)
At 30 June 2010	14.7	369.6	2.7	299.9	(4.7)	682.2

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 2010 is 11,842,305 (2009: 13,811,276).

14 Principal subsidiaries

	Country of registration
Holding Companies	
Hays Belgium NV	Belgium
* Hays Holdings Limited	England & Wales
* Hays International Holdings Limited	England & Wales
* Hays Overseas Holdings Limited	England & Wales
* Hays Specialist Recruitment (Holdings) Limited	England & Wales
Hays France SAS	France
Hays Holdings BV	Netherlands
Trading Companies	
Hays Specialist Recruitment (Australia) Pty Limited	Australia
Hays Österreich GmbH Personnel Services	Austria
Hays NV	Belgium
Hays Services NV	Belgium
Hays Recruitment and Selection Ltda	Brazil
Hays Specialist Recruitment (Canada) Inc	Canada
Hays Specialist Recruitment (Shanghai) Co. Limited	China
Hays Czech Republic s.r.o	Czech Republic
Hays Specialist Recruitment (Denmark) A/S	Denmark
Hays Specialist Recruitment Limited	England & Wales
Hays Pharma Limited	England & Wales
Hays Finance Technology Limited	England & Wales
Hays Healthcare Limited	England & Wales
Hays Social Care Limited	England & Wales
Hays BTP & Immobilier SASU	France
Hays Executive SASU	France
Hays Finance SASU	France
Hays Ile de France SASU	France
Hays Nord Est SASU	France
Hays Ouest SASU	France
Hays Paris SASU	France
Hays Pharma SASU	France
Hays Pharma Services SASU	France
Hays Sud Est SASU	France
Hays Sud Ouest SASU	France
Hays Travail Temporaire SASU	France
Hays AG	Germany
Hays Finance GmbH	Germany
Hays Temp GmbH	Germany
Hays Hong Kong Limited	Hong Kong SAR
Hays Hungary Kft	Hungary
Hays Specialist Recruitment Private Limited	India
Hays Business Services Ireland Limited	Ireland
Hays Specialist Recruitment (Ireland) Limited	Ireland
Hays S.r.l	Italy
Hays Resource Management Japan K.K.	Japan
Hays Specialist Recruitment Japan K.K.	Japan
Hays S.a.r.l	Luxembourg
Hays BV	Netherlands
Hays Poland Sp z o.o	Poland
HaysP – Recrutamento, Seleccao e Empresa de Trabalho Temporario, Unipessoal, LDA	Portugal
Hays Specialist Recruitment Limited Liability Company	Russia
Hays Specialist Recruitment Pte. Limited	Singapore
Hays Personnel Espana Empresa de Trabajo Temporal SA	Spain
Hays Personnel Services Espana SA	Spain
Hays Specialist Recruitment AB	Sweden
Hays (Schweiz) AG	Switzerland
Hays FZ-LLC	United Arab Emirates
Hays Human Resources Consultancy L.L.C.	United Arab Emirates

At 30 June 2010, Hays plc and/or a subsidiary or subsidiaries in aggregate owned 100% of each class of the issued shares of each of these companies (except China, which is 70% owned). 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 2010. Information on the other United Kingdom companies in the Group will be included in the respective annual returns.

15 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.

16 Subsequent events

The final dividend for 2010 of 3.95 pence per share (£54.2 million) will be proposed at the Annual General Meeting on 10 November 2010 and has not been included as a liability as at 30 June 2010. The final dividend will be paid on 19 November 2010 to shareholders on the register at close of business on 22 October 2010.

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

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, United Kingdom. Telephone: 0871 384 2843*. Textphone: 0871 384 2255*. International: +44 121 415 7047. The Helpline is open Monday to Friday 8.30am to 5.30pm, excluding bank holidays.

- 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 will continue to be 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 you may wish to amalgamate your accounts into one record.

You can access details of your shareholding and a range of other shareholder services by registering at shareview.co.uk.

Share price

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.

ID fraud and unsolicited mail

Share-related fraud and identity theft affects many shareholders and we urge you to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately.

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.

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 5 DX Services plc shares. The £100 cost should be allocated between these shares as follows:

Hays plc shares $89.57\% \times £100 = £89.57$, or £0.90 per share
DX Services plc shares $10.43\% \times £100 = £10.43$, 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 advisor.

Individual Savings Account

Investors in Hays plc ordinary shares may take advantage of a low-cost Individual Savings Account ('ISA') and/or an Investment Account where they can hold their Hays plc shares electronically.

The ISA and Investment Account are operated by Equiniti Financial Services Limited. Commission starts from £5.00 and £1.75 respectively for the sale and purchase of shares.

For further information or to apply for an ISA or Investment Account, visit Equiniti's website at shareview.co.uk/dealing or telephone them on 0845 300 0430.

Dealing service

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. For more information about this service and for details of their rates, log on to shareview.co.uk/dealing or telephone them on 0845 603 7037 between 8.30am and 4.30pm, Monday to Friday. If you wish to deal, you will need your account/shareholder reference number which appears on your share certificate.

Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. If you are in any doubt about buying or selling shares, you should seek professional financial advice.

ShareGift

ShareGift is a charity share donation scheme for shareholders and is 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 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, United Kingdom. Telephone: 0871 384 2268*. International: +44 121 415 7173. Website: shareview.co.uk.

Financial calendar 2010/11

Interim Management Statement for quarter ending 30/09/10	7 October 2010
Annual General Meeting	10 November 2010
Payment of final dividend	20 November 2009
Trading Update for quarter ending 31/12/10	6 January 2011
Half Year Report for six months ending 31/12/10	28 February 2011
Interim Management Statement for quarter ending 31/03/11	7 April 2011
Interim Dividend	April 2011
Trading Update for quarter ending 30/06/11	7 July 2011

Company Secretarial Department

Private shareholder enquiries should be sent to cosec@hays.com.

Investor Relations

Institutional investor enquiries should be sent to ir@hays.com.

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