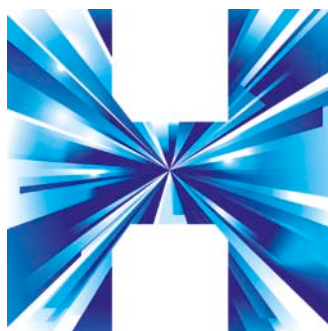
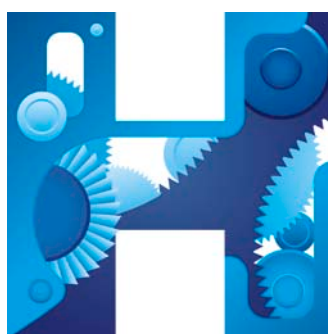
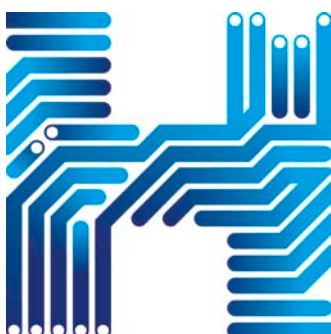
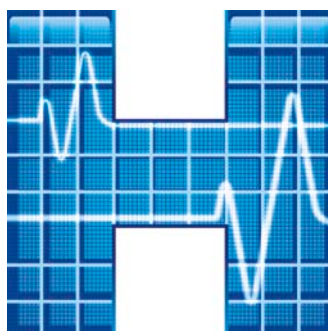
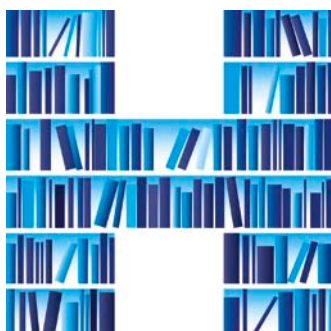
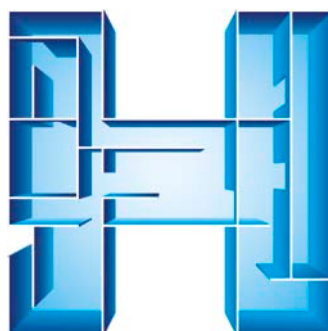
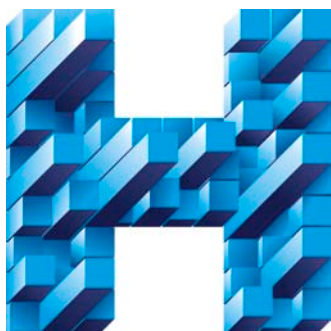


ACCOUNTANCY & MA/CONSTRUCTI
CONTACT CENTR
ATIONS/EDUCATI
HNOLOGY/LEGAL
SAFETY/POLICY&
OURCES & MINING
ENGINEERING/HU
LOGISTICS/FACILITIES MANAGEMENT/FINANCIAL
CIAL SERVICES/SOCIAL CARE/SALES & MARKETI
ING/ENERGY/OFFICE SUPPORT/RESPONSE MANA
HEALTHCARE/OIL & GAS/ARCHITECTURE/ASSESS
& DEVELOPMENT/PUBLIC SERVICES/ACCOUNTAN
NCY & FINANCE/EDUCATION/PHARMA/CONSTRU
NSTRUCTION & PROPERTY/RESOURCE MANAGEM
MENT/MANUFACTURING & OPERATIONS/RETAIL/I
INFORMATION TECHNOLOGY/SALES & MARKETING
RATEGY/BANKIN
MARKETING/ENE
INING/TELECOMS
HUMAN RESOURC
TRES/FINANCIAL
PHARMA/MANUF
HEALTHCARE/AR
PROCUREMENT/H

BUILDING EXPERTISE WORLDWIDE

Annual Report & Financial Statements 2011

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KEY MARKET TERRITORIES

AREAS OF SPECIALISM

20

COUNTRIES WORLDWIDE

31

OFFICES WORLDWIDE

255

EMPLOYEES WORLDWIDE

7,620

PERMANENT CANDIDATES
PLACED LAST YEAR

60,000

PEOPLE PLACED INTO
TEMPORARY ASSIGNMENTS
LAST YEAR

190,000



AREAS OF SPECIALISM

ACCOUNTANCY & FINANCE
CONSTRUCTION & PROPERTY
INFORMATION TECHNOLOGY
LIFE SCIENCES
SALES & MARKETING
BANKING & CAPITAL MARKETS
CONTACT CENTRES
EDUCATION
ENGINEERING & MANUFACTURING
EXECUTIVE

FINANCIAL SERVICES
HEALTH & SOCIAL CARE
HUMAN RESOURCES
LEGAL
OFFICE PROFESSIONALS
ENERGY, OIL & GAS
PURCHASING
RETAIL
RESOURCES & MINING
TELECOMS

OPERATING COUNTRIES

ASIA PACIFIC

Australia⁽¹⁾

Adelaide
Brisbane
Canberra
Darwin
Geelong
Gold Coast
Hobart
Launceston
Melbourne
Newcastle
Perth
Sydney
Townsville
Wollongong

China

Beijing
Guangzhou
Shanghai
Suzhou

Hong Kong

Japan

Osaka
Shinjuku
Tokyo

New Zealand

Auckland
Christchurch
Wellington

Singapore

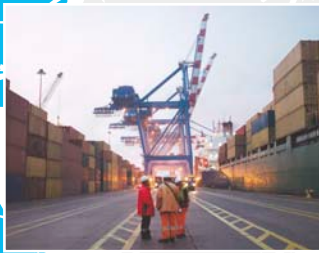
CONTINENTAL
EUROPE &
REST OF WORLD

Austria

Vienna

Belgium⁽¹⁾

Antwerp
Bruges
Brussels



Brazil
Campinas
Curitiba
São Paulo
Rio de Janeiro

Canada⁽¹⁾
Calgary
Kitchener
Montréal
Ottawa
Toronto
Vancouver

Colombia
Bogota

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
Cologne
Dortmund
Düsseldorf
Frankfurt

Hamburg
Mannheim
Munich
Nürnberg
Stuttgart

Hungary
Budapest

India
Mumbai
Delhi

Italy
Bologna
Milan
Rome
Turin

Luxembourg

Mexico
Mexico City

Netherlands
Amsterdam
Arnhem

Breda
Eindhoven
Rotterdam
Tilburg

Poland
Gdynia
Katowice
Krakow
Poznan
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

United States
Jersey City

UNITED KINGDOM & IRELAND

United Kingdom⁽¹⁾
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
Galway
Limerick

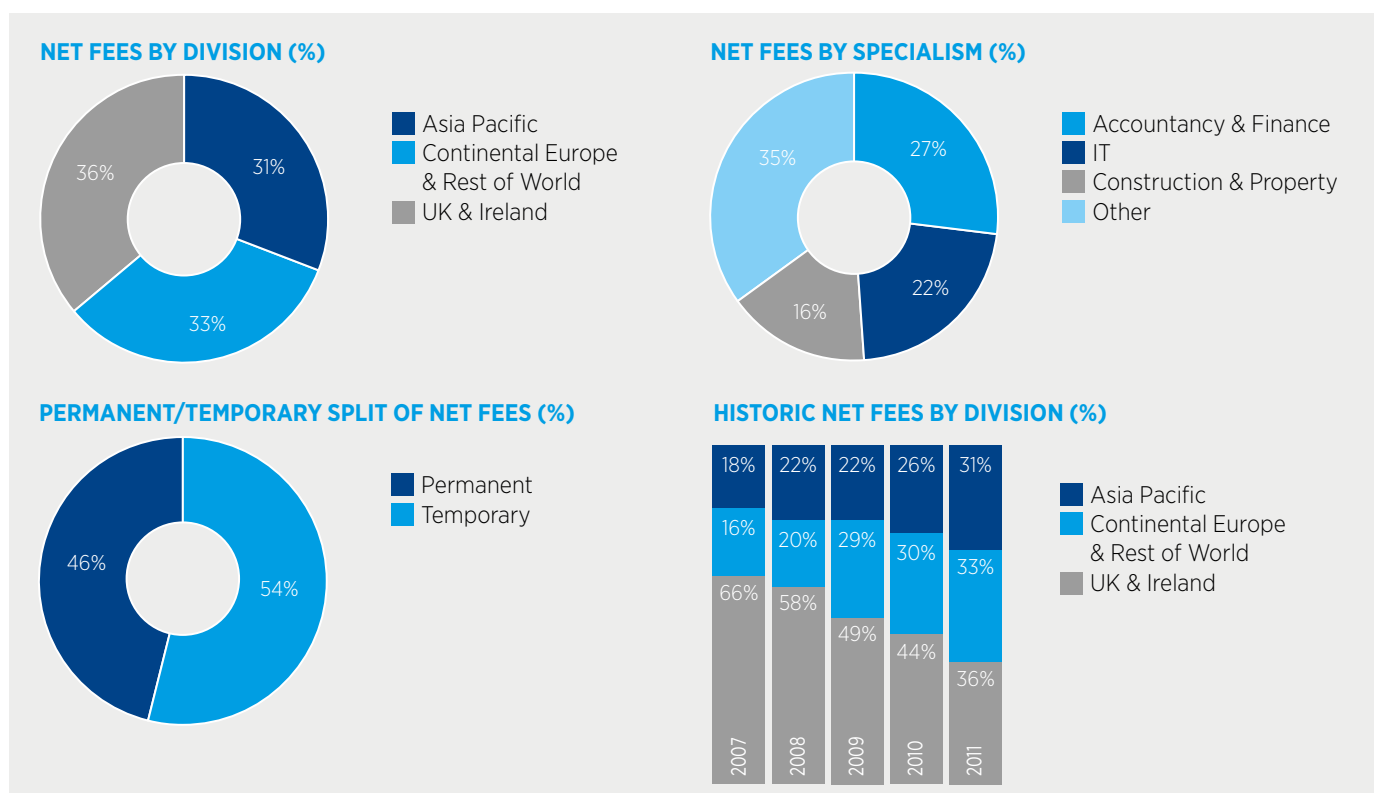
(1) Represents major towns and cities only.

GROUP PROFILE

We are leading global experts in qualified, professional and skilled recruitment. Last year our experts placed around 60,000 candidates into permanent jobs and around 190,000 people into temporary assignments.

We employ 7,620 staff operating from 255 offices in 31 countries across 20 specialisms. We have market-leading positions in the UK, Asia Pacific, Continental Europe and Latin America.

It's all about understanding people, worldwide. It's about 'Powering the World of Work'.



HIGHLIGHTS OF THE YEAR

A STRONG PERFORMANCE

This year we have capitalised on improving conditions in most of our markets to deliver a strong financial and operational performance.

- Strong International performance driving Group net fee growth of 18%⁽¹⁾ and operating profit growth of 33%⁽²⁾
- Continued diversification of the business with 64% of Group net fees generated outside the UK
- Excellent performance in Asia Pacific with 30%⁽¹⁾ net fee growth
 - Australia & New Zealand net fees up 27%⁽¹⁾, with exceptional 51%⁽¹⁾ growth in Asia
- Excellent performance in Continental Europe & Rest of World division with 33%⁽¹⁾ net fee growth
 - Division operating at record levels driven by 37%⁽¹⁾ growth in Germany, 60%⁽¹⁾ growth in Brazil and a further 14 countries growing net fees by more than 20%⁽¹⁾
- UK net fees down 1%, with 19% growth in private sector net fees offset by 35% decrease in public sector
 - Actions taken to reduce cost base and defend profitability going forward
- Continued investment in the International business with 27% increase in International consultant headcount, 12 new offices opened including launch of US and Mexican operations, with Colombia launched in July 2011
- Good cash performance with working capital increase driven by growth in temporary placement net fees
- 60% growth in basic earnings per share⁽²⁾ to 5.19 pence with full year dividend unchanged at 5.80 pence

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency, pre-exceptional items.

(2) 2011 figure is before exceptional credit of £4.1 million which comprises a £24.0 million credit in respect of the successful appeal against the OFT fine, which was reduced from £30.4 million to £5.9 million (fully provided against in 2010), partially offset by a £10.0 million goodwill impairment charge related to the UK healthcare business (acquired in February 2006 for £17.9 million), and a £9.9 million charge related to UK restructuring. 2010 figure is before exceptional charges of £41.4 million comprising the £29.0 million OFT fine and £12.4 million restructuring cost relating principally to the UK back-office automation project.

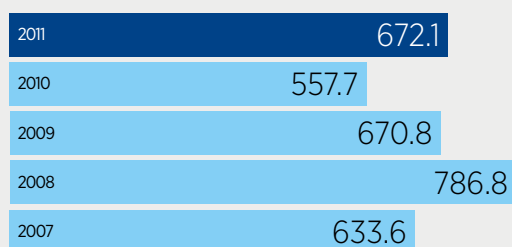
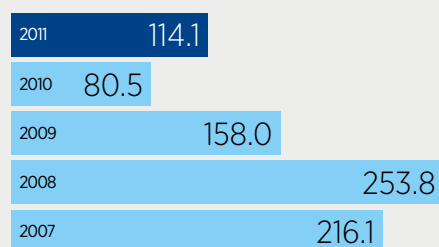
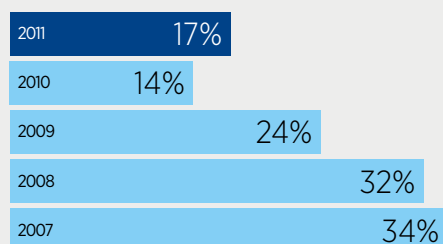
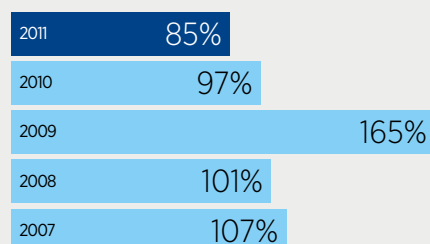
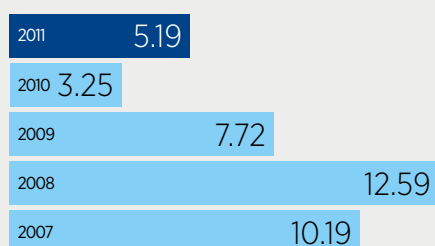
18%

GROWTH IN NET
FEES⁽¹⁾

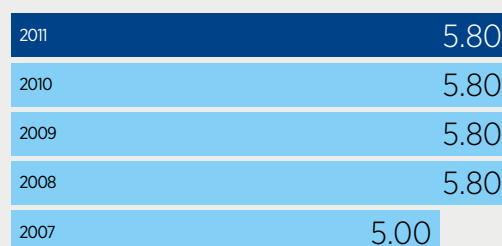
60%

GROWTH IN EARNINGS
PER SHARE⁽²⁾

5.80p

FULL YEAR DIVIDEND
IN LINE WITH LAST
YEARNET FEES (£M)⁽⁴⁾PROFIT FROM CONTINUING ACTIVITIES (£M)⁽²⁾⁽⁵⁾CONVERSION RATE (%)⁽³⁾CASH CONVERSION (%)⁽⁶⁾BASIC EARNINGS PER SHARE (PENCE)⁽²⁾

DIVIDEND PER SHARE (PENCE)



(3) Conversion rate is the proportion of net fees converted into operating profit, pre-exceptional items.

(4) 2011 net fees of £672.1 million (2010: £557.7 million) are reconciled to statutory turnover of £3,256.0 million (2010: £2,691.1 million) in note 6 to the Consolidated Financial Statements on page 68.

(5) 2011 operating profit from continuing activities of £114.1 million (2010: £80.5 million) is reconciled to statutory operating profit from continuing operations of £118.2 million (2010: £39.1 million) by adjusting for exceptional items as described in note 5 to the Consolidated Financial Statements on page 68.

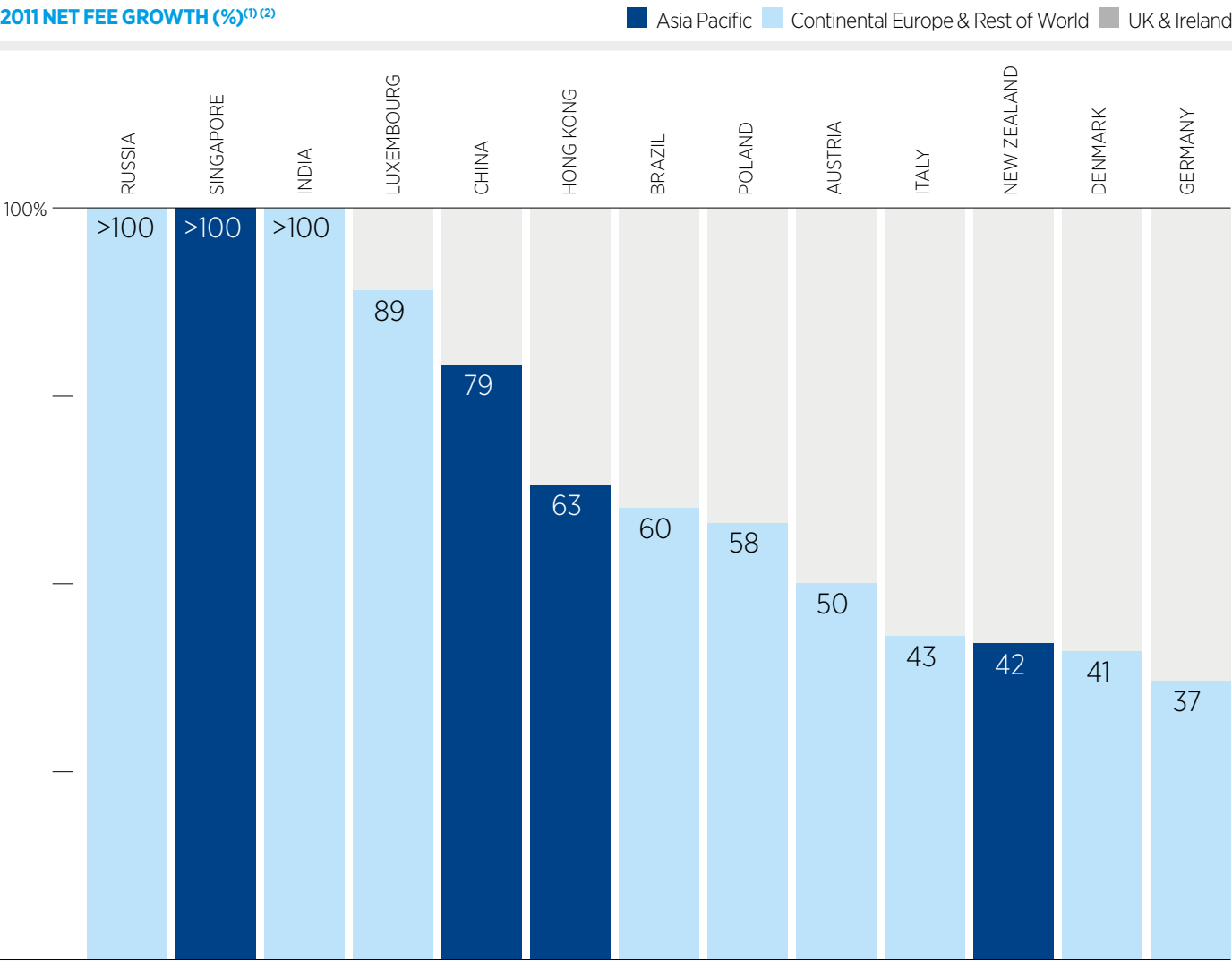
(6) Cash conversion is the conversion of operating profit before exceptional items into operating cash flow (before exceptional items and capital expenditure).

HIGHLIGHTS OF THE YEAR CONTINUED

DELIVERING BROAD
BASED GROWTH

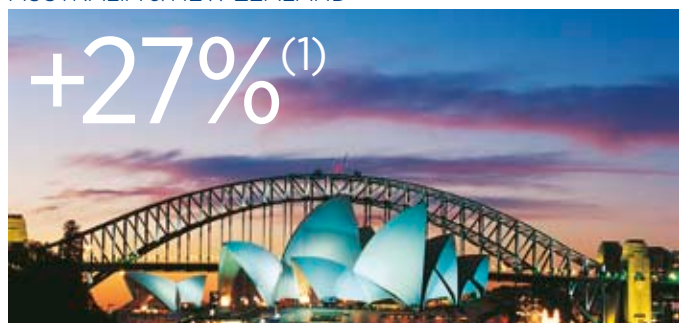
In 2011, 22 countries across the Group delivered net fee growth of 20%⁽¹⁾ or more, including 12 countries which grew net fees by more than 40%⁽¹⁾.

We have capitalised on improving market conditions in most of the countries in which we operate to deliver strong and broad-based growth.



(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.
(2) Chart excludes Mexico and the US, which were opened during the year.

AUSTRALIA & NEW ZEALAND



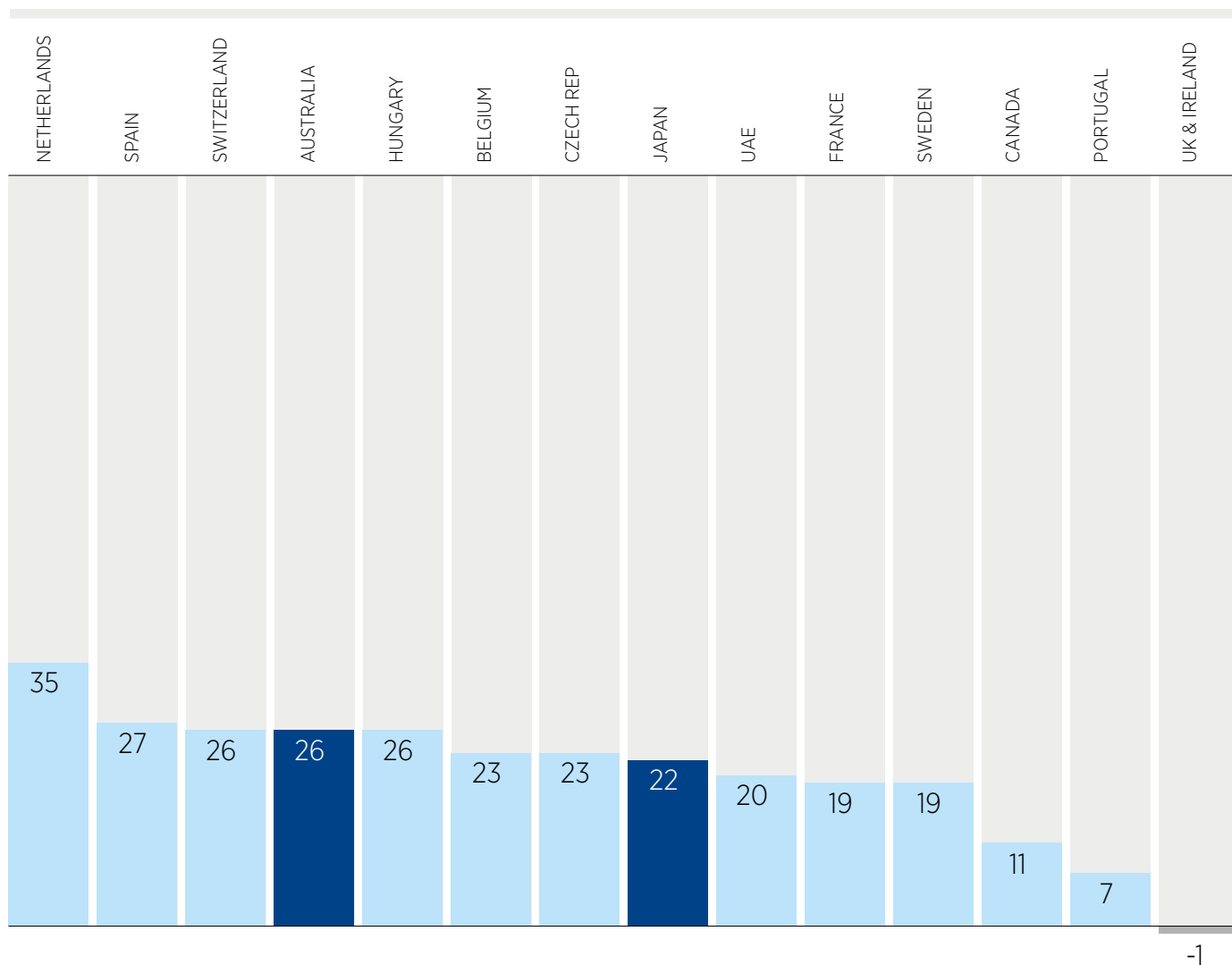
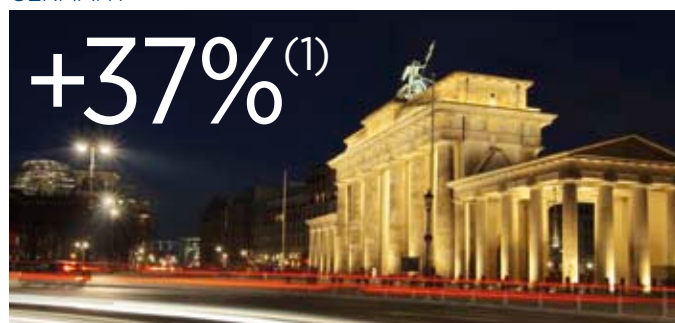
BRAZIL



CHINA



GERMANY



OUR LONG-TERM DEVELOPMENT STRATEGY

A 20 YEAR TRACK RECORD OF DIVERSIFYING INTO NEW GEOGRAPHIES AND SPECIALISMS

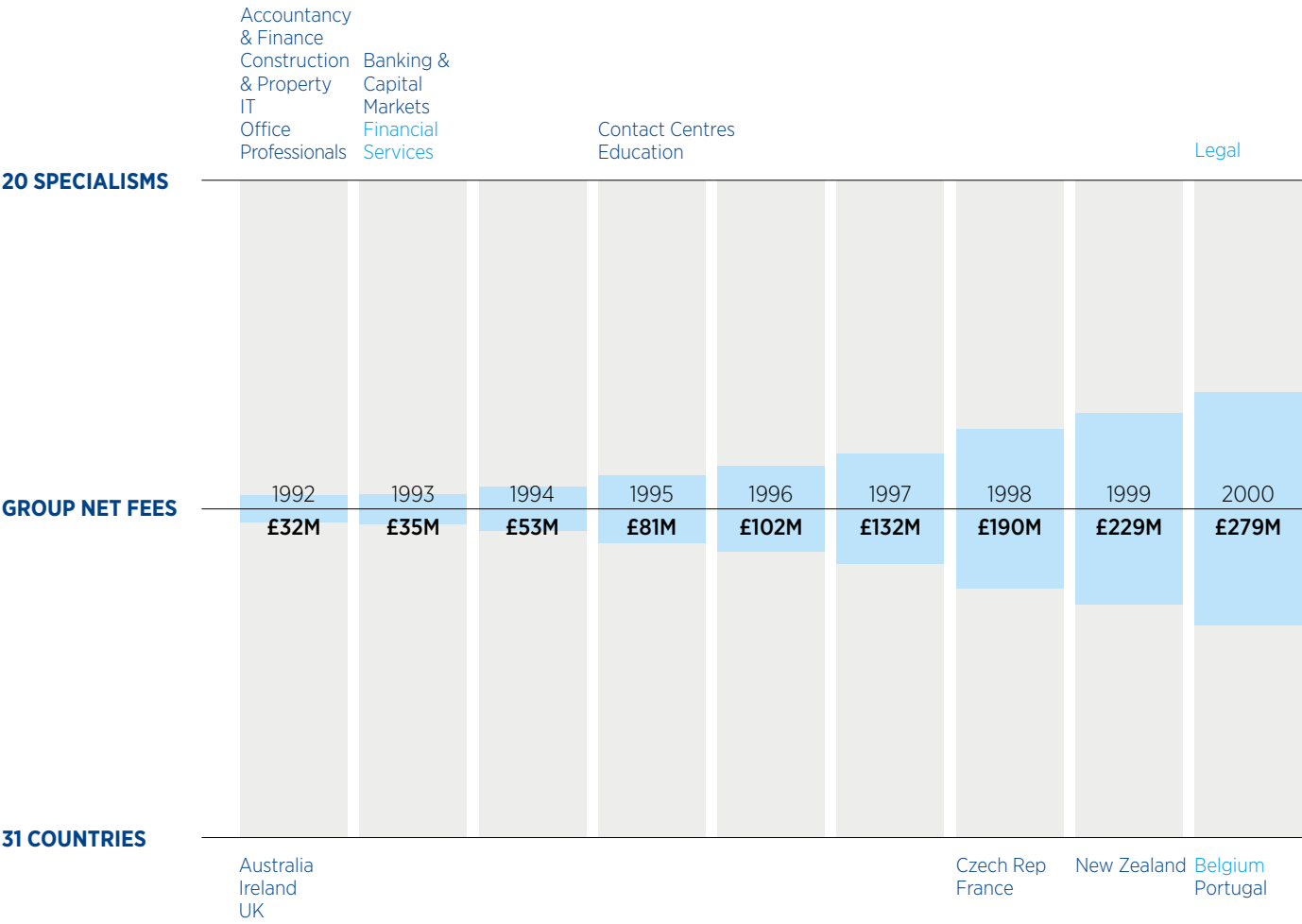
Over the past 20 years we have built a broad-based and global platform to support and drive rapid growth. We have diversified into new geographies and new sector specialisms, primarily through organic replication of our business, supplemented by strategic bolt-on acquisitions.

This year we entered into Mexico and the United States, our 29th and 30th country

operations respectively, with Colombia having recently opened and Chile and Malaysia planned for 2012. We have a proven track record of diversification and delivering growth.

As a global business we can meet the needs of our multinational clients and our internationally mobile candidates. But the core of our business is being the recognised local expert in each of our markets.

LONG-TERM TRACK RECORD OF DIVERSIFICATION AND GROWTH

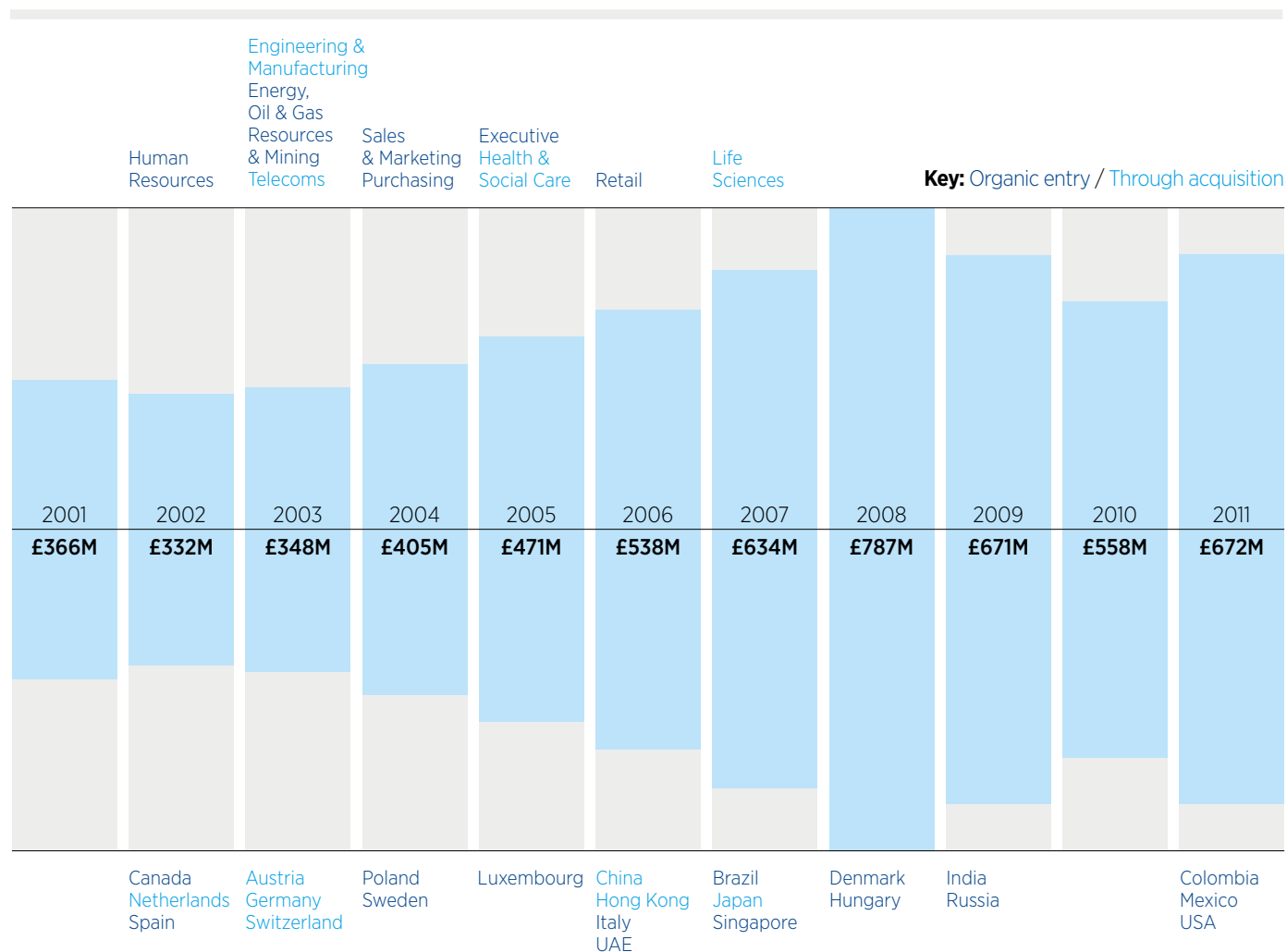
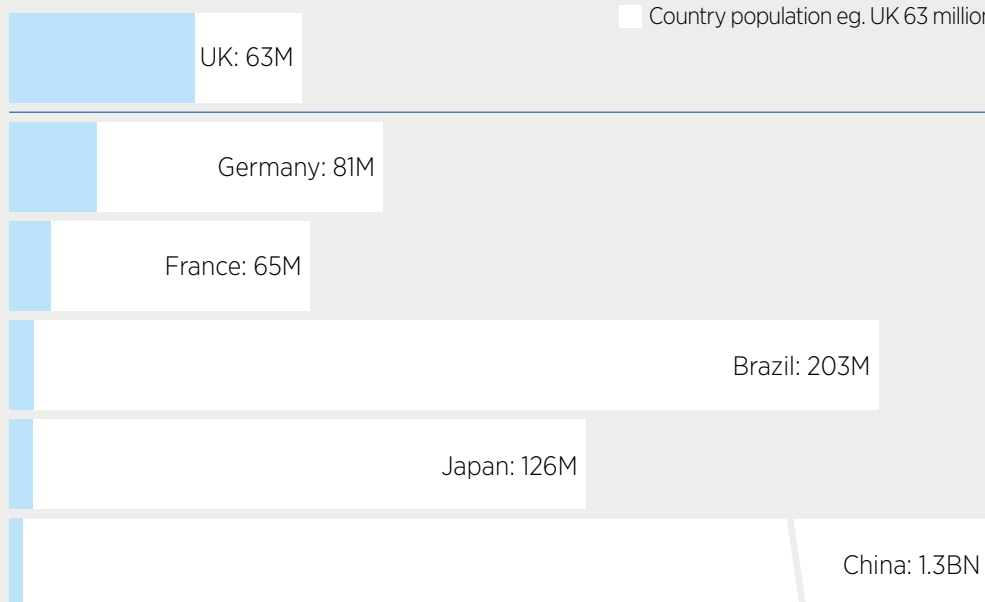


LONG-TERM POTENTIAL FOR GROWTH

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

We view a country's population as a useful indicator of the long-term potential market size in that country.

■ Hays net fees
■ Country population eg. UK 63 million



HAYS IN ACTION: LATIN AMERICAN ROLL-OUT

Following our successful organic entry into Brazil in 2006, where we now have a leading market position and in 2011 grew net fees by 60%⁽¹⁾ to £12 million, Mark Bowden has led our expansion across the Latin American region. Our recent entries into Mexico and Colombia represent the next stages of our ambitious plan to capitalise on an embryonic but rapidly growing professional recruitment market.

“Latin America is a region of considerable potential for Hays. Right now, the proportion of professional recruitment that is outsourced to agencies is only around 1%. These vibrant, emerging and fast-growing economies provide us with a great long-term opportunity to build a substantial and market-leading business.”

Mark Bowden
Managing Director
Hays Southern Europe & Latin America

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

Mark Bowden, Hays Southern Europe & Latin America

“
**THE PROPORTION
OF PROFESSIONAL
RECRUITMENT THAT
IS OUTSOURCED TO
AGENCIES IS ONLY
AROUND 1%**
”

HAYS IN ACTION: SERVING OUR GLOBAL CLIENTS IN THE US

“
WE HAVE
LAUNCHED A
BUSINESS THAT
HAS BEEN FEE
GENERATING
FROM DAY ONE
”

In October 2010 we opened our first office in the United States focused on the Life Sciences sector. Carl Marotta led this exciting new market entry.

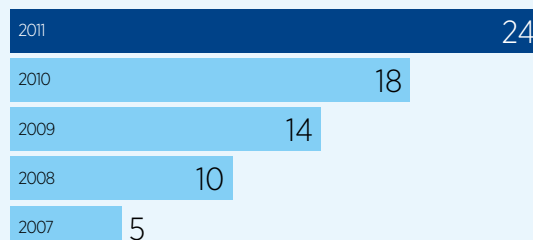
“Over several years we have successfully built strong and lasting relationships with many of the global life sciences companies. A number of these clients had roles to fill in the US which we had been working on from our businesses in the UK and Europe, and so our decision to open our first office in the US, focused on the Life Sciences sector, was a logical progression. By successfully leveraging the Group's existing client relationships we have been able to launch a business that has been fee generating from day one and which has rapidly established itself in the local market.”

Carl Marotta
Director
Hays USA



Carl Marotta, Hays USA

Rapid global roll-out of Life Sciences
GLOBAL LIFE SCIENCES NET FEES (£M)



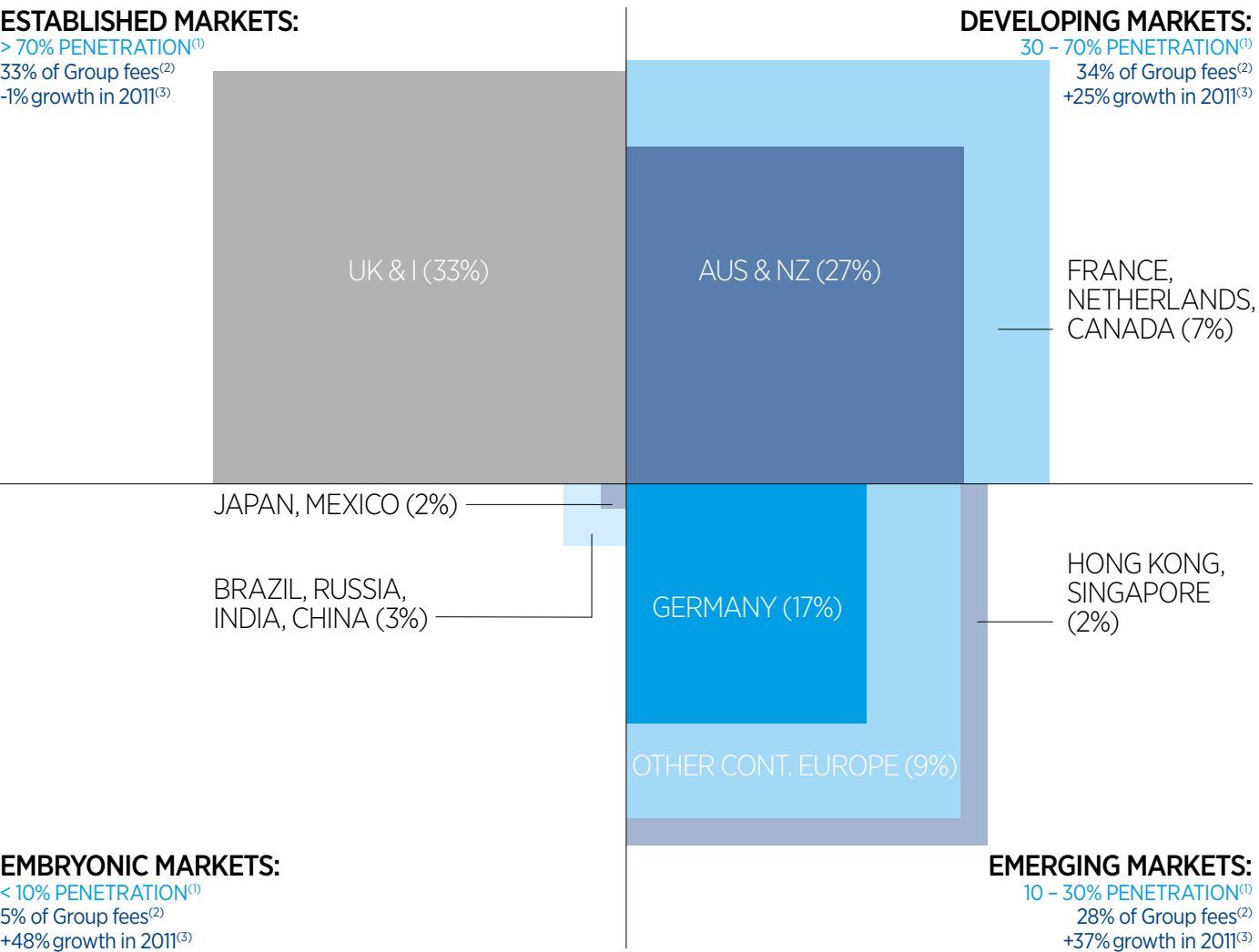
OUR MARKET OPPORTUNITIES

WELL POSITIONED TO CAPITALISE ON THE EXCELLENT STRUCTURAL GROWTH OPPORTUNITIES IN OUR MARKETS

Our business is changing rapidly with two-thirds of net fees now generated outside the UK, as opposed to 15% just 10 years ago. Driving this are the tremendous structural growth opportunities that exist across our markets.

Most professional and skilled recruitment is still done in-house with minimal recruitment outsourced to agencies, even in developed economies such as Germany. Our opportunities to grow are considerable and we will continue to capitalise on these.

NET FEES BY MARKET MATURITY⁽²⁾



(1) Market penetration is defined as the % of skilled and professional recruitment that is outsourced, based on Hays Management estimates.
(2) Percentages in the table show the % Group net fees in the fourth quarter 2011.
(3) LFL (like-for-like) growth represents organic net fee growth of continuing activities at constant currency.

HAYS IN ACTION: STRUCTURAL GROWTH IN AN EMERGING MARKET: GERMANY

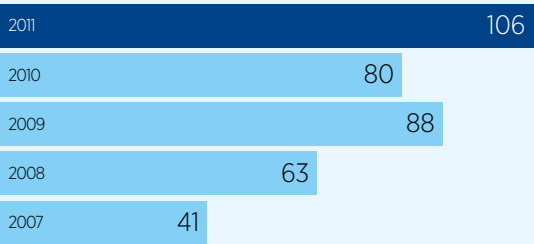


Hays has been sourcing for Henkel in Germany since 2007. From initially providing contractors in the IT and Engineering disciplines, Hays has successfully diversified its supply to professionals in Accounting & Finance and Construction & Property.

“We started working with Hays in 2007, initially sourcing into our IT department, and after this was so successful we became interested in learning about their competencies in other areas too. Soon, we began to use Hays to source experts across various different areas within our business, and as a result we were able to reduce supplier complexity and further take advantage of the trust and relationships which had developed between Hays and Henkel. The commitment of all Hays’ people from top to bottom, their flexibility and open-mindedness as well as their willingness to adapt to our requirements is what makes our relationship with Hays so successful.”

Stephan Pelayo Höfer
Purchasing Manager
Henkel AG & Co. KGaA

Delivering rapid growth in Germany
GERMANY NET FEES (£M)



CHAIRMAN'S STATEMENT

REBUILDING GROUP PROFITABILITY

ALAN THOMSON **CHAIRMAN**

2011 has been a year of recovery and strong positive organic growth for the Group, following two years in which difficult economic conditions adversely impacted our performance.

Group net fees increased by 18%⁽¹⁾ as we capitalised on improving market conditions across most of our operations. We have also focused on rebuilding the Group's profitability and I am pleased to report that in 2011 we delivered operating profit growth of 33%⁽¹⁾⁽²⁾, earnings per share growth of 60%⁽²⁾ and a good cash flow performance. We have, however, continued to carefully balance rebuilding the Group's profitability with making the investment necessary to ensure we capture the long-term opportunities for growth.

Since joining Hays as Chairman in November 2010 I have been greatly impressed by the management team's unwavering commitment to building a business capable of delivering long-term growth and rewarding shareholders appropriately. We have an excellent track record and have now built a broad platform across 31 countries from which we intend to capitalise on the excellent structural growth opportunities across our markets. We have also undertaken substantial investment in our technology systems, people training and development programme, and brand identity. These investments lay the foundations necessary to support long-term growth.

Dividend

The Board's current priorities for our free cash flow are to fund Group development, maintain the strength of the balance sheet and support a sustainable dividend policy. After taking account of the improvement in trading during the financial year, the Board's current view on trading 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, giving an unchanged full year dividend of 5.80 pence per share.

Governance

Bob Lawson retired as Chairman earlier this year after 12 years on the Board, including nine as Chairman. During this time he oversaw the restructuring of the Group and its emergence as a focused and leading professional recruitment company. His wise counsel and determination to drive the Group forward will be a hard act to follow.

As announced in May, Lesley Knox will step down from the Board following the 2011 Annual General Meeting in November. Lesley has been a tower of strength on the Board for the past nine years, latterly as Chairman of the Remuneration Committee and Senior Independent Director. Her incisive insight and contribution to strategic and operational debate has been crucial to the repositioning of the Group.



Paul Harrison, our current Audit Committee Chairman, will replace Lesley as Chairman of the Remuneration Committee and Senior Independent Director following the AGM.

I am pleased to welcome Victoria Jarman to the Board as a non-executive director from 1 October 2011 and as Chairman of the Audit Committee following the AGM. Victoria, who is a Chartered Accountant, was previously Chief Operating Officer of Lazard's London and Middle East operations. Victoria is a non-executive director of De La Rue plc and a member of its audit and nomination committees.

People

I am proud to report that this year we have recruited a significant number of new professionals into the business, across a variety of roles, and we continue to invest going forward. This is an exciting time in the Group's development and I am confident that the high level of professionalism and enterprise within each business, together with the long-term opportunities that we offer, will provide each individual with a strong environment within which to develop and build their careers.

I would also like to thank all of our people for their hard work and commitment through the year. Since joining Hays I have spent considerable time getting to know many people from around the business. I have been impressed by the ingenuity, enterprise, commitment and effort shown by all our staff.

Corporate responsibility

Our approach to corporate responsibility covers a broad range of philosophies, activities and standards. Again this year we have, as an organisation, undertaken numerous events to raise money for charity. For example, a group of 13 Hays employees climbed Kilimanjaro in April, contributing to the £250,000 raised in support of our nominated UK charity, Action for Children. Our Asia Pacific division organised a fundraising day for the Queensland Flood Appeal, raising a total of £40,000 for the cause. These represent just two of many events which took place during the year, but which characterise and pay testament to the generosity and spirit that exists within the organisation.

Summary

The Group has made significant progress in 2011 and has balanced the need to rebuild profitability with the investment necessary to build a business with excellent long-term prospects. However, professional recruitment is a cyclical industry, which is highly sensitive to underlying macroeconomic conditions and levels of business and consumer confidence. This was clearly demonstrated in 2009 and 2010 by the impact that the global recession had on our business. Whilst trading continues to be positive across most of the countries in which operate, we remain alert to the economic and political uncertainties currently facing many of the world's major nations, and to any adverse impact this may have on our business going forward.

Alan Thomson
Chairman

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

(2) Before exceptional items.

CHIEF EXECUTIVE'S STRATEGIC REVIEW

BUILDING A STRONGER,
BROADER BASED AND
MORE EFFICIENT BUSINESS

ALISTAIR COX CHIEF EXECUTIVE

We have continued to invest rapidly across the growth areas of the business, while keeping firm control on costs and raising the productivity of our consultant base worldwide.

Review of performance in 2011

We delivered a strong set of results in 2011, despite the challenges of the markets and the economic uncertainties that we have faced. Our focus has been to react quickly to those challenges and to capitalise on every opportunity that came our way. By doing so, we grew our Group net fees by 18%⁽¹⁾ and I see that as a very encouraging start to our recovery since the depths of the economic downturn. What is also reassuring is how widespread this recovery has been around the world. Twenty-two countries grew their net fees by over 20%⁽¹⁾, with 12 of those countries recording over 40%⁽¹⁾ net fee growth. The investments we have made over the last few years to expand our footprint globally is very clearly paying off when we see that level of growth rate, all of it delivered organically.

We have successfully turned our fee growth into profit growth too, with Group operating profit increasing by 33%⁽¹⁾⁽²⁾. We have achieved this by carefully balancing our investment across the business, keeping firm control on costs and raising the productivity of our consultant base worldwide. At the same time we have further grown our network, building ever greater scale in existing locations, as well as expanding into new cities and countries.

With a business as diverse as ours, and with the world economies at this early stage of recovery, it is to be expected that our performance around the world shows some variation. We saw this impact this year, with the International business growing net fees by 31%⁽¹⁾ – an excellent result – but the UK remaining broadly flat as the UK Government's austerity drive severely impacted recruitment in the public sector. Consequently our net fees in the UK public sector fell by 35% and the public sector now represents just 22% of the UK's net fees. However, over three-quarters of our UK business is now in the private sector and here we delivered strong net fee growth of 19% in a market still characterised by fragile client and candidate confidence. Clearly, however, we are not happy with the overall UK operating profit of £3.6 million⁽²⁾. We have already taken further action to reduce our cost base in line with market activity and are very focused on raising productivity in a market that remains difficult but not without opportunity.



Our businesses in Brisbane, Christchurch and Tokyo each faced natural disasters of unprecedented scale during the second half of the year. The disruption created in each location was severe and we all witnessed the heart-rending scenes of destruction and loss. It is a testament to the spirit and commitment of all our people in each of these businesses who overcame these harshest of challenges and quickly re-established operations. I thank each and every one of them for their outstanding efforts and they are a credit to our company.

Strategic progress in 2011

As well as delivering strong financial results in the short term, we also have a clearly laid out ambition to build the pre-eminent global business in professional recruitment. Last year I set out our key priorities for the year towards achieving this goal and I am pleased to say that we have made significant progress in each area.

International growth and diversification

Ten years ago just 14% of our net fees were generated outside the UK. Today 67% of our net fees come from our International divisions and I expect this trend to continue after another excellent year of international growth.

Ours is an industry characterised by a very small number of relatively mature markets around the world and a very large number of immature markets where the concept of using agencies to help source professional and skilled people to fill key roles in business is new. In these immature markets, clients tend to undertake their professional recruitment in-house. Our challenge and opportunity is to demonstrate to these new markets the value we can bring as a result of our deep expertise and understanding of the talent marketplace they need to access, whether that is for local resources or looking further afield for resources from the global market.

Over the years we have developed our approach so that we can now very quickly establish and then grow new businesses in new markets at very little risk. We are at the vanguard of our industry in terms of opening up these opportunities: building scale in existing operations, expanding city networks in existing countries and opening up new countries. The results this year speak for themselves, having opened offices in 12 new cities around the world, launched operations in Mexico and the United States and increased our international consultant base by 27% to around 2,800 consultants. Consequently, we are currently well on track to deliver on our ambition set out in April 2010 to double our international consultant headcount over a five-year period.

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


(2) Before exceptional items.

CHIEF EXECUTIVE'S STRATEGIC REVIEW CONTINUED

HAYS IN ACTION: LEVERAGING OUR GLOBAL BUSINESS

“
OVER 40% OF
THE CANDIDATES
I HAVE PLACED IN
SINGAPORE HAVE
BEEN SOURCED
INTERNATIONALLY

”

A photograph of Jon Hampson, an Associate Director at Hays Singapore, in a dark suit and tie, smiling and talking to a woman in a grey dress. They are standing outdoors in front of a building with large windows and a sign that says 'PLAZA'.

Jon Hampson, Hays Singapore

Jon Hampson has been working in our fast-growing Singapore office for just over a year. His team focuses on finance technology roles, largely into the banking sector. There is considerable demand for experienced skills that are not always available locally. By utilising Hays' global database and network, he is able to access candidates from a global talent pool.

“In the past 12 months over 40% of the candidates I have placed in Singapore have been sourced internationally. We have to search further afield because the required specialist skills are difficult to find locally. Hays' new global database has been instrumental in identifying quality candidates across our international markets, and this is one of the factors that sets us apart from the competition. We have succeeded in finding the highest quality candidates possible for our clients, wherever they are in the world.”

Jon Hampson
Associate Director
Hays Singapore

Driving productivity and operational effectiveness

Our business is all about our expert consultants helping other professionals find the next role in their career or the resources they need for their own business. It is the ultimate people business. However, it is also a business that can use technology to great effect to enhance customer service and make us more efficient in what we do. We have invested in our core technology platforms and, having substantially completed our systems programmes, we are now focused on exploiting our technology to deliver returns on our investment. The power of our database allows our consultants to very quickly identify the best people for our clients' vacancies and thereby raise their productivity. Our new internet and mobile platforms provide effective channels to market, communicate and transact with our clients and candidates. Our UK back-office automation programme streamlines and automates areas such as timesheets, payment and billing processes, thereby speeding up our administration, reducing costs, delivering better service to our customers and above all, providing us for the first time with a fully scalable system that can handle significantly higher volumes of work without significantly increasing costs.

Elsewhere, we have continually managed our cost base to align with local market demand. In most of our International operations this has resulted in investment in terms of increased headcount and office network capacity. In the UK, where the markets have been more challenging, we have further reduced costs, trimming our employee numbers, closing 23 smaller offices over the year and restructuring the non-fee-earning team. These changes were completed before the end of the year as we saw confidence in the UK market soften and are expected to yield around £7 million of cost savings per year going forward.

Attract, develop and retain the best people in the industry

To be the best in our industry, we need to bring in the best new recruits locally, deliver to them the very best training available and give them career opportunities second to none. Demand for our services can grow very quickly so our ability to find and induct successful new consultants is a key aspect of our success. To achieve this, we have invested in our consultant attraction programmes and this has been instrumental in successfully increasing our International consultant headcount by nearly 600 people over the year to fuel our growth. Our employees now span 69 different nationalities demonstrating how international our business truly is.

We have also significantly raised our investment in consultant and management training and development programmes. Our 'Hays Academies' standardise the training we deliver around the world and are aimed at providing the Gold Standard of consultant training anywhere in our industry. Similarly, we have introduced advanced management and leadership programmes in conjunction with some of the world's leading business schools, designed to equip our global leaders with the skills to run ever larger and more complex businesses. Over 150 of our senior team are currently going through these programmes.

**HAYS IN ACTION:
DEVELOPING BUSINESS LEADERS**

Alexander Heise, Hays Germany



Training and development is a fundamental part of our culture; it embeds the 'Hays DNA' in every team and individual across the globe. We spoke to Alexander Heise, Business Director in Germany, to discover how he had benefitted from attending our international leadership programme.

"I recently attended our international leadership programme, a course put in place for our senior business leaders. This course was specifically targeted at broadening the range of skills needed to lead and manage our fast-growing business. Networking with my fellow business leaders from across the Group, we openly discussed the opportunities in our markets and shared ideas on how to best capitalise on them."

Alexander Heise
Business Director
Hays Germany

CHIEF EXECUTIVE'S STRATEGIC REVIEW CONTINUED

KEY CHARACTERISTICS THAT WILL DRIVE HAYS' LONG-TERM GROWTH



PURE PLAY SPECIALIST RECRUITMENT

£672m net fees / 255 offices

MARKET-LEADING POSITIONS

Top 3 in our core markets

ATTRACTIVE MARKETS WORLDWIDE

Strong long-term growth drivers

BUSINESS MODEL REPLICATES

Self-funding growth / low expansion risk



BALANCED PORTFOLIO

31 countries / 20 specialisms / temp and perm

STRONG COST CONTROL

Market-leading conversion rate % / 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



Finally, as a global business with the largest consultant base in our industry in the world, we have taken the opportunity to move significant numbers of our people internationally into new markets to enable us to grow quickly and securely. Over 100 of our employees have moved around the world, for example from Australia to China and Japan, from Japan to the US, from France and Portugal to Mexico and from the UK to many of our markets. Not only does this provide our people with unprecedented career opportunities but importantly it transfers skills, knowledge and experience, our 'Hays DNA', around the Group making us a stronger and more integrated business and creating a broader platform for growth in the future.

Leveraging our brand

Building the leading business in our industry means building the leading brand too. Our brand as the 'Experts in Professional Recruitment' sits at the heart of everything we do, whether it be the design of our training

programmes, how we build relationships with our customers or how we provide expert insights into the professional employment marketplace. We have made significant progress on this front over the year and two excellent new examples of how we bring this value to the world we live in are the Hays Journal and our report on 'Creating Jobs in a Global Economy', published in conjunction with Oxford Economics. The Hays Journal is designed to bring real and practical insight to our clients and candidates about the issues we know they face in the world of professional work and the feedback we have received from all around the world on our first publication has been enormously encouraging. Similarly, the 'Creating Jobs in a Global Economy' report highlights the profound changes we are likely to see in global workforce populations within our own lifetimes, together with an approach on how society and business may address these challenges. Both of these publications can be found at haysplc.com.

Priorities for 2012

Our ambitions remain unchanged and our priorities for 2012 emphasise this. Our task is to balance the long-term development of a business at the forefront of opening up our industry in multiple markets around the world, with the shorter-term need to continually improve our effectiveness in all our markets and deliver good financial returns. This translates into the following areas for 2012:

Driving UK performance

The UK market remains difficult. After significant declines over the last 18 months, we expect the UK public sector to broadly stabilise but do not expect any material recovery in the short term. The private sector recovery witnessed during 2011 progressively softened over the year, causing us to take early action on the cost base to defend profitability. We will continue to react as necessary according to how we see current demand, as we did towards the end of the year. However, despite the market conditions, we see opportunities to strengthen our market position in each of our locations across the country and raise individual consultant productivity. Delivering profit growth in the UK is our key objective.

Continued international growth and diversification

We had a very successful 2011 in our International divisions and we intend to use 2012 to drive further growth by structurally developing markets all around the world. We are now in 31 countries, having recently opened our first office in Colombia and expect to open new businesses in Chile and Malaysia in the year. We also intend to open several offices in existing countries and rapidly build scale by recruiting additional consultants in virtually every international market within which we operate.

We have a tried and tested organic growth model with an excellent track record of success at developing our International business and I fully expect 2012 to be another year of significant investment and expansion.

Investment in people

The biggest single restraint on growth in the majority of our markets is people: having enough highly skilled, trained and experienced consultants and leaders to drive the business forward and satisfy market demand. This is why we have been steadfast in our commitment to developing our people, from grass-roots level through to our senior management and business leaders. Next year I expect to bring a substantial number of new employees into the business across a range of fee-earning and non-fee-earning roles. Our investment in our leaders gives me the confidence they are well equipped to manage these rapidly growing workforces and the high levels of international mobility we enjoy across the Group allows us to move skilled and experienced operators to the most attractive opportunities. This is increasingly a multinationality, globally integrated team sharing the same Hays DNA worldwide and, combined with strong local teams in each operation, gives us real competitive advantage. Ensuring that we continue to identify, train and develop the very best people in the industry continues to be at the very heart of what we do.

Delivering exceptional customer service

As a leading professional recruitment business we advise our candidates and clients through one of their most difficult decision-making processes, and we help ensure these decisions are the right ones. We call this 'Powering the World of Work'. Our key differentiator therefore is the expert service and advice we deliver, aiming to earn the respect and loyalty of our clients and candidates as their trusted adviser, based on the quality of the work we deliver to them and the way we deliver it. Continually measuring this performance, acting on their feedback and raising our own hurdles on service levels will keep us ahead of our competition. This process never stops and will always be there as a key priority.

Summary

2011 was a year of significant progress, both financially and strategically. Many of our businesses rebounded to levels above their previous peak performance and our platform around the world is bigger and better than ever before. Not only does this footprint give us a broader base from which to grow, but it is also a base that gives us real advantage as a multinational, integrated and joined-up business worldwide, servicing our clients and candidates locally and globally.

We ended last year with good levels of momentum across a great many of our markets. Clearly a number of macroeconomic uncertainties remain around the world and since the year end we saw these uncertainties manifest in significant volatility in the world's stock markets. It would be premature at this stage to determine how these uncertainties may impact on our own business but understandably we monitor and assess the situation in each of our markets daily. In an industry with such limited visibility as ours, our task is to build a business that is highly flexible and ensure we act quickly and decisively to all changes in our markets, both positive and negative. We have a great track record of delivering this over the last 40 years and will continue to do so. Most importantly though, our business faces the best long-term structural growth opportunities in new markets around the world that I have ever seen and while businesses need people and people need jobs, we have a very bright future and intend to capitalise fully on that.

Alistair Cox
Chief Executive

KEY PERFORMANCE INDICATORS

DELIVERING AGAINST OUR STRATEGY

Our strategy comprises four key elements: to deliver growth by replicating the business, to drive operational effectiveness, to find and develop the best people in the industry, and to

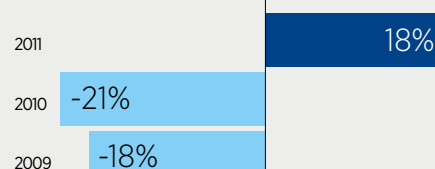
ensure that we consistently deliver our 'One Hays' way of doing things around the world. In 2011 we have made significant progress.

NET FEE GROWTH (%)⁽¹⁾**What does it demonstrate?**

A measure of how the Group's business is developing and growing by period, and over time.

Progress in FY 2011

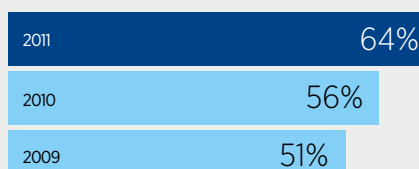
In 2011, net fees increased by 18%⁽¹⁾ driven by excellent performances across our International business.

% OF GROUP NET FEES GENERATED BY OUR INTERNATIONAL BUSINESS⁽²⁾**What does it demonstrate?**

A measure of the Group's internationalisation and relative exposure to markets which are immature and underpenetrated.

Progress in FY 2011

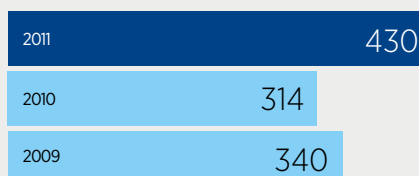
Almost two-thirds of Group net fees are now generated from the International business, up from just one-third five years ago.

INTERNATIONAL NET FEE BASE (£M)⁽²⁾**What does it demonstrate?**

Measure of absolute scale of the International business and size of platform for growth in these less mature markets.

Progress in FY 2011

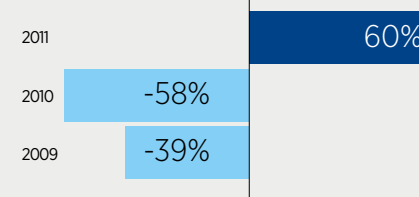
Net fee growth of 31%⁽¹⁾ in 2011 to £430 million.

BASIC EARNINGS PER SHARE GROWTH (%)⁽³⁾**What does it demonstrate?**

Measures the underlying profitability of the Group this year, as well as over time.

Progress in FY 2011

Basic earnings per share increased by 60%⁽³⁾ in 2011, reflecting the Group's higher operating profit, lower net finance charge and a reduction in the effective tax rate.





1. GROWTH BY REPLICATING

- build scale in existing locations
- new specialisms in existing locations
- new offices in existing locations
- other new countries and add bolt-on acquisitions

2. 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

3. BEST PEOPLE IN THE INDUSTRY

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

4. ONE HAYS AROUND THE WORLD

- a globally consistent customer experience
- a leading global brand

NET FEES PER CONSULTANT (£000)⁽⁴⁾



What does it demonstrate?

A measure of how productive the Group's fee earners are.

Progress in FY 2011

In 2011, net fees per consultant increased by 13% as we capitalised on improving market conditions across most of our markets through the year.

2011	143
2010	126
2009	125

CONVERSION RATE (%)⁽⁵⁾



What does it demonstrate?

Measures the Group's effectiveness in controlling costs and managing its level of investment for future growth.

Progress in FY 2011

The conversion rate increased in 2011 as a result of net fee growth, increased consultant productivity and strong cost control.

2011	17%
2010	14%
2009	24%

CASH CONVERSION (%)⁽⁶⁾



What does it demonstrate?

A measure of the Group's ability to convert profit into cash.

Progress in FY 2011

Cash conversion was again strong at 85% reflecting the Group's continued focus on strong credit control and working capital management.

2011	85%
2010	97%
2009	165%

EMPLOYEE ENGAGEMENT (%)



What does it demonstrate?

Hays' own employee participation in its employee engagement survey, that tracks our employees' sense of belonging, discretionary effort, personal motivation and job satisfaction.

Progress in FY 2011

Engagement improved in 2011 and represents a high and improving level of employee engagement when benchmarked against other companies and industries.

2011	81%
2010	77%
2009	77%

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

(2) International defined as outside the UK & Ireland.

(3) Continuing activities only, pre-exceptional items.

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

(5) Conversion rate is the proportion of net fees converted into operating profit.

(6) Cash conversion is the conversion of operating profit before exceptional items into operating cash flow. Operating cash flow is presented before capital expenditure and excludes exceptional items.

OPERATING REVIEW

ASIA PACIFIC

AUSTRALIA | CHINA | HONG KONG | JAPAN
NEW ZEALAND | SINGAPORE



31%

OF GROUP NET FEES

£210.0m

NET FEES

OPERATING PERFORMANCE

Year ended 30 June (In £s million)	2011	2010	Actual growth	LFL ⁽¹⁾ growth
Net fees	210.0	146.3	44%	30%
Operating profit	78.1	52.0	50%	35%
Conversion rate	37.2%	35.5%		
Recruitment consultants ⁽²⁾	1,071	881	22%	
Division as % of Group net fees	31%	26%		

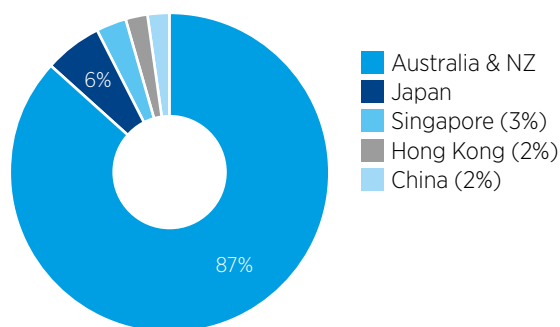
2011 HIGHLIGHTS

- Delivered excellent 30%⁽¹⁾ growth in net fees
- 27%⁽¹⁾ growth in Australia & New Zealand driven by excellent perm and strong temp performances
- Exceptional 51%⁽¹⁾ growth in Asia with all countries at record levels
- Improved conversion rate to 37%
- Consultant headcount increased by 22%

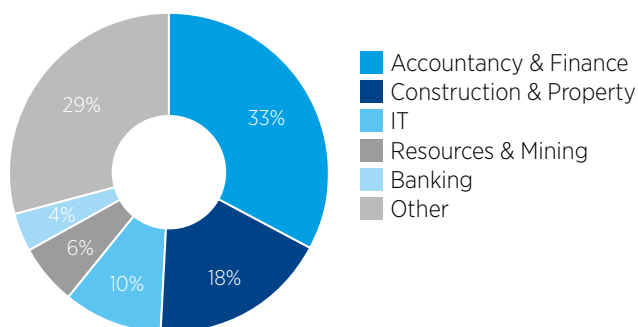
LOOKING FORWARD

- Continue market-beating performance in Australia & New Zealand
- Gain critical mass in Japan
- Aggressively build business and scale across the rest of Asia
- Entry into Malaysia planned in 2012
- Continue rapid consultant headcount investment across the region

NET FEES BY REGION (%)



NET FEES BY SPECIALISM (%)



PRIVATE / PUBLIC SECTOR (%)

80/20

PERMANENT / TEMPORARY (%)

50/50

PERFORMANCE OVERVIEW

In Asia Pacific, net fees increased by 44% (30% on a like-for-like basis⁽¹⁾) to £210.0 million, and operating profit increased by 50% (35% on a like-for-like basis⁽¹⁾) to £78.1 million. The difference between actual growth and like-for-like growth was predominantly due to the appreciation in the Australian Dollar. The business achieved a strong conversion rate of 37.2%, up from 35.5% in the prior year, as we carefully balanced profit growth with the significant investment made to capitalise on the long-term growth potential of the region.

In our market-leading Australia & New Zealand business, net fees were up 27%⁽¹⁾ versus prior year. Temporary placement net fees increased by 23%⁽¹⁾ with demand increasing across all regions through the year and we exited the year at record temp levels. Permanent placement net fees increased by 33%⁽¹⁾ with a good performance across the year, particularly in the resource-based regions of Western and South Australia and notably in Accountancy & Finance, IT and Resources & Mining. Our public-sector business, which accounts for 23% of net fees in Australia & New Zealand, remained strong with net fees increasing by 14%⁽¹⁾. Our businesses in Brisbane and Christchurch responded strongly to the challenges imposed by the natural disasters earlier in the year, limiting the combined second half net fee and operating profit impact of these events to approximately £1 million.

Our Asian business, which accounted for 13% of the division's net fees in the year, achieved net fee growth of 51%⁽¹⁾ versus prior year. Our businesses in Hong Kong, China and Singapore each achieved net fee growth in excess of 60% and set several monthly net fee records during the year, driven by growth across a broad range of specialisms. Our business in Japan was significantly impacted by March's earthquake and subsequent disruption, with net fee growth decreasing from 43%⁽¹⁾ in the first half of the year to 5%⁽¹⁾ in the second half. The business has responded strongly to the challenges faced, limiting the second half net fee and operating profit impact to around £1.5 million.

Consultant headcount⁽²⁾ in Asia Pacific increased by 22% during the year, with consultant headcount increasing by 15% in Australia & New Zealand and by 46% in Asia. In Australia & New Zealand, the outlook remains good and we continue to increase consultant headcount, most notably in Western and South Australia. In Asia, we have more than doubled our consultant headcount in the past 18 months and we are continuing to invest aggressively in order to capitalise on the substantial long-term growth opportunities that exist across the region.

HAYS IN ACTION: MARKET LEADERS IN AUSTRALIA

“**HAYS IS A VALUED AND TRUSTED PARTNER RIGHT ACROSS OUR BUSINESS**”

”



Hays is Transfield Services' largest recruitment supplier in Australia. Our teams work across every state and in each of their specialisms, for both contract and permanent roles. Building on this position, our remit has expanded to cover the Middle East, Asia and North America. We asked Lucy Christie of Transfield Services to give her view on why our two organisations work so well together.

“Hays is a valued and trusted partner, and has become our first choice recruitment provider, right across the business. Year on year, our relationship has achieved greater depth as Hays has solved sophisticated staffing challenges. But the main reason we value Hays above others is that each of their team has a defined area of expertise, and consequently they understand exactly what we're after in a specific location.”

Lucy Christie
Group General Talent Manager
Global HR Group
Transfield Services
Australia

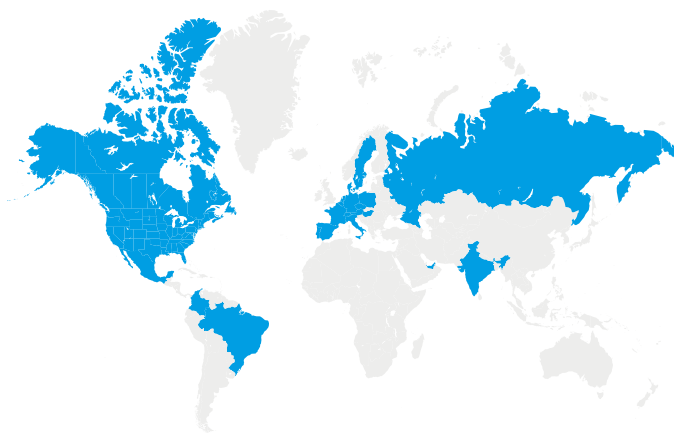
(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency.

(2) The change in consultants is shown on a closing basis, comparing 30 June 2011 with 30 June 2010.

OPERATING REVIEW

CONTINENTAL EUROPE
& REST OF WORLD

AUSTRIA | BELGIUM | BRAZIL | CANADA | CZECH REPUBLIC
DENMARK | FRANCE | GERMANY | HUNGARY | INDIA | ITALY
LUXEMBOURG | MEXICO | NETHERLANDS | POLAND
PORTUGAL | RUSSIA | SPAIN | SWEDEN | SWITZERLAND
UNITED ARAB EMIRATES | UNITED STATES



33%

OF GROUP NET FEES

£220.4m

NET FEES

OPERATING PERFORMANCE

Year ended 30 June (In £s million)	2011	2010	Actual growth	LFL ⁽¹⁾ growth
Net fees	220.4	167.5	32%	33%
Operating profit ⁽²⁾	32.4	17.1	89%	95%
Conversion rate	14.7%	10.2%		
Recruitment consultants ⁽³⁾	1,714	1,310	31%	
Division as % of Group net fees	33%	30%		

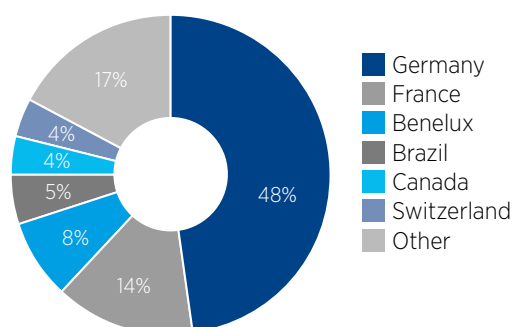
2011 HIGHLIGHTS

- 33%⁽¹⁾ net fee growth driving a record divisional performance
- Excellent 37%⁽¹⁾ growth in Germany
- A further 15 countries delivering growth of 20%⁽¹⁾ or more
- US and Mexican businesses launched in the year
- 31% increase in consultant headcount across the division

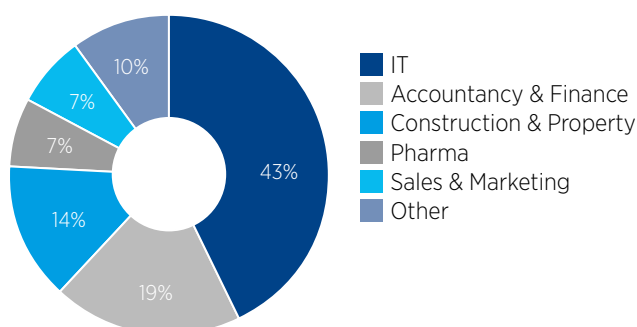
LOOKING FORWARD

- Consolidate market-leading position in IT & Engineering in Germany and rapid diversification into newer specialisms
- Build scale in Accountancy & Finance in Paris and major cities in France
- Continued rollout across South America with Colombia recently opened and Chile planned for 2012
- Aggressive consultant headcount investment to build scale across the region

NET FEES BY REGION (%)



NET FEES BY SPECIALISM (%)



PRIVATE / PUBLIC SECTOR (%)

97/3

PERMANENT / TEMPORARY (%)

46/54

PERFORMANCE OVERVIEW

In Continental Europe & Rest of World, net fees increased by 32% (33% on a like-for-like basis⁽¹⁾) to £220.4 million, a record for the division, and operating profit⁽¹⁾⁽²⁾ increased by 89% (95% on a like-for-like basis⁽¹⁾⁽²⁾) to £32.4 million. The difference between actual growth and like-for-like growth was mainly due to the modest depreciation in the Euro. The conversion rate increased from 10.2% in 2010 to 14.7% in 2011 driven by strong net fee growth and the return to profitability in the majority of countries across the division during the year.

Our German business, representing 48% of the division's net fees and the significant majority of the division's profits, recorded 37%⁽¹⁾ net fee growth and posted several record monthly performances as momentum remained strong through the year. Growth was broadly based across our contracting and temporary placement businesses and across all of the sectors in which we operate. Our diversification into Accountancy & Finance, Construction & Property, Sales & Marketing, Legal and Pharma, continues rapidly and these specialisms now account for 24% of total net fees (2010: 21%). Our market-leading position and the increasing diversification of the business places us ideally to benefit from the continuing rapid development of the specialist recruitment market in Germany and the structural growth opportunities this presents.

Our other businesses in this division, covering 21 countries and focused principally on the permanent placement markets, delivered strong net fee growth. In France, our second largest country in the division, we recorded 19%⁽¹⁾ net fee growth with strong momentum through the year. In Brazil, now our third largest country in the division and sixth largest country in the Group, we delivered exceptional net fee growth of 60%⁽¹⁾ and we continue to rapidly invest in our office network and consultant headcount. A further seven countries across the division recorded net fee growth in excess of 40%⁽¹⁾, with our businesses in Italy, Belgium, Denmark, Poland, Russia and India having all achieved record monthly performances during the year.

Consultant headcount⁽³⁾ increased by 31% during the year, led by increases of 34% and 50% in Germany and Brazil, respectively. Market demand and growth momentum remains strong in the majority of the countries within the division, and we are continuing to increase our consultant headcount.

HAYS IN ACTION: DELIVERING CROSS-BORDER SOLUTIONS



“
**HAYS
DEMONSTRATED
AN IN-DEPTH
KNOWLEDGE OF
THE LOCAL
EMPLOYMENT
MARKET**”

Hays has supplied Tate & Lyle over several years in a variety of specialist and middle management roles. When it came to staffing a new shared service centre in a less familiar employment market they needed more than a simple transactional agency service from their partner.

“When selecting a partner for a specific project requiring a more complex staffing solution we consulted Hays. Their team truly understood our business needs, demonstrated an in-depth knowledge of the local employment market and were able to provide a qualitative and supportive recruiting solution. We have been pleased with the results and look forward to continuing our work with Hays.”

Richard Harding
GSS Lead, People
Tate & Lyle

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

(2) 2010 operating profit is presented pre-exceptional items.

(3) The change in consultants is shown on a closing basis, comparing 30 June 2011 with 30 June 2010.

OPERATING REVIEW

UK & IRELAND

36%

OF GROUP NET FEES

£241.7m

NET FEES



OPERATING PERFORMANCE

Year ended 30 June (In £s million)	2011	2010	Actual and LFL ⁽¹⁾ growth
Net fees	241.7	243.9	(1)%
Operating profit ⁽²⁾	3.6	11.4	(68)%
Conversion rate	1.5%	4.7%	
Recruitment consultants ⁽³⁾	2,158	2,272	(5)%
Division as % of Group net fees	36%	44%	

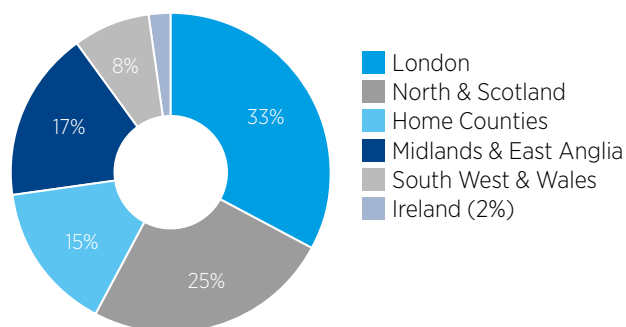
2011 HIGHLIGHTS

- Strong private-sector growth of 19% driven by growth in Accountancy & Finance, Construction & Property, IT and Corporate Accounts businesses
- Difficult public-sector markets down 35%, with worst affected back-office and Construction & Property businesses now down around 70% from peak
- Consultant headcount reduced by 5% in the year, with actions taken in the second half to reduce the non-consultant cost base

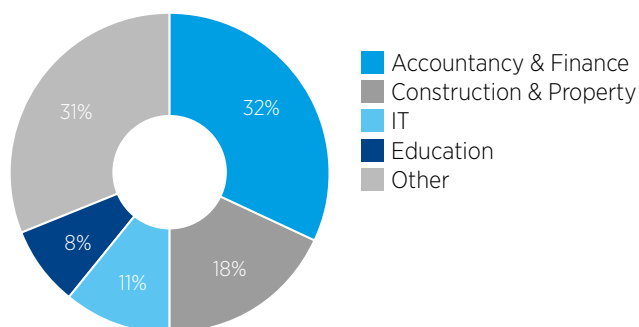
LOOKING FORWARD

- Capitalising on all private and public-sector market opportunities to deliver net fee growth
- Selective consultant headcount investment to support growth areas, together with redeployment and reductions where markets are less supportive
- Driving consultant productivity through enhanced training and development and exploiting front-office systems
- Back-office systems substantially complete and now focused on optimising efficiency benefits

NET FEES BY REGION (%)



NET FEES BY SPECIALISM (%)



PRIVATE / PUBLIC SECTOR (%)

76/24

PERMANENT / TEMPORARY (%)

42/58

PERFORMANCE OVERVIEW

In the United Kingdom & Ireland, net fees decreased by 1% on an actual and like-for-like basis to £241.7 million, with operating profit⁽²⁾ decreasing to £3.6 million. Net fees increased by 12% in the permanent placement business, but declined by 8% in the temporary placement business, as a result of its greater weighting to the public-sector markets. The conversion rate declined from 4.7% to 1.5% as a result of the net fee reduction, full year depreciation costs in respect of the new IT systems, dual running costs of the back-office automation project and modest cost inflation, partially offset by the headcount reductions made during the year.

In the private-sector business, which currently represents 78% of UK net fees, we delivered strong net fee growth of 19%, with good growth in our Accountancy & Finance, Construction & Property, IT and Corporate Accounts businesses. We achieved excellent growth of 27% in the first half, however we saw growth decelerate in the second half with net fees increasing by 12%, in large part due to tougher market conditions in our Banking and City-related businesses. We have continued to build our presence in the Corporate Accounts market and have won a number of important contracts during the year including American Express and Siemens.

Our public-sector business faced tough market conditions throughout the year, with net fees decreasing by 35% and we exited the year down 57% from peak levels. Our front-line businesses have been relatively more resilient, with net fees decreasing by 17% versus prior year. However, market conditions in our back-office and Construction & Property businesses have been very difficult, with net fees now down around 70% from peak levels. The UK public-sector business represented 24% of UK net fees and 9% of Group net fees in the year.

Consultant headcount in the United Kingdom & Ireland was reduced by 5% during the year, as we balanced managing the recovery in the private sector with the difficult public-sector market. However, we expect consultant headcount to remain broadly at this level in the coming months. As a result of the lower level of momentum in the private-sector recovery in the second half we have reduced the non-consultant cost base of the business. These actions will generate cost savings of around £7 million per annum going forward.

HAYS IN ACTION: BUILDING LONG-STANDING RELATIONSHIPS

“
**HAYS HAS THE
DEPTH AND
BREADTH TO BE
ABLE TO SUPPLY
INTO ALL OUR
SECTORS**
”



We have a long-standing and growing relationship with global manufacturer Siemens. We recently won sole supplier status for all permanent volume recruitment until 2013, and have also secured our position as Master Vendor for temporary placements for another two years. We asked Lucy Grainger at Siemens why Hays fits the bill.

“Hays has the depth and breadth to be able to supply permanent staff into all of our sectors, and there aren't many recruitment suppliers in the UK that can do that. In an organisation of this size, for me to have a partner that I can go to with a problem, and know that they can solve it for me, makes my life a lot easier. We have a strong relationship with Hays.”

Lucy Grainger
Head of Recruitment & Learning
Siemens UK

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

(2) Continuing activities only, pre-exceptional items.

(3) The change in consultants is shown on a closing basis, comparing 30 June 2011 with 30 June 2010.

FINANCIAL REVIEW

A STRONG FINANCIAL PERFORMANCE DRIVEN BY OUR INTERNATIONAL BUSINESS

PAUL VENABLES **GROUP FINANCE DIRECTOR**

The Group performed strongly during the year driven by excellent performances across our International business.

Group turnover increased by 21% (or 19%⁽¹⁾ on a like-for-like basis) and net fees increased by 21% (18%⁽¹⁾ on a like for like basis), driving operating profit growth of 42%⁽²⁾ (33%⁽¹⁾ on a like for like basis).

Favourable exchange rate movements, principally the Australian Dollar, had a positive impact on the results increasing net fees and operating profit by £14.2 million and £5.3 million respectively, and fluctuations in exchange rates remain a significant sensitivity for the Group going forward.

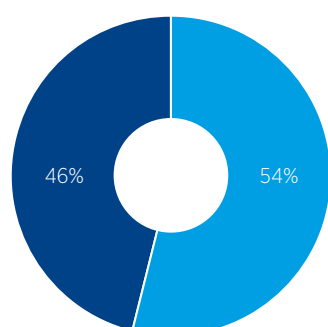
The temporary placement business, representing 54% of Group net fees, increased by 10%⁽¹⁾. This comprised a volume increase of 6%, a favourable increase in mix/hours worked of 8%, partially offset by underlying margins⁽⁴⁾ slightly lower at 14.7% (2010: 15.2%). Margins have, however, remained broadly stable through the year. The lower level of growth relative to permanent placement reflects the temporary placement business's greater resilience in the prior year and its higher weighting to the UK public sector.

Net fees in the permanent placement business, representing 46% of the Group net fees, increased by 27%⁽¹⁾, with permanent placement volumes increasing by 23%. We capitalised on the significant improvement in trading conditions across the vast majority of our markets this period, and recorded strong performances across Asia Pacific, Continental Europe, South America and the UK private sector. The average fee per placement increased by 4% compared to last year, driven by mix and modest wage inflation in Asia Pacific and parts of Continental Europe.

The Group's operating cost base, excluding exceptional items⁽²⁾, increased by 15%⁽¹⁾ versus prior year. This was principally due to the 11% increase in consultant headcount, together with an increase in commission payments which rose in line with net fees. The Group's conversion rate, which is the proportion of net fees converted into operating profit⁽²⁾, increased to 17.0% from 14.4% in the prior year. This was driven by net fee growth, an increase in average consultant productivity and by strong management and control of the Group's operating cost base.

Group consultant headcount increased by 11% during the year. This was led by a 27% increase in consultants in the International business where we continue to invest in order to capitalise on the substantial opportunities for growth across the majority of our markets. This increase was partially offset by a 5% consultant headcount reduction in the UK where we continue to balance managing the difficult conditions in the public sector with capturing growth opportunities in the private sector.

2011 REVIEW OF GROUP PERMANENT AND TEMPORARY BUSINESSES



PERMANENT

£306.7M

46% of Group net fees

- 27% net fee growth⁽¹⁾
- 23% volume growth
- 4% increase in average permanent fee

TEMPORARY

£365.4M

54% of Group net fees

- 10% net fee growth⁽¹⁾
- 6% volume growth
- 8% increase in mix/hours
- 50 bps underlying margin⁽⁴⁾ decrease

GROUP NET FEES (£M)

2011	672.1
2010	557.7
2009	670.8
2008	786.8

GROUP OPERATING PROFIT (£M)⁽²⁾

2011	114.1
2010	80.5
2009	158.0
2008	253.8

GROUP CONVERSION RATE (%)

2011	17%
2010	14%
2009	24%
2008	32%

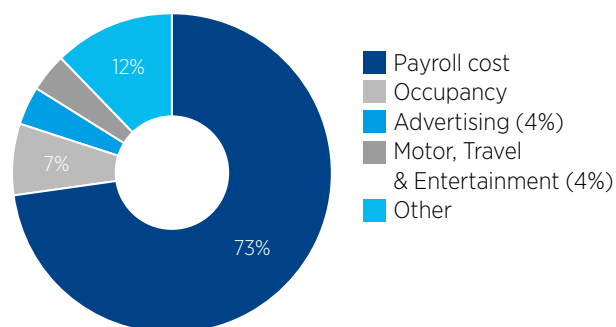
SUMMARY INCOME STATEMENT

Year ended 30 June (In £s million)	2011	2010	Actual growth	LFL ⁽¹⁾ growth
Net fees	672.1	557.7	21%	18%
Operating profit (before exceptional items) ⁽²⁾	114.1	80.5	42%	33%
Cash generated by operations ⁽³⁾	97.3	78.1	25%	
Profit before tax (before exceptional items) ⁽²⁾	106.6	71.1	50%	
Profit before tax	110.7	29.7	273%	
Basic earnings per share (before exceptional items) ⁽²⁾	5.19p	3.25p	60%	
Basic earnings per share	5.69p	0.48p	1,085%	
Dividend per share	5.80p	5.80p	–	

Exceptional items

The Group has recognised an exceptional credit of £4.1 million in the Consolidated Income Statement in 2011. This comprises a £24.0 million credit in respect of the Group's successful appeal in reducing the fine imposed by the Office of Fair Trading in September 2009, and which was previously fully provided for in the 2010 accounts. The fine which was reduced from £30.4 million to £5.9 million, has been paid in full and brings this matter to a close. In addition, the Group incurred a £10.0 million goodwill impairment charge in respect of the UK healthcare business acquired in February 2006 for £17.9 million, due to tougher conditions in the UK healthcare market, and a £9.9 million charge relating to the restructuring of the UK cost base. Including the effect of exceptional items, statutory profit before tax was £110.7 million, an increase of 273%.

ANALYSIS OF COST BASE (%)



Net finance charge

The net finance charge for the year was £7.5 million (2010: £9.4 million). The average interest rate on gross debt during the year was 2.5% (2010: 1.0%) following the renewal of the Group's banking facility on 1 July 2010, generating net bank interest payable, including amortisation of arrangement fees, of £6.0 million (2010: £1.6 million). The net interest charge on the defined benefit pension scheme obligations was £1.2 million (2010: £6.7 million) with the decrease primarily due to the higher scheme assets increasing expected returns and a lower discount rate reducing the interest cost. The charge for the Pension Protection Fund levy was £0.3 million (2010: £1.1 million). It is expected that the net finance charge for the year ending 30 June 2012 will be at similar levels to 2011.

Taxation

Taxation before exceptional items⁽²⁾ for the year was £35.2 million, representing an effective tax rate of 33.0% (2010: 37.4%) which is representative of the Group's current geographical mix of profits. The Group also recognised a £2.8 million tax credit in respect of the exceptional restructuring cost incurred in the year, bringing the total tax charge in the year to £32.4 million. It is expected that the Group's effective tax rate will remain at a similar level in 2012.

(1) LFL (like-for-like) growth represents organic growth of continuing activities at constant currency. There was one less trading day in 2011 versus 2010.

(2) 2011 numbers are presented before an exceptional credit of £4.1 million and 2010 numbers are presented before an exceptional charge of £41.4 million.

(3) 2011 numbers exclude cash impact of exceptional items of £15.4 million and 2010 numbers exclude cash impact of exceptional items of £4.1 million paid in the year.

(4) 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.

FINANCIAL REVIEW CONTINUED

Earnings per share

Basic earnings per share before exceptional items⁽²⁾ increased 60% to 5.19 pence (2010: 3.25 pence). The increase in earnings per share reflects the Group's higher operating profit, the lower net finance charge and the reduction in the effective tax rate. Basic earnings per share post exceptional items increased to 5.69 pence (2010: 0.48 pence).

Cash flow and balance sheet

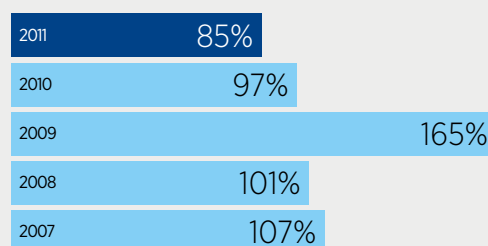
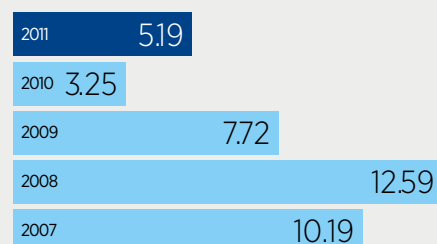
Cash flow in the year was good with 85% conversion of operating profit⁽²⁾ into operating cash flow⁽³⁾. This was below cash flow conversion in the prior year (2010: 97%) primarily as a result of net fee growth in the temporary placement business, which increased the Group's working capital requirements and, in addition, trade debtor days increased to 38 days (2010: 35 days). Overall, cash outflow from working capital was £47.2 million and net cash generated by operations⁽³⁾ was £97.3 million (2010: £78.1 million).

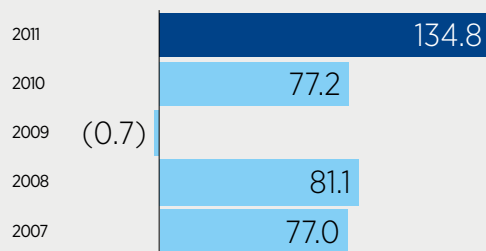
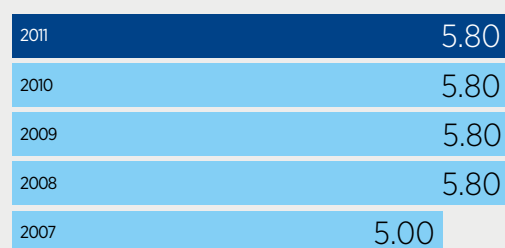
Net capital expenditure was lower at £18.6 million (2010: £29.8 million), reflecting the completion of the Group's major IT investment programmes. Capital expenditure is expected to reduce to around £15 million in 2012.

Dividends paid in the year totalled £79.7 million and £8.5 million was paid out in net interest and banking facility arrangement fees. Net debt increased from £77.2 million at the start of the year to £134.8 million at the end of the year, primarily due to the payment of the dividend and the increase in working capital. The Group expects that net debt will increase in the six months to December 2011 due to the proposed payment of the final dividend, before reducing in the second half. The Group has a £300 million unsecured revolving credit facility available, which expires in January 2014.

Capital structure and dividend

The Board's current priorities for our free cash flow are to fund Group development, maintain the strength of the balance sheet and support a sustainable dividend policy. After taking account of this year's financial performance, the Board's current view on 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 £54.3 million. This would make a total dividend for the full year of 5.80 pence per share (2010: 5.80 pence). The recommended dividend payment date will be 18 November 2011 and will be paid to shareholders on the register at close of business on 14 October 2011.

CONVERSION OF OPERATING PROFIT⁽²⁾ TO OPERATING CASH FLOW⁽³⁾ (%)**BASIC EARNINGS PER SHARE (PENCE)⁽²⁾**

NET DEBT/(CASH) (£M)**DIVIDEND PER SHARE (PENCE)****Retirement benefits**

The Group's pension liability under IAS 19 at 30 June 2011 of £11.9 million (£6.8 million net of deferred tax) decreased by £55.2 million compared to 30 June 2010, primarily due to higher than expected asset returns and increased Company contributions. During the year, the Company contributed £16.5 million of cash to the defined benefit scheme (2010: £5.5 million), which included £12.0 million additional funding towards the pension deficit in line with previous guidance.

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.

The Board considers it appropriate to use certain derivative financial instruments to reduce its exposure to interest rate movements under its floating rate credit facility. During the period the Group entered into six interest rate swaps which exchange a fixed payment for floating rate receipt on a total debt value of £40 million with an equal mix of two-year and three-year maturities. Each of the interest rate swaps commence in October 2011. The Group does not hold or use derivative financial instruments for speculative purposes.

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.

Current trading

Whilst we remain mindful of the continuing economic and fiscal uncertainty around the world, we continue to see good levels of momentum across the majority of our markets. In Asia Pacific we continue to see good growth in Australia & New Zealand and strong growth in Asia. In Continental Europe & Rest of World growth remains strong across the division, led by strong growth in the German business. In the UK we have seen slowing levels of growth in the private sector business, with continued tough but broadly stable markets in the public sector.

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- (2) 2011 numbers are presented before an exceptional credit of £4.1 million and 2010 numbers are presented before an exceptional charge of £41.4 million.
- (3) 2011 number excludes cash impact of exceptional items of £15.4 million paid in the year and 2010 numbers exclude cash impact of exceptional items of £4.1 million paid in the year.
- (4) 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.

CORPORATE GOVERNANCE REPORT



ALAN THOMSON CHAIRMAN

DEAR SHAREHOLDER

Hays is a strong business with a global presence. We are a leading global professional recruiting group, and experts in qualified, professional and skilled recruitment, helping to power the growth and success of thousands of organisations over five continents.

It was clear to me when I joined Hays as Chairman in November 2010 that Hays takes all aspects of governance very seriously and strives toward best practice. My aim is to ensure that the Board of Hays plc and the organisation as a whole continue to operate to the highest standards of corporate governance. The Board's role remains 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 objectives in the year, this Report continues to be structured along these three themes.

In the boardroom and across our business, we aim to ensure that we promote long-term commercial success, while embedding sound values and principles within our business culture. In this, my first Corporate Governance Report to you, our shareholders, I would highlight two important governance developments within the UK in the last 12 months that affect the way we, the Board, lead the management of your Company.

The first of these was the introduction of the UK Corporate Governance Code (the Code), which replaced the 2008 Combined Code. The Code made some key changes to board governance, the most notable of which were the recommendation of annual re-election of all directors of FTSE 350 companies at their AGMs, the need for boards to consider diversity when making new board appointments, board determination of the Company's risk appetite in achieving its strategic objectives and executive director remuneration provisions, including the use of incentives to support appropriate levels of risk-taking. I am pleased to report that your Board and its committees have acted on these

provisions in the year and further explanation on particular topics can be found later in this Report and in the Remuneration Report.

The second development was the introduction of the UK Bribery Act, which came into force on 1 July 2011. This legislation covers all global activities of any business that has an operation in the UK. We have taken the opportunity to refresh our anti-bribery and corruption arrangements in the year after undertaking extensive risk assessments in every operating country. We have introduced a new Group-wide anti-bribery and corruption policy (including guidelines relating to the giving and receiving of gifts and entertainment) and are providing comprehensive training for all Group employees. We have also introduced controls in respect of our dealings with relevant suppliers and we have put in place internal reporting mechanisms to monitor compliance. The Board will monitor and review these arrangements periodically to ensure they operate effectively.

The Code applies to companies whose accounting period begins on or after 29 June 2010. The Financial Services Authority requires UK listed companies to explain how they applied the main principles set out in Section 1 of the Code and whether they have complied with the principles set out in Section 1 throughout the financial year. This Report explains how we have applied the main principles of the Code during the financial year.

Alan Thomson
Chairman

Statement of compliance

Throughout the year ended 30 June 2011 the Company has, without exception, complied with the provisions set out in Section 1 of the Code. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk.

THE BOARD AND ITS WORK

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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 risk and reward 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.

Alan Thomson 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, Alan:

- 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, including ongoing training, ensuring optimal effectiveness and active engagement of all members; and
- ensures that the Board and its members are evaluated at least once a year and this is externally facilitated every three years.

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.

The Company's strategy is described in pages 6 to 11 of this Annual Report.

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

Lesley Knox currently 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. Lesley will be stepping down from the Board at the conclusion of the Annual General Meeting to be held on 9 November 2011. Paul Harrison will be taking over as Senior Independent Director and Chairman of the Remuneration Committee.

Paul Harrison currently 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. Paul will be relinquishing his role as Audit Committee Chairman at the conclusion of the Annual General Meeting. Victoria Jarman, who will be appointed as a non-executive director of the Company on 1 October 2011, will succeed Paul as Chairman of the Audit Committee following the Annual General Meeting.

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 adviser on governance and legal matters.

CORPORATE GOVERNANCE REPORT CONTINUED

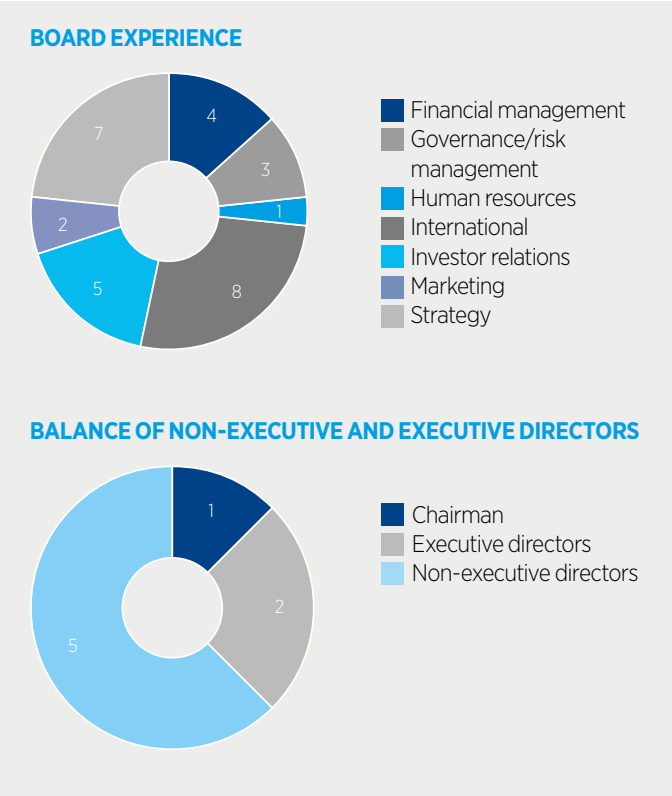


Biographies, skills and contributions

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.



1. Alan Thomson^b
Chairman, 64

Appointed Chairman of the Board and of the Nomination Committee on 10 November 2010 having been appointed as a non-executive director on 1 October 2010. Alan graduated with an MA degree in History and Economics from Glasgow University. He is currently Chairman of Bodycote plc, the international provider of thermal processing services and a non-executive director of Alstom SA, the French power generation, rail transportation and electrical transmission equipment manufacturer. He is immediate past President of the Institute of Chartered Accountants of Scotland and was formerly the Senior Independent Director and Audit Committee Chairman of Johnson Matthey plc and Group Finance Director of Smiths Group plc.

2. Alistair Cox
Chief Executive, 50

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. He began his career at British Aerospace before moving to Schlumberger in 1982. After graduating from business school in 1991 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 in 2002 before joining Hays. Alistair is a non-executive director of 3i Group plc.

3. Paul Venables
Group Finance Director, 49

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 is a non-executive director of Wincanton plc.

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 Advisers (a specialist corporate finance adviser) and remained as a director until 2002. She is Chairman of the



Alliance Trust plc, Chairman of Grosvenor Group Limited, a Trustee of the Grosvenor Estate, a non-executive director of SABMiller plc and Chairman of Design Dundee Limited. Lesley has provided strategic insight for the Company's business and has added clarity on the views of investors in relation to the Company's performance and commercial and remuneration strategies. Having served as a director for nine years this year, Lesley will be stepping down from the Board following the conclusion of the Annual General Meeting to be held on 9 November 2011.

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

Independent Non-Executive Director, 55

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, 47

Appointed non-executive director on 8 May 2007, he is Chairman of the Audit Committee. Paul is a Chartered Accountant. He was a Senior Manager at 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 finance director of a major technology and people-based international company, Paul brings considerable value and thought to the Audit Committee and the Board.

7. Richard Smelt^{a,b,c}

Independent Non-Executive Director, 54

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 30 years' experience in HR management, he was Group Human Resources Director of Carphone Warehouse Group plc and Group Human Resources Director of Northern Rock plc post nationalisation. He currently has a portfolio of interests in private equity. 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, 49

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. Previously he was President of Global Business Development at Colgate Palmolive, responsible for leading the Oral Care, Personal Care and Home Care global categories. His earlier roles included Managing Director of Boots Healthcare International and he was a member of the Boots PLC Executive Committee, President of Alberto Culver International and various Procter & Gamble brand and category management roles. 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. Having led global companies as well as 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, 45

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 c.20 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 Adviser of Charter plc (now Charter International 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 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 pro forma letter of appointment is available on the Company's website, haysplc.com.

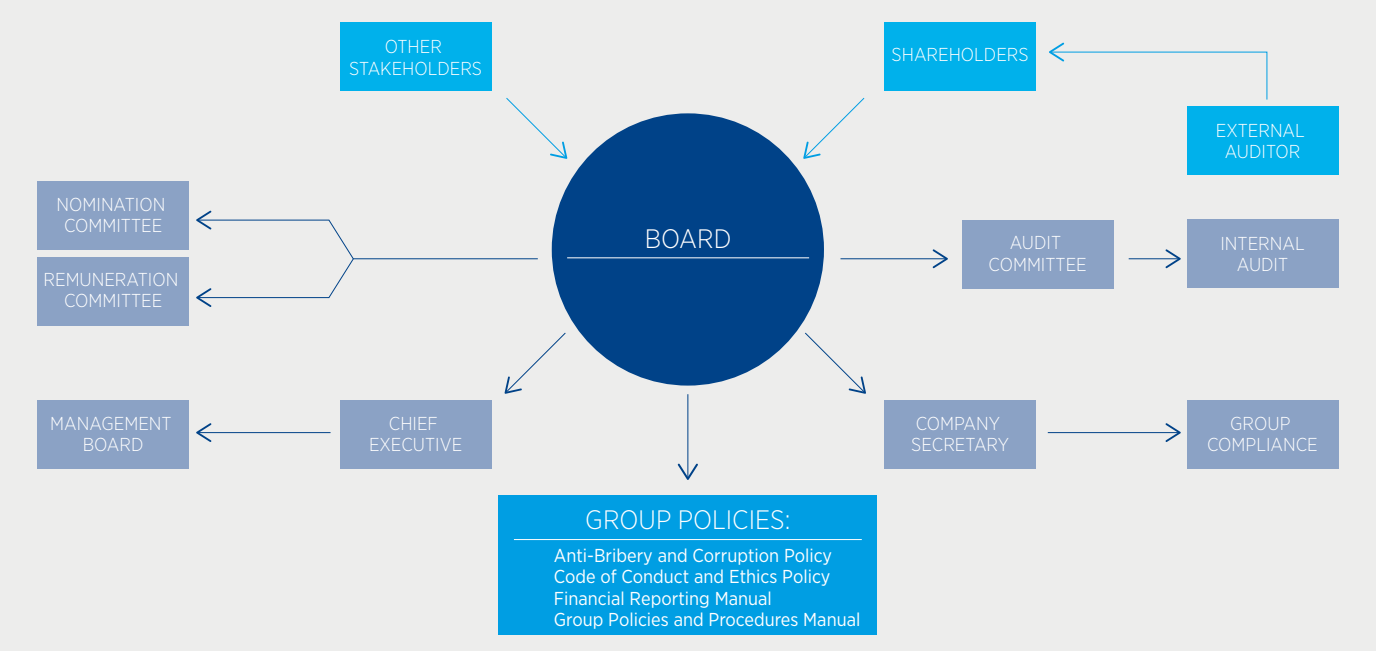
a Audit Committee

b Nomination Committee

c Remuneration Committee

CORPORATE GOVERNANCE REPORT CONTINUED

OUR GOVERNANCE FRAMEWORK



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

<p>Nomination Committee</p> <p>Reviews the structure and composition of the Board and leads the process for the identification and selection of new directors. Further details on the activities of the Nomination Committee are provided in the Nomination Committee Report on page 41.</p>	<p>Internal Audit</p> <p>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 42 and 43.</p>
<p>Remuneration Committee</p> <p>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 49 and 50.</p>	<p>Management Board</p> <p>Chaired by the Chief Executive, this body is responsible for overseeing operations in the Group's regions and the Group functional areas.</p>
<p>Audit Committee</p> <p>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 42 and 43.</p>	<p>Group Functions</p> <p>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.</p>
<p>Company Secretary</p> <p>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.</p>	<p>Group Policies</p> <p>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.</p>

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

The following matters are 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	Richard Smelt
William Eccleshare	Paul Stoneham
Lesley Knox	

Nomination Committee

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

Remuneration Committee

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

Richard Smelt was appointed to the Audit Committee on 23 March 2011.

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, each committee reviewed its terms of reference to ensure that they remained in line with best practice guidance and the Company's policies and practices. Following the reviews, minor changes were made to the terms of reference for the Audit Committee to take into consideration the revised 2010 Institute of Chartered Secretaries and Administrators' (ICSA) Guidance for Audit Committees. Changes were also made to the terms of reference for the Nomination Committee to include an annual review of the structure, size and composition of the Board and to consider the benefits of diversity, including gender, when identifying suitable candidates in line with the Code. The terms of reference for the Remuneration Committee were amended to take into account the requirements in the Code relating to risk and the Company's remuneration policy, addressing the recommendation that the performance criteria should reflect the Company's objectives and should include non-financial performance metrics where appropriate. Changes were also adopted to reflect the ICSA Guidance issued in October 2010 regarding committee membership and termination payments (which should reflect a director's duty to mitigate his or her loss).

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.

CORPORATE GOVERNANCE REPORT CONTINUED

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 both on a gross as well as a net (post mitigation) basis, 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 May 2011, the Board reviewed the nature and extent of the significant risks in the Group on a gross and net basis and determined that the risks and their relative priority were appropriate and that actions had been defined and attributed to owners in order to treat the risks appropriately. 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, updated as necessary, and overseen by Group functional departments. The Group Policies and Procedures and Financial Reporting Manuals, which encompass all of the Group's 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 and 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 focuses on facilitating the identification of risks and undertakes 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 presented to management and to the Audit Committee at each meeting and recommendations are agreed upon with management 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 reputational standing.

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 2011, 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 43.

PRINCIPAL RISKS

Risk	Management actions to mitigate risk
Cyclical nature of our business The performance of the Group is significantly impacted by changes to the underlying economic situation in the United Kingdom, Australia, Germany and France.	<p>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 31 countries and 20 sector specialisms.</p> <p>The Group's cost base is highly variable and is carefully managed to align with business activity.</p> <p>The Group has ensured that net debt has been kept at an appropriate level.</p> <p>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.</p>
Business model risk The Group faces a number of industry risk factors in the competitive environment notably the increasing use of social media and the gradual shift towards outsourced recruitment models with associated margin pressures.	<p>We have leveraged our broad geographical and sectoral footprint to win a significant number of multispecialism 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.</p> <p>We monitor changes in the market in terms of industry trends including social media, and continue to invest in our online presence to provide a high-quality customer experience.</p>
Talent The Group is reliant on its ability to recruit, train, develop and retain staff to deliver its growth plans.	<p>We continue to ensure that overall remuneration packages are competitive. This includes performance-related commissions to incentivise staff.</p> <p>Increased focus has been given to internal recruitment activities and training opportunities (for example through e-learning).</p> <p>Our leadership development programmes are in place and developing the potential of future leaders.</p> <p>Annual succession plans are undertaken across all regions to identify key roles and successor options.</p> <p>We maintain medium- to long-term management incentive schemes for our top 360 employees to foster commitment to the continued growth of the Group.</p>
Compliance risk Certain checks are required before we place candidates into their roles. For certain roles and industries those checks are more specific as set out by legislation. Failure to complete, maintain or refresh those checks could lead to legal, financial and reputational consequences.	<p>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.</p> <p>Our higher-risk specialisms such as Education and Healthcare have supplementary processes and controls in place to ensure that operational standards are complied with.</p> <p>In territories where legislation sets out additional requirements, compliance specialists are employed, for example occupational health and safety in Australia.</p> <p>Dedicated compliance auditors conduct spot checks on candidate records, to ensure that the appropriate vetting checks and due diligence are carried out in line with legal and contractual requirements.</p>
Reliance on technology The Group continues to develop and integrate new systems to improve performance. Business activities are increasingly reliant on system performance and integrity (Hays' and its clients' systems) to deliver service to clients and workers. A large amount of confidential data is held in these systems.	<p>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.</p> <p>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.</p> <p>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.</p>
Contract risk The Company enters into contractual arrangements with clients, some of which can be onerous in terms of required activities.	<p>During contract negotiations management seeks to minimise risk and ensure that the nature of risks and their potential impact is understood.</p> <p>Our legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in contracts.</p> <p>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.</p> <p>The Group Finance Director reviews and approves contracts with non-standard terms.</p>
Foreign exchange The Group has significant operations outside the UK and is therefore exposed to foreign exchange translation risk.	<p>Profits from Australia and Euro-based markets are a material proportion of the Group's profitability. There is no active management of translation foreign-exchange risk, however, we continue to monitor our policies in this area.</p>

CORPORATE GOVERNANCE REPORT CONTINUED

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 advisers.

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. Lesley will be stepping down from the Board at the conclusion of the Company's Annual General Meeting to be held on 9 November 2011 and, following the Annual General Meeting, Paul Harrison will become the Senior Independent Director.

We are delighted to inform shareholders that our Investor Relations team has been recognised as ranking eighth out of 60 European support and business services companies in the 2011 Thomson Reuters Extel Survey of investor relations professionals. We believe that this demonstrates 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.

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 9 November 2011. 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 (where appropriate). 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 advisers

Legal, financial, remuneration and communications advisers 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 pro forma letter of appointment for the non-executive directors;
- latest news and press releases; and
- webcasts and interviews given by our executive directors.

BOARD FOCUS IN THE 2011 FINANCIAL YEAR

What the Board has done in the year

Developing a successful strategy

- Regularly received reports on the Group's strategic performance
- Received progress reports on the Group's IT infrastructure projects
- Attended a strategy day, with the members of the Management Board, at which key strategic matters were discussed
- Visited operations in Australia and China during which presentations were given by the senior management team on performance and opportunities and the Board undertook a visit of operations
- Reviewed the operations and strategy plans for each of the Group's regions
- Approved the expansion of operations into new countries

Ensuring appropriate financial management

- Regularly received reports on the Group's financial performance
- Approved financial announcements for publication
- Approved the annual budget
- Approved the interest rate hedging policy

Implementing governance and ethics and monitoring risk

- 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 Anti-Bribery and Corruption Policy
- Reviewed regular reports on legal and compliance matters from the Company Secretary
- Reviewed Board and committee effectiveness
- Reviewed and approved changes to the Terms of Reference of the Audit, Nomination and Remuneration Committees

Motivating employees

- Considered the results from TALKback, the Group's employee engagement survey

Engaging with investors

- Received regular updates on views and concerns from investors
- Considered the Company's investor relations strategy

Building strong leaders

- Assessed 'Fast Forward', the leadership development programme for senior managers and received presentations from certain participants
- Considered the tools employed in the leadership and development strategy
- Reviewed the Group's succession plans and assessed risks and options

Main committee activities

Audit Committee

- Received reports from Internal Audit on the findings of their work and reviewed and approved the updated Internal Audit plan
- Received reports from the Tax, Treasury, Insurance and Compliance functions
- Reviewed credit control in the UK
- Considered the external audit plan and reviewed the results of the audit
- Assessed the performance of the key individuals in the Group, Asia Pacific and UK finance teams
- Reviewed the risk management and controls framework and their effectiveness
- Reviewed the performance and effectiveness 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

Nomination Committee

- Led the process for the appointment of a new non-executive director
- Reviewed the composition of the Board and its committees
- Considered directors' annual re-election as recommended by the Code

Remuneration Committee

- Reviewed the incentive framework for executive directors and senior management, taking risk into account
- Considered and approved the outturn of the annual bonus awards for the executive directors for the 2010 financial year
- Considered feedback received from investors regarding the performance conditions for the Performance Share Plan award granted in the 2011 financial year
- Considered and approved the targets for the Performance Share Plan and deferred bonus awards made in the 2011 financial year
- Considered the annual bonus targets for the executive directors for the 2011 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.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
No. held	8	4	2	6
No. attended				
Alan Thomson ⁽¹⁾	6	–	–	–
Alistair Cox	8	–	–	–
William Eccleshare	8	4	2	6
Paul Harrison	8	4	2	6
Lesley Knox	8	4	2	6
Richard Smelt ⁽²⁾	8	1	2	6
Paul Stoneham	8	4	2	6
Paul Venables	8	–	–	–
Bob Lawson ⁽³⁾	4	–	1	–

(1) Alan Thomson was appointed to the Board on 1 October 2010 and attended all meetings held since his appointment.

(2) Richard Smelt was appointed as a member of the Audit Committee on 23 March 2011 and attended all Audit Committee meetings held since his appointment.

(3) Bob Lawson retired from the Board on 10 November 2010 and attended all meetings held prior to his retirement, except for one Nomination Committee meeting which concerned the succession of the Chairmanship and was chaired by Lesley Knox as Senior Independent Director.

CORPORATE GOVERNANCE REPORT CONTINUED

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 and its committees when appropriate. During the year, the Board received updates from the Company Secretary and from Freshfields Bruckhaus Deringer LLP, the Company's external legal advisers, regarding regulatory changes and new legislation, the Remuneration Committee received updates from their external advisers, PricewaterhouseCoopers LLP, regarding regulatory and governance changes and recent developments in shareholder sentiments, and the Audit Committee received updates from Deloitte on developments in accounting standards and company regulations.

Performance evaluation

This year the Board undertook an internal review of the effectiveness of the Board, its committees and individual members, having carried out an external review with Egon Zehnder in 2010. As part of the review, each director (other than the Chairman) completed a questionnaire comprising questions relating to:

- information flows, board papers and agenda composition;
- controls;
- board dynamics and relationships;
- discussion topics and decision making;
- value creation, strategy and performance; and
- the effectiveness of the Audit, Nomination and Remuneration Committees.

The completed questionnaires were sent to the Company Secretary who compiled a report on the results of the evaluation for the Chairman's consideration. The Chairman met with each of the directors individually to discuss the results of the review and their responses, and to provide constructive feedback. The Senior Independent Director also met with the other non-executive directors to appraise the performance of the Chairman, having consulted with the executive directors. The findings of the 2011 performance evaluation were then considered by the Board and certain actions will be implemented as a result.

Board and committee performance

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 appraised 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.

Various actions arising from the review will be addressed in the coming year, including consideration of the use of board pack technology to facilitate meetings, increasing the Board's focus on strategy and execution, facilitating external briefings on key issues affecting the Group and providing additional training updates on governance and regulatory matters, and continued operational focus in relation to efficiency improvements. Looking forward, the Board will continue to ensure that it has the appropriate balance of skills and experience in relation to the strategic objectives of the business.

The Audit Committee also undertook its own separate review, details of which are reported in the Audit Committee Report on page 43.

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 48 to 57.

The non-executive directors, led by the Senior Independent Director, met without the Chairman present to appraise his performance during the year.

Following the performance evaluation review, the Chairman is satisfied that each of the directors, who will all be put forward for reappointment at the forthcoming Annual General Meeting, remains independent in character and judgement. As William Eccleshare and Paul Stoneham will extend their terms of office beyond six years, the Nomination Committee has given their performances particular consideration, as required by the Code, taking into account the need for progressive refreshing of the Board. Each of the directors being put forward for reappointment at the 2011 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.

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.

NOMINATION COMMITTEE REPORT



ALAN THOMSON NOMINATION COMMITTEE CHAIRMAN

DEAR SHAREHOLDER

The Nomination Committee (the 'Committee') is appointed by the Board and consists of independent non-executive directors of the Company. The quorum for the transaction of business is three. The Committee's terms of reference include all matters required by the UK Corporate Governance Code (the 'Code'). The terms of reference are reviewed periodically by the Committee and any changes are then referred to the Board for approval. The terms of reference of the Committee are available on the Company's website, haysplc.com. Changes were made to the Committee's terms of reference on 31 August 2010 in line with the Code, which applied to the Company from 1 July 2010. The changes included an annual review of the structure, size and composition of the Board and to consider the benefits of diversity, including gender, when identifying suitable candidates. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk.

Composition of the Nomination Committee

The Committee is chaired by the Chairman of the Board, as recommended by the Code. Alan Thomson was appointed as a member and Chairman of the Committee on 10 November 2010, succeeding Bob Lawson following his retirement from the Board at the 2010 Annual General Meeting. Lesley Knox, as Senior Independent Director, led the process for appointing the new Chairman. Bob Lawson did not attend Committee meetings which concerned the succession of the Chairmanship. The process for the succession of the Chairmanship was described in the Company's 2010 Annual Report & Financial Statements.

Lesley Knox, William Eccleshare, Paul Harrison, Richard Smelt and Paul Stoneham were all members of the Committee throughout the year. The Secretary attends meetings of the Committee and, by invitation, the Chief Executive and the Group Finance Director may also attend meetings as required. The Committee can seek professional advice at the Company's expense.

Role of the Nomination Committee

The Committee reviews the structure and composition of the Board annually to ensure it remains appropriate for the needs of the business and plans for the progressive refreshing of the Board. It leads the process for the identification and selection of new directors and makes recommendations to the Board in respect of such appointments, taking into consideration the benefits of diversity. It also makes recommendations to the Board on committee membership, including the chairmanship of the committees.

Main activities of the Nomination Committee

The Committee formally met twice during the year and held various informal discussions. Amongst other things, it considered the recommendation to appoint Alan Thomson as a director and Chairman of the Board, the composition of the Board, the Committee's terms of reference, directors' annual retirement as recommended by the Code, the succession of the Audit and Remuneration Committee

chairmanships and the search for a new non-executive director, which is described in the next section of this Report.

Succession

As announced on 19 May 2011, Lesley Knox will be stepping down from the Board on conclusion of the Annual General Meeting to be held on 9 November 2011. Paul Harrison will take over as Senior Independent Director and Chairman of the Remuneration Committee.

Victoria Jarman will be joining the Board as a non-executive director on 1 October 2011 and will succeed Paul Harrison as Chairman of the Audit Committee on conclusion of the Annual General Meeting. At the Annual General Meeting shareholders will be asked to reappoint Victoria Jarman as a director of the Company.

Alan Thomson, as Chairman of the Nomination Committee, led the process for appointing the new non-executive director to the Board. The Zygos Partnership, an external search consultancy, was engaged to lead the search. Alan Thomson briefed Zygos as to the personal attributes needed in the new non-executive director with regard to the business, its future direction and the role to be undertaken. The Board considered that individuals with business to business and professional services backgrounds would be particularly relevant, as would individuals with strong international experience and credibility within the investment community. Style and cultural fit with Hays were also important considerations, as was boardroom diversity in light of the Lord Davies report.

Zygos produced a shortlist of candidates. Selected members of the Board met with the shortlisted candidates and all members of the Nomination Committee and the executive directors met with Victoria Jarman prior to selection.

Victoria was considered to be the ideal candidate given her background and experience and met the Board's criteria. Victoria is a Chartered Accountant, having spent her early career at KPMG. She was formerly Chief Operating Officer of Lazard's London and Middle East operations and a member of its European Management Committee. Victoria is a non-executive director of De La Rue plc and a member of its audit and nomination committees. In addition to her accounting skills, she will bring a wealth of international corporate finance and operational experience, which will be valuable as the Group continues to broaden its business across a wide range of disciplines and geographies. The Board is delighted that she will be joining the Company.

Alan Thomson and Lesley Knox will be available at the 2011 Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Nomination Committee.

Alan Thomson

Nomination Committee Chairman

AUDIT COMMITTEE REPORT



PAUL HARRISON **AUDIT COMMITTEE CHAIRMAN**

DEAR SHAREHOLDER

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

Composition of the Audit Committee

Paul Harrison, an independent non-executive director, will continue to chair the Committee until the conclusion of the Company's Annual General Meeting to be held on 9 November 2011, when he will be succeeded as Committee Chairman by Victoria Jarman. Lesley Knox, William Eccleshare and Paul Stoneham were members of the Committee throughout the year and Richard Smelt was appointed as a member of the Committee with effect from 23 March 2011. Lesley Knox will stand down from the Committee when she retires from the Board at the conclusion of the Annual General Meeting.

Paul Harrison, a Chartered Accountant, is Group Finance Director of The Sage Group plc. As such, he is considered suitably qualified to be the Audit Committee Chairman. Victoria Jarman is a Chartered Accountant, has a corporate finance and investment background and is considered to be similarly suitably qualified. The qualifications (both formal and by experience) of the other members of the Committee can be found in the Corporate Governance Report on pages 32 and 33.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive, Group Finance Director, Head of Internal Audit, Group Financial Controller and external Auditor attend the 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 five independent non-executive directors and two members constitute a quorum.

Role of the Audit Committee

During the year, the Committee reviewed the Committee's terms of reference. These were considered to be in line with best practice and only minor changes were necessary to reflect the revised 2010 ICSA's Guidance for Audit Committees. The terms of reference of the 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, reappointment 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 2011. Attendance at meetings is shown on page 39.

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

Financial statements

The 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 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, it is required to introduce a new audit partner every five years. The current audit partner has been in place for five years and this represents his last year as audit partner for the Hays audit. Following meetings with the Committee Chairman and the Group Finance Director a new audit partner has been appointed. He has been involved in aspects of the audit of the financial statements for the year ended 30 June 2011 in order to familiarise himself with the Group's activities.

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 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 of the audit work, considered and approved 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 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 the Auditor's independence and objectivity has not been impaired as a result. Details of fees paid to Deloitte LLP and its associates during the financial year are set out in note 7 to the Consolidated Financial Statements on page 69.

After due and careful consideration, taking account of the processes above, the Committee has recommended to the Board that Deloitte LLP be reappointed as the Company's Auditor at the Annual General Meeting to be held on 9 November 2011.

[Risk management and internal control](#)

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

During the year, the Committee reviewed the terms of reference of the Internal Audit function and only minor changes were necessary.

During the year, the Committee reviewed the performance and effectiveness of the Head of Internal Audit and of the Internal Audit function through an internal review process, seeking 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 IT and HR processes, contract management and compliance.

Internal Audit reports include recommendations agreed with management to improve the effectiveness and efficiency of internal controls. At each meeting, the Committee received a summary of new audit findings and separate 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 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 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 Committee will be available at the 2011 Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Audit Committee.

Paul Harrison

[Audit Committee Chairman](#)

OTHER STATUTORY INFORMATION

Directors

The following were directors during the year and held office throughout the year, unless otherwise indicated:

Bob Lawson, Chairman ⁽¹⁾	Paul Harrison ⁽³⁾
Alan Thomson (Chairman) ⁽²⁾	Lesley Knox ⁽³⁾
Alistair Cox, Chief Executive	Richard Smelt ⁽³⁾
Paul Venables, Group Finance Director	Paul Stoneham ⁽³⁾
William Eccleshare ⁽³⁾	

(1) Retired on 10 November 2010.

(2) Appointed 1 October 2010.

(3) Independent non-executive director.

Biographical details for all current directors are shown on pages 32 and 33.

Structure of share capital

In accordance with the Companies Act 2006 (the Act), the Company no longer has an authorised share capital. As at 30 June 2011, the Company's issued share capital of £14,640,965.66 comprised 1,464,096,566 Ordinary shares of 1 pence each. No shares were allotted during the year.

During the year from 1 July 2010 to 30 June 2011, the Company did not purchase any Ordinary shares of the Company.

Chapter 6 of Part 18 of the 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 2011, 79,851,635 Ordinary shares of 1 pence each were held in treasury. During the year to 30 June 2011, 344,692 shares held in treasury were transferred to satisfy awards of shares under the Company's employee share schemes and a further 31,603 shares were transferred to the Hays plc Employee Share Trust to satisfy future option exercises under the Hays UK Sharesave Scheme and the Hays International 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 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 30 June 2011, 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
Virtus Trust Limited	Direct	5.78%
Capital Research and Management Co	Indirect	5.13%
Cedar Rock Capital Limited	Direct	5.09%
Templeton Global Advisors Limited	Indirect	5.00%
Baillie Gifford & Co	Indirect	Below 5%
Morgan Stanley Investment Management Limited	Direct	Below 5%
Majedie Asset Management Limited	Indirect	4.98%
Legal & General Group Plc	Direct	3.99%
Barclays Global Investors	Indirect	3.96%

No further disclosures have been received by the Company between 30 June 2011 and the date of this Annual Report. A further update to significant shareholdings will be provided in the Notice of the 2011 Annual General Meeting.

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 10 November 2010, shareholders authorised the directors, until the conclusion of the Annual General Meeting to be held on 9 November 2011, to purchase up to 138,421,332 Ordinary shares of 1 pence each in the Company and to allot new shares up to an aggregate nominal amount of £4,614,044, 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 2012 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 reappointment.

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, 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.

The Articles of Association prescribe that 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 reappointment must retire by rotation. A retiring director is eligible for reappointment. The 2010 UK Corporate Governance Code recommends that all directors be subject to annual re-election by shareholders. Therefore, with effect from the Annual General Meeting to be held on 9 November 2011, all directors will offer themselves for annual re-election.

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 Company's business is dependent upon our employees. 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.

The Group continues to be 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. Our leadership development programmes for our top global leaders, 'Fast Forward' and the Advanced Management Programme, continue to be implemented to ensure the development of 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 re-training. 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 2011 Corporate Responsibility Report which is available on the Company's website, haysplc.com.

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 2011 were an average of 32 (2010: 32). The Company creditor days for the year ended 30 June 2011 were 32 (2010: 32).

Charitable and political donations

Group charitable donations made during the year totalled £219,000 (2010: £183,000). No payments were made to political parties.

The charitable donations were made to the following good causes:

	£'000
Cancer research and care	118
Children's charities	40
Disaster relief	37
Educational support	22
Humanitarian aid	2
Total	219

Environment

Whilst the Company's business has a low impact on the environment, the Company aims to achieve continuous improvement in environmental performance and to prevent pollution. Wherever possible, we seek to minimise our impact by reducing our use of energy, water and raw materials and increasing efficiency.

More information on the Group's environmental activities is set out in the 2011 Corporate Responsibility Report, which is available on the Company's website, haysplc.com.

Auditor

Deloitte LLP has indicated that it is willing to continue in office. Its reappointment, at a remuneration to be agreed by the directors, will be proposed at the forthcoming Annual General Meeting.

Change of control — significant agreements

On 1 July 2010 the Company renewed its unsecured revolving credit facility at a reduced amount of £300 million. The terms of the agreement include a provision for a lending counterparty to amend, alter or cancel the relevant commitment to the Group following a change of control of the Company. As at 30 June 2011, £115 million of this facility had not been drawn.

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 Act, 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 2b to the Consolidated Financial Statements on page 63.

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 Act. 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 Act, each of the directors as at 31 August 2011 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 Act.

This Directors' Report comprising pages 1 to 47 has been approved by the Board and signed on its behalf by:

Alison Yapp

Company Secretary

31 August 2011

Registered Office 250 Euston Road, London NW1 2AF

Company Registered in England and Wales No. 2150950

CAUTIONARY STATEMENT

This Annual Report (comprising the Directors' Report on pages 1 to 47 and the Remuneration Report on pages 48 to 57) and the financial statements on pages 59 to 95 (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. No representation or warranty, express or implied, is or will be made in relation to the accuracy, fairness or completeness of the information or opinions made in this Report. Statements in this Report reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this Report may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance 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. The information contained in this Report is subject to change without notice and no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this Report 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 or subscribe for any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company or any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this Report shall be governed by English Law, and neither the Company nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Report or its contents so otherwise arising in connection with this Report. Nothing in this Report shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

REMUNERATION REPORT

LESLEY KNOX REMUNERATION COMMITTEE CHAIRMAN

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DEAR SHAREHOLDER

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

2011 performance and reward

This year has seen a strong recovery for the Group following two years of challenging economic conditions. The business returned to growth, with an increase in net fees of 21% and a 42% (before exceptional items) increase in operating profit. At the same time, we have continued to invest for the long term, including expansion into new markets and the development of our people, our brand and industry-leading technology systems.

Given the Group's results, the Committee believes that it is appropriate to pay bonuses for achieving agreed performance targets for the 2011 financial year. Bonuses for executive directors for 2011 ranged between 101% (2010: 110%) and 102% (2010: 112%) of salary and are set out in more detail in the table on page 51. Of the bonus awarded, 60% will be paid in cash and 40% will be deferred in shares 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 deferral period.



2011 Remuneration Committee activities

The Committee's activities for the 2011 financial year have included:

- a review of the basic pay, bonus and Performance Share Plan (PSP) awards of the executive directors, and other senior executives;
- a consideration of the appropriateness of the existing arrangements for the 2012 financial year;
- a review of the reward strategy in the context of Group risk; and
- a consideration of the relationship between executive reward and the reward structures in place for other Group employees.

2012 Remuneration arrangements

Base salaries for the executive directors have been frozen since July 2008. The Committee believed that it was appropriate to increase their base pay by 3% with effect from 1 July 2011 in line with the market and the average base pay increase for other employees based in the UK.

The Remuneration Committee agreed a new structure in 2009 for the annual bonus, deferred bonus and PSP awards for executive directors and other Management Board members, with the aim of creating arrangements that would be enduring over a number of business cycles. The Committee believes that the structure of these arrangements remains appropriate and no changes will be made to the structure or levels of the annual bonus, deferred bonus or PSP awards for the 2012 financial year. The comparator group for the TSR component of the PSP award also remains unchanged.

The Committee continues to review the executive reward arrangements in the light of comment from shareholders and representative groups and the provisions of the UK Corporate Governance Code, and is satisfied that these arrangements are compliant. The Committee unanimously recommends that shareholders vote to approve the Remuneration Report at the 2011 Annual General Meeting.

As we have already announced to shareholders, I will be stepping down from the Board at the conclusion of this year's AGM and as Chairman of the Remuneration Committee and Senior Independent Director. I am delighted that Paul Harrison, who will be relinquishing his responsibilities as Chairman of the Audit Committee, will be appointed Chairman of the Remuneration Committee and Senior Independent Director with effect from the conclusion of the AGM.

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 (AGM) of the Company to be held on 9 November 2011. In carrying out its functions, the Remuneration Committee (the Committee) has followed the provisions of Schedule A to the June 2010 UK Corporate Governance Code (the Code) which is published by the Financial Reporting Council. Further information on the Code can be found on the Financial Reporting Council's website, frc.org.uk.

Composition and terms of reference of the Remuneration Committee

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the executive directors, the Chairman and other senior executives. The Company consults with key shareholders in respect of remuneration policy and the introduction of new incentive arrangements. During the year the Committee recommended minor changes to its terms of reference to the Board to take into account the ICSA's Guidance on Remuneration Committee Terms of Reference issued in October 2010. 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 Committee was chaired by Lesley Knox throughout the year under review. Lesley Knox will be stepping down as a director of the Board and Chairman of the Remuneration Committee at the conclusion of this year's AGM to be held on 9 November 2011. Paul Harrison, who will relinquish his role as Chairman of the Audit Committee, will be appointed Chairman of the Committee at the conclusion of the AGM. 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, Group HR Director and Group Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. The Chief Executive and Group Finance Director also attended by invitation on occasions. The Committee met six times during the financial year ended 30 June 2011. Meeting attendance is shown on page 39 of this Annual Report.

Advisers to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP (PwC) as independent remuneration adviser. 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 IT project regarding management information systems.

Freshfields Bruckhaus Deringer LLP, which acts as the Company's principal legal adviser, provided legal advice to the Committee in the financial year.

Remuneration policy

The Committee determines the remuneration policy for the executive directors, Chairman and other senior executives for current and future years and this is reviewed on an annual basis. The remuneration policy is designed to support the strategic objectives of the Company and to allow the business to attract, retain and motivate the quality of senior management needed to shape and execute strategy and deliver shareholder value. The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice. Future reports, which will continue to be subject to shareholder approval, will describe any changes in this policy.

The policy is designed around the following key principles:

- a strong link between reward and individual and Company performance to align the interests of senior executives with those of shareholders;
- maintain a competitive package against businesses of a comparable size in the FTSE and comparable peer group businesses in the recruitment sector with reference to the breadth of the role and experience the role holder brings to the Company;
- operate a consistent reward and performance philosophy throughout the business;
- encourage a personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- provide a balanced package with a focus on variable pay; and
- take into account the associated risks of each aspect of remuneration.

The Committee has considered how the remuneration policy reflects Hays' principal risks (set out on page 37) and, where appropriate, can mitigate these. The table below sets out how the incentive arrangements serve this purpose through the combination of the performance measures chosen and the overall link to share price through deferral and shareholding requirements.

	ANNUAL BONUS	BONUS DEFERRAL	PERFORMANCE SHARE PLAN (PSP)	SHAREHOLDING REQUIREMENTS
Cyclical nature of our business				
Business model risk				
Talent				
Compliance risk				
Reliance on technology				
Contract risk				
Foreign exchange				

GOVERNANCE AND CONTROLS →

- Directly supports management action to mitigate principal risk through selected performance conditions
- Close linkage to management action to mitigate principal risk through a combination of selected performance conditions and shareholding
- Linkage to management action to mitigate principal risk through shareholding

REMUNERATION REPORT CONTINUED

How the executive directors were paid in 2011

It is the Company's policy to take into account the pay and employment conditions of employees throughout the Group when determining directors' remuneration. The base pay of Group employees based in the UK, including the executive directors, was frozen for the 2010 and 2011 financial years. During the year the Committee received a paper from the Group HR Director providing an overview of remuneration levels within the organisation as a whole. The Committee believed it was appropriate to increase the base pay of the executive directors

by 3% with effect from 1 July 2011, in line with the market and the average base pay increase for other relevant employees based in the UK.

The table below sets out the key elements of the Company's remuneration policy for the executive directors for the 2011 and 2012 financial years.

ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION PACKAGE FOR 2011 AND 2012 FINANCIAL YEARS

	Objective	2011 policy	2012 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.	3% increase.
Annual bonus	<p>One-year performance conditions are designed to align reward to key objectives relating to the Group's financial performance and operational strength.</p> <p>The earnings per share metric is a key performance measure aligned with shareholder interests.</p> <p>The cash conversion measure promotes free cash flow through working capital and capital expenditure control and is a key indicator of the efficiency of the business.</p> <p>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.</p>	<p>Maximum 125% of base salary.</p> <p>60% of bonus taken in cash and 40% deferred into shares.</p> <p>Bonus performance conditions⁽¹⁾</p> <p>Earnings per share (60%)</p> <p>Cash conversion (20%)</p> <p>Personal objectives (20%)</p>	<p>Maximum 125% of base salary.</p> <p>60% of bonus taken in cash and 40% deferred into shares.</p> <p>Bonus performance conditions</p> <p>Earnings per share (60%)</p> <p>Cash conversion (20%)</p> <p>Personal objectives (20%)</p>
Bonus deferral (Pages 54 and 55)	<p>A significant proportion of bonus is deferred into shares subject to a three-year restricted period.</p> <p>The deferral assists with the retention of executive directors and aligns their interests with those of shareholders.</p>	<p>Compulsory deferral of 40% of annual bonus into shares.</p> <p>No match.</p>	<p>Compulsory deferral of 40% of annual bonus into shares.</p> <p>No match.</p>
Performance Share Plan (PSP) award (Page 55)	<p>Aligns executive director interests with those of shareholders and incentivises them to pursue superior results within the limits of the Group's risk appetite.</p> <p>The TSR metric measures the relative return from Hays shares against a basket of comparator companies, providing alignment with shareholders' interests. The EPS metric is also a key performance measure aligned with shareholders' interests.</p>	<p>Awards of 175% of base salary.</p> <p>Award performance conditions⁽²⁾</p> <p>Total shareholder return (50%)</p> <p>Cumulative earnings per share (50%)</p>	<p>Awards of 175% of base salary.</p> <p>Award performance conditions⁽²⁾</p> <p>Total shareholder return (50%)</p> <p>Cumulative earnings per share (50%)</p>
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	To provide competitive employment benefits.	<p>Car benefit or equivalent.</p> <p>Private medical insurance.</p> <p>Permanent health insurance.</p> <p>Life assurance of four times base salary.</p>	<p>Car benefit or equivalent.</p> <p>Private medical insurance.</p> <p>Permanent health insurance.</p> <p>Life assurance of four times base salary.</p>
Maximum variable pay	Maximum variable pay as a percentage of basic salary.	300%	300%

Notes:

(1) The bonuses paid to Mr A R Cox and Mr P Venables for the 2011 financial year as a percentage of base salary were 100.6% and 101.8% respectively. Details of the performance conditions for 2011 bonuses are set out in the table on page 51.

(2) 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 2011 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 potential maximum bonus awards including the face value of awards made under the deferred bonus arrangements and Performance Share Plan as stated on pages 54 and 55.
- (2) Fixed compensation comprises salary, pension contribution and other benefits as stated in the table on page 54.

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 2011 financial year. The Company's long-term incentives primarily comprise the Performance Share Plan and the Deferred Annual Bonus Plan.

The Committee reviews the operation of these plans annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances, and to ensure that there are no features of the plans that could inadvertently motivate irresponsible behaviour.

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 2011, the headroom available under these limits was 59% and 39%, respectively.

Performance Share Plan

The Performance Share Plan 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 2011 financial year were capped at 175% for executive directors and 120% for other senior executives, the same as for the 2010 financial year.

Approximately 360 key executives, including Alistair Cox, Paul Venables and eight other Management Board executives, participated in PSP awards made in September 2010. 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. The last deferral to be eligible for a matching award was in relation to the 2009 financial year bonus and no further matching awards will be made.

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

All-employee share schemes

The Company has continued to operate the Hays UK Sharesave Scheme (which is HMRC approved and is open to all eligible staff in the United Kingdom) and the Hays International Sharesave Scheme (which is open to staff in certain other key countries where the Group has operations). In the 2011 financial year, options over 1,594,144 shares at a price of 112 pence per share, representing a 10% discount to market value, were granted to 442 participants under both schemes. The overall participation rate for all current schemes remains good at 26.8% of eligible employees.

The executive directors' interests in outstanding options and awards, including performance conditions, are detailed in the audited section of this Report from page 54 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, cyclical nature 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 retesting of performance. The bonus awards payable in respect of the 2011 financial year, as reported on page 54, 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 2011 bonuses for the executive directors are shown in the table below.

Financial targets for executive directors' 2011 annual bonuses

	Performance	Value	Payment percentage
EPS (60%) ⁽¹⁾	Maximum	4.83p	100%
	Target	4.39p	60%
	Threshold	4.17p	20%

	Performance	Percentage conversion	Payment percentage
Cash Conversion (20%) ⁽²⁾	Maximum	101%	100%
	Target	86%	60%
	Threshold	71%	20%

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

Notes:

- (1) The basic EPS threshold was set at 95% of budget, target at 100% of budget and maximum at 110% of budget. The targets and actual performance were measured at budget exchange rates. On this basis the EPS result for the 2011 financial year was 4.74 pence, which was between the target and maximum figures and 91.8% of the EPS element of the bonus is payable.
- (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 2011 financial year of 79.2% was between the threshold and target figures and 41.9% of this element of the bonus is payable.
- (3) The personal objectives for the Chief Executive included planning and prioritising the strategic expansion of the business into new markets; implementing specific market productivity plans; the development of the Group's management capability; and identifying how to exploit the new systems and technical architecture. Those for the Group Finance Director included a number of targets relating to the development of the Group's strategic planning process; the identification and acquisition of new shareholders as part of the investor relations strategy; the assessment of potential acquisition targets and, where appropriate, the funding, completion and integration of any targets; and ensuring the benefits of recent back-office system implementations are realised through cost savings and the use of improved management information tools. Progress against these objectives has been good but this element will not pay out in full.

REMUNERATION REPORT CONTINUED

The performance conditions for outstanding long-term incentive arrangements can be found on page 56 of this Report. The emoluments of the executive directors and their share interests are set out on pages 54 to 57.

Incentive structure for the 2012 financial year

The overall incentive structure for the financial year 2012 is unchanged. The Committee Chairman's introduction on page 48 and the policy table on page 50 summarise the approach taken for the 2012 financial year. This section provides more detail on the bonus and share incentive arrangements for 2012. There are no changes to the structure of the bonus, deferred bonus or the PSP for 2012 and the levels of remuneration, other than basic salaries, are unchanged.

Bonuses for 2012 financial year

The structure of bonus arrangements for the 2012 financial year remains unchanged.

Annual bonus structure

	2011	2012
Maximum bonus as % of base salary	125%	125%
Proportion of maximum based on financial measures:		
– EPS	80%	80%
– Cash Conversion	60%	60%
– Cash Conversion	20%	20%
Proportion of maximum based on personal objectives	20%	20%
Proportion of bonus payable subject to compulsory deferral	40%	40%

Of any bonus awarded, 40% will be compulsorily deferred into restricted shares for a period of three years, subject only to continued employment. 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. Suitably 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 2012 financial year

The PSP awards for the 2012 financial year will again be based 50% on total shareholder return (TSR) relative to a sector peer group of companies and 50% on cumulative EPS. The 2012 PSP award structure for the executive directors is shown in the table below.

PSP incentive structure

	2011	2012
PSP award as % base salary	175%	175%
TSR target relative to comparator group	50% of award	50% of award
– Maximum (100% vesting)	Upper quartile	Upper quartile
– Threshold (25% vesting)	Median	Median
Cumulative EPS target	50% of award	50% of award
– Maximum (100% vesting)		
– Threshold (25% vesting)		

Similar arrangements are 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 (25%) are unchanged.

In the same way as for the previous year's awards, the Committee will set EPS targets using market consensus (reflecting the current point in any cycle) being a range of +/- 4% around the consensus forecast EPS as the starting point for the three-year cycle with a range of RPI plus 4% to RPI plus 12% over the remaining two years of the cycle for threshold and maximum payment respectively. The Committee considers this range to remain appropriate over several cycles. For each new award granted, the Committee reviews the range to ensure it remains appropriate.

No changes have been made to the structure of the performance targets and the composition of the comparator group for the TSR component of the awards to be made for the 2012 financial year.

The intended constituents of the comparator group for the 2012 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 for the 2012 financial year.

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 requires the Chief Executive to build and maintain a shareholding in the Company of at least two-times base salary and any other executive directors to build and maintain a shareholding of at least one-times base salary over a reasonable time frame, which would normally be five years. Other Management Board executives are actively encouraged to build a significant shareholding in the Company over a similar time frame.

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
A R Cox	Sept 2007	Indefinite	One year
P Venables	May 2006	Indefinite	One year

Bob Lawson, who served as a director of the Company under a service agreement dated 16 March 2001, retired as Chairman of the Company at the 2010 Annual General Meeting. No compensation was paid to him on retirement.

Alan Thomson's arrangements as Chairman

Alan Thomson, who succeeded Bob Lawson as Chairman on 10 November 2010, serves the Company under a letter of appointment. This provides for an annual fee at the rate of £230,000. This level of fee was set by the Committee following a market review of the remuneration of company chairmen in similar groups to Hays. Taking this into account, the Committee determined there should be no change to the Chairman's remuneration for the 2012 financial year.

Non-executive directors

The payment policy for non-executive directors is to pay the market rate to secure persons of a suitable calibre for a group of this size. The remuneration of the non-executive directors is determined by the Board. The responsibility of the role and international nature of the Group are fully considered when setting the fee levels, along with external benchmarking market data on the chairmanship of, and participation in, Board committees. There has been no increase in the fees paid to the non-executive directors in the year.

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 have agreed to annual retirement and reappointment by shareholders at the Company's annual general meeting and appointments can be terminated immediately by the Company. Letters of appointment are available for review from the Company Secretary and a pro forma letter of appointment can be viewed on the Company's website, haysplc.com.

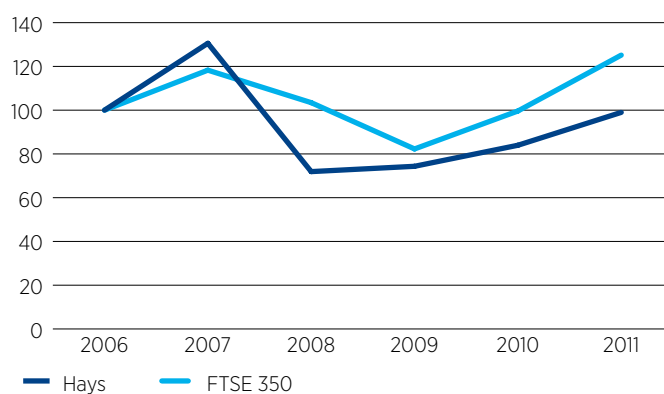
Policy on external appointments

The Company permits its executive directors to hold one external non-executive directorship and all fees paid are retained by the director. Alistair Cox is a non-executive director of 3i Group plc and Paul Venables is a non-executive director of Wincanton plc. The directors retained fees of £57,000 and £45,000 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 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 CONTINUED

INFORMATION SUBJECT TO AUDIT

Emoluments

The emoluments of the directors are shown below:

(In £s thousand)	2011 Salary/ fees	2011 ⁽¹⁾ Bonus paid in cash	2011 ⁽¹⁾ Bonus deferred into shares	2011 Payments in lieu of pension contributions	2011 ⁽²⁾ Benefits- in-kind	2011 Total emoluments	2010 Total emoluments
A M T Thomson ⁽³⁾	165	–	–	–	–	165	–
A R Cox	630	380	254	189	42	1,495	1,564
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	278	185	136	26	1,079	1,117
R A Lawson ⁽⁴⁾	91	–	–	–	10	101	254
Total	1,618	658	439	325	78	3,118	3,213

The remuneration of the highest paid director, Mr A R Cox, was £1,495,000.

Notes:

- (1) Messrs Cox and Venables are required to compulsorily defer 40% (£253,512 and £185,053 respectively) of their 2011 annual bonuses into shares for a three-year restricted period. The comparative data for 2010 for Messrs Cox and Venables, also based on 40% compulsory deferral, included bonus deferral into shares of £281,602 and £200,764 respectively.
- (2) 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.
- (3) Appointed to the Board on 1 October 2010 at an annual fee of £230,000 per annum.
- (4) Retired from the Board on 10 November 2010.

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 56.

Bonus deferral linked to matching awards

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

Notes:

- (1) The directors were required to defer a minimum of 25% and could voluntarily defer up to 100% of their pre-tax bonuses for the 2007/08 financial year into shares subject to a three-year restricted period. Matching shares were awarded, subject to the satisfaction of performance conditions over a three-year period. Dividend equivalent shares will be transferred to the directors in respect of any matching shares that vest. The market price per share on the award date was 73.5 pence. See also Note 4.
- (2) 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 first 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.
- (3) Mr P Venables was required to defer a minimum of 25% and could voluntarily defer up to 100% of his pre-tax bonus for the 2006/07 financial year into shares subject to a three-year restricted period to 30 June 2010. The Committee awarded matching shares to Mr Venables, subject to the satisfaction of performance conditions over the three-year period based on Cumulative EPS (75%) and Cumulative International Net Fees (25%). The performance conditions were not met and consequently the matching share award lapsed on 21 September 2010. The market price per share at the award date was 142.0 pence. See also Note 4.
- (4) On 26 March 2010, in order to enable directors' underpinning shares to be held on a post-tax basis (and as fully described in the 2010 Remuneration Report), the Committee accepted the waiver of certain deferred rights 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. At the end of the restricted period on 27 September 2010, the vested special award granted to Mr Venables over 64,403 shares was released (see also Note 3 regarding the lapse of the related matching share award). The market price per share on the award date of the vested special award was 108.8 pence.

Bonus deferrals not linked to matching awards

	Grant date	30 June 2010	Awarded	Vested	Lapsed	30 June 2011	Earliest vesting date
A R Cox	9 Oct 2009 ⁽¹⁾	378,713	–	–	–	378,713	9 Oct 2012
	9 Sep 2010 ⁽²⁾	–	273,932	–	–	273,932	9 Sep 2013
P Venables	9 Oct 2009 ⁽¹⁾	293,878	–	–	–	293,878	9 Oct 2012
	9 Sep 2010 ⁽²⁾	–	195,295	–	–	195,295	9 Sep 2013

Notes:

- (1) 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 matching shares that vest. The market price per share on the grant date was 107.4 pence.
- (2) The directors were required to defer 40% of their bonuses for the 2010 financial year on a pre-tax basis into shares subject to a three-year restricted period. 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. 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 105.1 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 56.

	Grant date	30 June 2010	Granted	Vested	Lapsed	30 June 2011	Earliest vesting date
A R Cox	5 Sep 2007	766,773	–	–	766,773 ⁽²⁾	–	5 Sep 2010
	13 Oct 2008	440,559	–	–	–	440,559	13 Oct 2011
	9 Oct 2009	1,040,094	–	–	–	1,040,094	9 Oct 2012
	27 Sep 2010 ⁽¹⁾	–	994,138	–	–	994,138	27 Sep 2013
P Venables	5 Sep 2007	414,632	–	–	414,632 ⁽²⁾	–	5 Sep 2010
	13 Oct 2008	317,643	–	–	–	317,643	13 Oct 2011
	9 Oct 2009	749,908	–	–	–	749,908	9 Oct 2012
	27 Sep 2010 ⁽¹⁾	–	716,774	–	–	716,774	27 Sep 2013

Notes:

- (1) The market price per share on the date of grant was 111.5 pence.
- (2) The PSP award was subject to the satisfaction of performance conditions over a three-year period to 30 June 2010 based on Cumulative EPS (50%) and Cumulative Economic Profit (50%). The performance conditions were not met and consequently the PSP awards lapsed on 5 September 2010. The market price per share on the date of award was 168.8 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.

	Grant date	30 June 2010	Granted	Vested	Lapsed	30 June 2011	Vesting
A R Cox ⁽¹⁾	3 Sep 2007	64,516	–	–	64,516	–	2 Sep 2010

Note:

- (1) A Restricted Share Award equivalent to the market value of £600,000 was awarded to Mr A R Cox on joining the Company. Subject to the satisfaction of the conditions summarised below, the award vested in three tranches over the first three years of Mr Cox's employment, starting from 1 July 2007. One-sixth of the award vested each year subject to continuing employment and one-sixth vested each year if the Group PBT growth exceeded RPI + 3% measured from the 30 June 2007 base year. 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 in order to enable the shares to be held on a post-tax basis (and as fully described in the 2010 Remuneration Report). 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 vested special award date of 108.8 pence. On 2 September 2010, the vested special award over 64,516 shares was released to Mr Cox, the continued employment criterion having been met. The second criterion based on Group PBT growth in respect of the remaining element of the final tranche over 64,516 shares was not met. Consequently, this element of the final tranche lapsed on 2 September 2010. The market price per share on the grant date of the original Restricted Share Award was 160.3 pence and of the vested special award was 108.8 pence.

REMUNERATION REPORT CONTINUED

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

October 2008 Matching Awards

Performance period 1 July 2008 – 30 June 2011

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

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

	Performance	Percentage conversion	Vesting percentage
Cumulative Cash Conversion ⁽¹⁾	Maximum	107.2%	100%
(One-third of award)	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⁾	Maximum	17.66p	100%
(One-third of award)	Target	14.72p	60%
	Threshold	11.78p	20%

	Performance	Value	Vesting percentage
Cumulative International	Maximum	£817m	100%
Net Fees ⁽¹⁾	Target	£745m	60%
(One-third of award)	Threshold	£678m	20%

	Performance	Percentage conversion	Vesting percentage
Cumulative Cash Conversion ⁽¹⁾	Maximum	112.6%	100%
(One-third of award)	Target	92.6%	50%
	Threshold	82.6%	20%

PERFORMANCE SHARE PLAN

October 2008 Awards

Performance period 1 July 2008 – 30 June 2011

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

	Performance	Percentage conversion	Vesting percentage
Cumulative cash conversion ⁽¹⁾	Maximum	107.2%	100%
(50% of award)	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⁾	Maximum	Upper quartile	100%
(100% of award)	Threshold	Median	25%

September 2010 Awards

Performance period 1 July 2010 – 30 June 2013

	Performance	RPI+	Vesting percentage
Cumulative EPS ⁽¹⁾⁽⁴⁾	Maximum	12.0% p.a.	100%
(50% of award)	Threshold	4.0% p.a.	25%

	Performance	Percentage conversion	Vesting percentage
Total Shareholder Return ⁽³⁾	Maximum	Upper quartile	100%
(50% of award)	Threshold	Median	25%

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

Notes:

- (1) For awards prior to 2009, 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. For awards from and including 2009, Cumulative EPS is the consolidated basic 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, Australia and New Zealand for each financial year cumulative over the performance period. 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 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 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 prior to the start and the end of the performance period 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 prior to the start of the performance period. The TSR for Hays shares is ranked against the respective TSR performances of Adecco SA, CDI Corporation (2010 award onwards), Kelly Services Inc, Manpower Inc, Michael Page International plc, MPS Group Inc (2009 award only as subsequently acquired by Adecco SA and replaced by CDI Corporation within the comparator group for later awards), 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.
- (4) The lower and upper EPS growth range for the first year of the performance period was based on consensus forecast for that year (being a range of +/- 4% around the consensus forecast EPS of 4.9 pence per share). The EPS growth for the remaining two years requires additional growth of between RPI +4% and RPI +12% per annum to achieve threshold and maximum vesting respectively.

Directors' interest in shares

The beneficial interests of the directors in office as at 30 June 2011 in the Ordinary shares of the Company as at 30 June 2011 are set out below:

Shares as at:	30 June 2011	30 June 2010
A M T Thomson	75,000	–
A R Cox ⁽¹⁾⁽²⁾	1,531,394	1,247,667
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⁾	1,055,125	853,953

There have been no changes in the directors' share interests between 30 June 2011 and the date of this Report. A further update will be provided in the Notice of the 2011 Annual General Meeting.

Notes:

(1) The shares disclosed for Mr A R Cox and P Venables include the deferred shares (net of tax) and deferred rights (gross of tax) held under the bonus deferral arrangements as were outstanding at the stated date as described on pages 54 and 55.

(2) The shares disclosed for Mr A R Cox as at 30 June 2010 include the vested share award over 64,516 shares as described on page 55, which was released to Mr Cox on 2 September 2010.

Share options

Both executive directors participate in the UK Sharesave Scheme on the same terms as other eligible employees. Mr Lawson had certain awards under 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).

The following are options over Ordinary shares held by directors during the year ended 30 June 2011 or as at the date of retirement from the Board:

	Scheme	30 June 2010	Exercised	Granted	Lapsed	30 June 2011	Option price	Date from which exercisable	Expiry date
R A Lawson	1996 CSOP ⁽¹⁾	22,770	–	–	–	22,770 ⁽³⁾	131.75p	19 Sep 2004	19 Sep 2011
	1995 ESOS ⁽¹⁾	374,308	–	–	–	374,308 ⁽³⁾	117.13p	19 Sep 2004	19 Sep 2011
A R Cox	UK Sharesave	9,795	9,795 ⁽²⁾	–	–	–	98.00p	1 May 2011	1 Nov 2011
	UK Sharesave	–	–	8,058	–	8,058	112.00p	1 May 2014	31 Oct 2014
P Venables	UK Sharesave	5,877	5,877 ⁽²⁾	–	–	–	98.00p	1 May 2011	1 Nov 2011
	UK Sharesave	3,903	–	–	–	3,903	93.00p	1 May 2013	1 Nov 2013
	UK Sharesave	–	–	4,834	–	4,834	112.00p	1 May 2014	31 Oct 2014

The market price at 30 June 2011 was 103.0 pence per share. During the year the shares traded in the range 88.4 pence to 133.6 pence per share (prices at mid-market close).

Notes:

(1) Options cannot be exercised under the 1995 ESOS or the 1996 CSOP unless performance criteria are met. The performance criteria require growth in EPS to have exceeded the growth rate in the RPI by 2% per annum in a three-year period prior to exercise. The performance conditions in respect of these awards were satisfied in September 2004.

(2) The market price per share on the date of exercise was 118.2 pence and the gain per share was 20.2 pence.

(3) As at 10 November 2010, being the date Mr Lawson retired from the Board.

By order of the Board.

Alison Yapp

Company Secretary

31 August 2011

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 2011 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, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board of directors' remuneration.

Other matter

We have reported separately on the parent Company financial statements of Hays plc for the year ended 30 June 2011 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 Auditor
London, United Kingdom

31 August 2011

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2011 Before exceptional items	2011 Exceptional items (note 5) & discontinued operations	2011	2010 Before exceptional items	2010 Exceptional items (note 5) & discontinued operations	2010
Turnover							
Continuing operations		3,256.0	–	3,256.0	2,691.1	–	2,691.1
Net fees*							
Continuing operations	4	672.1	–	672.1	557.7	–	557.7
Operating profit from continuing operations	4	114.1	4.1	118.2	80.5	(41.4)	39.1
Finance income	9	1.0	–	1.0	0.7	–	0.7
Finance cost	9	(8.5)	–	(8.5)	(10.1)	–	(10.1)
Profit before tax		106.6	4.1	110.7	71.1	(41.4)	29.7
Tax	10	(35.2)	2.8	(32.4)	(26.6)	3.5	(23.1)
Profit from continuing operations after tax		71.4	6.9	78.3	44.5	(37.9)	6.6
Profit from discontinued operations	11	–	1.8	1.8	–	2.7	2.7
Profit attributable to equity holders of the parent		71.4	8.7	80.1	44.5	(35.2)	9.3
Earnings per share from continuing operations							
– Basic	13	5.19p	0.50p	5.69p	3.25p	(2.77)p	0.48p
– Diluted	13	5.10p	0.49p	5.59p	3.21p	(2.73)p	0.48p
Earnings per share from continuing and discontinued operations							
– Basic	13	5.19p	0.63p	5.82p	3.25p	(2.57)p	0.68p
– Diluted	13	5.10p	0.62p	5.72p	3.21p	(2.54)p	0.67p

* Net fees comprise turnover less remuneration of temporary workers and other recruitment agencies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

(In £s million)	2011	2010
Profit for the year	80.1	9.3
Currency translation adjustments taken to equity	19.4	6.8
Mark to market valuation of derivative financial instruments	(0.7)	–
Actuarial gain on defined benefit pension schemes	43.7	47.4
Tax on items taken directly to equity	(11.6)	(13.3)
Net income recognised directly in equity	50.8	40.9
Total comprehensive income for the year	130.9	50.2
Attributable to equity shareholders of the parent Company	130.9	50.2

CONSOLIDATED BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	2011	2010
Non-current assets			
Goodwill	14	183.5	185.6
Other intangible assets	15	62.9	62.1
Property, plant and equipment	16	23.4	23.8
Deferred tax assets	17	29.2	29.0
		299.0	300.5
Current assets			
Trade and other receivables	18	524.2	407.2
Cash and cash equivalents	19	55.1	74.7
		579.3	481.9
Total assets		878.3	782.4
Current liabilities			
Trade and other payables	21	(405.0)	(371.9)
Current tax liabilities		(31.0)	(14.6)
Bank loans and overdrafts	20	(4.9)	(151.9)
Provisions	23	(8.5)	(7.9)
Derivative financial instruments		(0.7)	–
		(450.1)	(546.3)
Non-current liabilities			
Bank loans	20	(185.0)	–
Trade and other payables		(1.0)	–
Retirement benefit obligations	22	(11.9)	(67.1)
Provisions	23	(33.9)	(36.7)
		(231.8)	(103.8)
Total liabilities		(681.9)	(650.1)
Net assets		196.4	132.3
Equity			
Called up share capital	24	14.7	14.7
Share premium	25	369.6	369.6
Capital redemption reserve	26	2.7	2.7
Retained earnings	27	(275.6)	(313.0)
Other reserves	28	85.0	58.3
Total shareholders' equity		196.4	132.3

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2011.

Signed on behalf of the Board of Directors

A M T Thomson P Venables

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

(In £s million)	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Other reserves	Total
Balance at 1 July 2010	14.7	369.6	2.7	(313.0)	58.3	132.3
Currency translation adjustments	–	–	–	–	19.4	19.4
Mark to market valuation of derivative financial instruments	–	–	–	–	(0.7)	(0.7)
Actuarial gain on defined benefit pension schemes	–	–	–	43.7	–	43.7
Tax on items taken directly to equity	–	–	–	(11.6)	–	(11.6)
Net income recognised directly in equity	–	–	–	32.1	18.7	50.8
Profit for the year	–	–	–	80.1	–	80.1
Total comprehensive income for the year	–	–	–	112.2	18.7	130.9
Dividends paid	–	–	–	(79.7)	–	(79.7)
Share-based payments	–	–	–	4.9	6.7	11.6
Other share movements	–	–	–	–	1.3	1.3
Balance at 30 June 2011	14.7	369.6	2.7	(275.6)	85.0	196.4

FOR THE YEAR ENDED 30 JUNE 2010

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE

(In £s million)	Note	2011	2010
Operating profit from continuing operations		118.2	39.1
Adjustments for:			
Exceptional items	5	(19.5)	37.3
Depreciation of property, plant and equipment		9.4	11.8
Amortisation of intangible fixed assets		10.9	2.8
Loss on disposal of property, plant and equipment		-	0.1
Net movements in provisions		(2.4)	(4.2)
Share-based payments		12.5	8.5
		10.9	56.3
Operating cash flow before movement in working capital		129.1	95.4
Changes in working capital			
Increase in receivables		(93.5)	(50.6)
Increase in payables		46.3	29.2
		(47.2)	(21.4)
Cash generated by operations		81.9	74.0
Income taxes paid		(26.6)	(22.1)
Net cash inflow from operating activities		55.3	51.9
Investing activities			
Purchase of property, plant and equipment		(8.9)	(6.7)
Proceeds from sales of business and related assets		0.5	1.1
Purchase of intangible assets		(9.7)	(23.1)
Cash paid in respect of acquisitions made in previous years		(3.2)	(17.9)
Interest received		1.0	0.7
Net cash used in investing activities		(20.3)	(45.9)
Financing activities			
Interest paid		(9.5)	(4.0)
Equity dividends paid		(79.7)	(79.5)
Purchase of own shares		-	(0.4)
Proceeds from exercise of share options		1.2	0.2
Repayment of loan notes		-	(0.8)
Increase in bank loans and overdrafts		38.0	98.4
Pension scheme funding		(12.0)	(1.2)
Net cash (used in)/from financing activities		(62.0)	12.7
Net (decrease)/increase in cash and cash equivalents		(27.0)	18.7
Cash and cash equivalents at beginning of year	32	74.7	55.0
Effect of foreign exchange rate movements		7.4	1.0
Cash and cash equivalents at end of year	32	55.1	74.7

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 2011. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 June 2010 with the exception of the following new accounting standards, amendments and interpretations which were mandatory for accounting periods beginning on or after 1 January 2010.

Improvements to IFRSs 2010

IFRS 2 (amendment)	Group Cash Settled Share-Based Payment Transactions
IAS 32 (amendment)	Financial Instrument Presentation
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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 either not material to the Group's operation, or were not relevant.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for accounting periods beginning on or after 1 July 2011. These new pronouncements are listed below:

IAS 1 (amendment)	Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
IAS 19 (revised)	Employee Benefits (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 11	Joint Arrangements (effective 1 January 2013)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)

IAS 28 (revised)	Investments in Associates and Joint Ventures (effective 1 January 2013)
IAS 27 (revised)	Separate Financial Statements (effective 1 January 2013)
IAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets (effective 1 January 2012)
IFRS 1 (amendment)	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters (effective 1 July 2011)
IFRS 7 (amendment)	Disclosures – Transfers of Financial Assets (effective 1 July 2011)
Improvements to IFRSs 2010	(effective 1 July 2011)
IAS 24 (revised 2009)	Related Party Disclosure (effective 1 January 2011)
IFRIC 14 (amendment)	IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 January 2011)

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 1 to 25. The financial position of the Group, its cash flows and liquidity position are described in the financial review on pages 26 to 29. 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 that at the time of approving the Consolidated Financial Statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 Significant accounting policies continued**c Basis of consolidation**

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group whereby 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 subsidiaries. The results of subsidiaries acquired or disposed 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 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 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.

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 process 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 is provided on a straight-line basis over the anticipated useful working lives of the assets, after they have been brought into use, at the following rates:

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 Significant accounting policies continued**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 Derivative financial instruments and hedge accounting

The Group uses certain derivative financial instruments to reduce its exposure to interest rate movements. The Group does not hold or use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cashflows are recognised directly in equity and any ineffective portion is recognised immediately in the Consolidated Income Statement.

The Group uses a range of 80% to 125% for hedge effectiveness, in accordance with IAS 39, and any relationship which has effectiveness outside this range is deemed to be ineffective and hedge accounting is suspended.

The fair values of interest rate swaps represent the replacement costs calculated using observable market rates of interest and exchange. The fair value of long-term borrowing is calculated by discounting expected future cash flows at observable market rates.

Amounts deferred in equity are recognised in the Consolidated Income statement in the same period in which the hedged item affects net income.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is either retained in equity until the firm commitment or forecasted transaction occurs, or where a hedge transaction is no longer expected to occur, is immediately credited or expensed in the Consolidated Income Statement.

t 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 recognised on a straight-line basis over the lease term.

u 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 when 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 £11.9 million (2010: £67.1 million). A number of assumptions have been made in determining the pension deficit and these are described in note 22 to the Consolidated 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 to the Consolidated 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.

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 segment 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 qualified, professional and skilled recruitment.

Net fees and operating profit from continuing operations

The Group's Management Board, which is regarded as the chief operating decision maker, uses net fees by segment as its measure of revenue in internal reports. This is because net fees exclude the remuneration of temporary workers, and payments to other recruitment agencies where the Group acts as principal, which are not considered relevant in allocating resources to segments. The Group's Management Board considers net fees for the purpose of making decisions about allocating resources. The reconciliation of turnover to net fees can be found in note 6.

(In £s million)	2011	2010
Net fees from continuing operations		
Asia Pacific	210.0	146.3
Continental Europe & Rest of World	220.4	167.5
United Kingdom & Ireland	241.7	243.9
	672.1	557.7

(In £s million)	2011 Before exceptional items	2011 Exceptional items	2011	2010 Before exceptional items	2010 Exceptional items	2010
Operating profit from continuing operations						
Asia Pacific	78.1	–	78.1	52.0	–	52.0
Continental Europe & Rest of World	32.4	–	32.4	17.1	(1.4)	15.7
United Kingdom & Ireland	3.6	4.1	7.7	11.4	(40.0)	(28.6)
	114.1	4.1	118.2	80.5	(41.4)	39.1

The Group does not report items below operating profit by segment in its internal management reporting. The full detail of these items can be seen in the Group Consolidated Income Statement on page 59.

There is no material difference between the segmentation 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 Management Board monitors trade debtors net of provisions for impairments only 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	2011	As reported internally	Foreign exchange	2010
Asia Pacific	59.9	9.9	69.8	39.3	6.4	45.7
Continental Europe & Rest of World	104.7	10.6	115.3	72.4	(1.8)	70.6
United Kingdom & Ireland	160.0	0.5	160.5	146.8	(0.1)	146.7
	324.6	21.0	345.6	258.5	4.5	263.0

Major customers

Included in turnover is an amount of approximately £540 million (2010: £278 million) which arose from sales to the Group's largest customer, which were generated within the United Kingdom & Ireland. This is the only customer to exceed 10% of the Group's turnover, however as it includes a significant element of remuneration of temporary workers and remuneration of other recruitment agencies, it represents less than 2% of the Group's net fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 Exceptional items

During the year, the Group recognised an exceptional credit of £4.1 million in relation to the following items:

On 1 April 2011, the Competition Appeal Tribunal (CAT) announced its judgement in respect of Hays' appeal against the level of the fine imposed by the Office of Fair Trading (OFT) in September 2009. The fine was reduced from £30.4 million to £5.9 million and has been paid in full, bringing this matter to a close. The effect of the reduction in fine has been recognised in the Income Statement as a non-cash exceptional credit of £24.0 million (2010: non-cash exceptional charge £29.0 million).

As described in note 14 the Group has recognised a non-cash exceptional charge of £10.0 million resulting from the impairment of the carrying value of goodwill in relation to the UK Healthcare business which was acquired in February 2006.

The Group incurred restructuring costs in the UK of £9.9 million comprising redundancy costs of £7.0 million, onerous property leases of £2.1 million and a non-cash fixed asset write-down of £0.8 million. The exceptional charge generated a tax credit of £2.8 million.

In the prior year the Group incurred an exceptional charge of £41.4 million, comprising £29.0 million in respect of the OFT fine and £12.4 million restructuring costs principally in the UK. The exceptional charge generated a tax credit of £3.5 million.

The cash impact of the exceptional items during the year was as follows:

Cash paid in respect of current year exceptional items was £4.0 million with a further £5.1 million cash outflow expected in the future, primarily in the financial year to 30 June 2012.

Cash paid in respect of prior year exceptional items was £11.4 million, comprising £6.0 million OFT fine including interest, and prior year restructuring costs of £5.4 million.

The non-cash impact of the current year exceptional credit and cash paid in respect of the prior year exceptional charge of £19.5 million are shown together in the Cash Flow Statement.

6 Operating profit from continuing operations

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

(In £s million)	2011	2010
Turnover	3,256.0	2,691.1
Remuneration of temporary workers	(2,125.8)	(1,811.8)
Remuneration of other recruitment agencies	(458.1)	(321.6)
Net fees	672.1	557.7

Profit from operations is stated after charging/(crediting) the following items to net fees of £672.1 million (2010: £557.7 million):

(In £s million)	2011 Before exceptional items	2011 Exceptional items	2011	2010 Before exceptional items	2010 Exceptional items	2010
Staff costs (note 8)	406.9	7.0	413.9	345.0	7.9	352.9
Depreciation of property, plant and equipment	9.4	0.8	10.2	11.8	2.0	13.8
Amortisation of intangible assets	10.9	10.0	20.9	2.8	–	2.8
Auditor remuneration (note 7)						
– for statutory audit services	1.0	–	1.0	1.0	–	1.0
– for other services	0.3	–	0.3	0.2	–	0.2
Other external charges	129.5	(21.9)	107.6	116.4	31.5	147.9
	558.0	(4.1)	553.9	477.2	41.4	518.6

7 Auditor remuneration

(In £s million)	2011	2010
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	0.3	0.3
Fees payable to the Company's Auditor 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 and other services	0.2	0.1
Total non-audit fees	0.3	0.2

Other services, principally relating to technical accounting advice, totalled £33,000 (2010: £26,000).

8 Staff costs

The aggregate staff remuneration (including executive directors) was:

(In £s million)	2011 Before exceptional items	2011 Exceptional items	2011	2010 Before exceptional items	2010 Exceptional items	2010
Wages and salaries	338.2	6.2	344.4	288.4	7.1	295.5
Social security costs	41.4	0.8	42.2	36.1	0.8	36.9
Other pension costs	14.8	–	14.8	12.0	–	12.0
Share-based payments	12.5	–	12.5	8.5	–	8.5
	406.9	7.0	413.9	345.0	7.9	352.9

Average number of persons employed (including executive directors):

(Number)	2011	2010
Continuing operations		
Asia Pacific	1,358	1,070
Continental Europe & Rest of World	2,159	1,880
United Kingdom & Ireland	3,728	3,766
	7,245	6,716

Closing number of persons employed (including executive directors):

(Number)	2011	2010
Continuing operations		
Asia Pacific	1,446	1,183
Continental Europe & Rest of World	2,457	1,929
United Kingdom & Ireland	3,717	3,733
	7,620	6,845

9 Finance income and finance costs**Finance income**

(In £s million)	2011	2010
Interest on bank deposits	1.0	0.7

Finance cost

(In £s million)	2011	2010
Interest payable on bank loans and overdrafts	(7.0)	(2.3)
Pension Protection Fund levy	(0.3)	(1.1)
Net interest on pension obligations	(1.2)	(6.7)
	(8.5)	(10.1)
Net finance charge	(7.5)	(9.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 Tax

The tax charge for the year comprised of the following:

(In £s million)	2011 Continuing operations	2011 Discontinued operations	2011	2010 Continuing operations	2010 Discontinued operations	2010
Current tax	(43.4)	1.3	(42.1)	(22.0)	1.6	(20.4)
Deferred tax	11.0	–	11.0	(1.1)	–	(1.1)
	(32.4)	1.3	(31.1)	(23.1)	1.6	(21.5)

Tax on items taken directly to equity:

(In £s million)	2011	2010
Deferred tax credit on actuarial gain in respect of defined benefit pension schemes	(12.6)	(13.3)
Deferred tax charge on share-based payment schemes	1.0	–
	(11.6)	(13.3)

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 27.5% (2010: 28.0%).

The differences are explained below:

(In £s million)	2011 Before exceptional items	2011 Exceptional items	2011	2010 Before exceptional items	2010 Exceptional items	2010
Profit before tax from continuing operations	106.6	4.1	110.7	71.1	(41.4)	29.7
Tax at the standard rate of UK corporation tax of 27.5% (2010: 28.0%)	(29.3)	(1.1)	(30.4)	(19.9)	11.6	(8.3)
Factors affecting the charge for the year:						
Tax effect of expenses that are not deductible in determining taxable profit	(2.9)	–	(2.9)	(2.9)	(8.1)	(11.0)
Adjustments in respect of foreign tax rates	(4.6)	–	(4.6)	(2.9)	–	(2.9)
Prior year adjustments	6.9	–	6.9	1.8	–	1.8
Unrelieved losses	(4.9)	–	(4.9)	(1.5)	–	(1.5)
Non-taxable income	–	6.6	6.6	–	–	–
Impairment of assets	–	(2.7)	(2.7)	–	–	–
Impact of share-based payment charges and share options	(0.4)	–	(0.4)	(1.2)	–	(1.2)
Tax on continuing operations	(35.2)	2.8	(32.4)	(26.6)	3.5	(23.1)
Effective tax rate for the year on continuing operations	33.0%	(68.3%)	29.3%	37.4%	8.5%	77.8%

(In £s million)	2011	2010
Profit before tax from discontinued operations (note 11)	0.5	1.1
Tax at the standard rate of UK corporation tax of 27.5% (2010: 28.0%)	(0.1)	(0.3)
Factors affecting the charge for the year:		
Release of tax accruals	0.8	1.6
Prior year adjustments	0.6	0.3
Tax credit on discontinued operations (note 11)	1.3	1.6
Effective tax rate for the year on discontinued operations	n/a	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)	2011	2010
Profit from disposal of business assets	0.5	1.1
Profit before tax	0.5	1.1
Tax credit	1.3	1.6
Profit from discontinued operations after tax	1.8	2.7

The profit from disposal of business assets of £0.5 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 £1.3 million relates primarily to a 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 which in the light of subsequent events were no longer required.

Cash inflows generated from discontinued operations were the following:

(In £s million)	2011	2010
Investing activities	0.5	1.1

12 Dividends

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

	2011 pence per share	2011 £s million	2010 pence per share	2010 £s million
Previous year final dividend	3.95	54.3	3.95	54.2
Current year interim dividend	1.85	25.4	1.85	25.3
		79.7		79.5

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

	2011 pence per share	2011 £s million	2010 pence per share	2010 £s million
Interim dividend	1.85	25.4	1.85	25.3
Final dividend (proposed)	3.95	54.3	3.95	54.2
	5.80	79.7	5.80	79.5

The final dividend for 2011 of 3.95 pence per share (£54.3 million) will be proposed at the Annual General Meeting on 9 November 2011 and has not been included as a liability as at 30 June 2011. If approved, the final dividend will be paid on 18 November 2011 to shareholders on the register at the close of business on 14 October 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13 Earnings per share

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2011			
Continuing operations before exceptional items:			
Basic earnings per share from continuing operations	71.4	1,376.0	5.19
Dilution effect of share options	–	24.3	(0.09)
Diluted earnings per share from continuing operations	71.4	1,400.3	5.10
Continuing operations after exceptional items:			
Basic earnings per share from continuing operations	78.3	1,376.0	5.69
Dilution effect of share options	–	24.3	(0.10)
Diluted earnings per share from continuing operations	78.3	1,400.3	5.59
Discontinued operations:			
Basic earnings per share from discontinued operations	1.8	1,376.0	0.13
Dilution effect of share options	–	24.3	–
Diluted earnings per share from discontinued operations	1.8	1,400.3	0.13
Continuing and discontinued operations:			
Basic earnings per share from continuing and discontinued operations	80.1	1,376.0	5.82
Dilution effect of share options	–	24.3	(0.10)
Diluted earnings per share from continuing and discontinued operations	80.1	1,400.3	5.72

Reconciliation of earnings

(In £s million)	Earnings
Continuing operations before exceptional items	71.4
Exceptional items (note 5)	4.1
Tax credit on exceptional items (note 10)	2.8
Continuing operations	78.3

	Earnings (£s million)	Weighted average number of shares (million)	Per share amount (pence)
For the year ended 30 June 2010			
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

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)	2011	2010
Cost		
At 1 July	185.6	174.9
Exchange adjustments	6.5	0.8
Additions during the year	1.4	9.9
Impairment losses in the year	(10.0)	–
At 30 June	183.5	185.6

The additions of £1.4 million during the year represent the final deferred consideration in relation to the James Harvard acquisition in respect of earnout 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 uses estimated pre-tax discount 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% (2010: 3.0%), reflecting long-term wage inflation driving fee growth. The rate used to discount the forecast cash flows is 12.0% (2010: 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.

Before impairment testing, the carrying value in respect of the RSG acquisition in the United Kingdom & Ireland group of CGUs was £15.3 million. Due to current market conditions in the UK Healthcare sector in which the business operates, the Group has revised its cash flow forecasts for this CGU. The RSG CGU has therefore been reduced to its recoverable amount through the recognition of an impairment loss against goodwill of £10.0 million. The recoverable amount is considered to be in line with its value-in-use.

Management has determined that there has been no impairment to any of the other CGUs and in respect of these 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, and included a change in the discount rate of up to 1% and changes in long term growth rate between 0% and 5%. 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)	2011	2010
Asia Pacific	24.5	23.9
Continental Europe & Rest of World	65.9	59.9
United Kingdom & Ireland	93.1	101.8
	183.5	185.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15 Other intangible assets

(In £s million)	2011	2010
Cost		
At 1 July	75.0	48.7
Exchange adjustments	0.7	0.1
Additions	11.7	26.2
Disposals	(0.3)	–
At 30 June	87.1	75.0
Amortisation		
At 1 July	12.9	10.1
Exchange adjustments	0.6	–
Charge for year	10.9	2.8
Disposals	(0.2)	–
At 30 June	24.2	12.9
Net book value		
At 30 June	62.9	62.1
At 1 July	62.1	38.6

All other intangible assets relate to computer software.

Other intangible asset additions in the current year include £5.3 million in relation to internally generated assets (2010: £25.6 million) and £5.8 million in relation to the acquisition of 3 Story Software LLC (note 33).

There were no assets in the course of construction included within other intangible costs (2010: £6.9 million). In the prior year these assets related to the Group's projects to transform its software.

The estimated average useful life of the intangible assets is seven years (2010: seven years). Software incorporated into major ERP implementations is amortised over a life of up to seven years. Other software is amortised between three and five years.

There were no capital commitments at the year end (2010: £0.2 million).

16 Property, plant and equipment

(In £s million)	Freehold properties	Leasehold properties (short)	Plant and machinery	Fixtures and fittings	Total
Cost					
At 1 July 2010	1.2	8.5	33.0	28.6	71.3
Exchange adjustments	0.2	1.1	1.6	0.9	3.8
Capital expenditure	0.1	1.9	3.7	3.2	8.9
Disposals	–	(0.8)	(5.1)	(6.6)	(12.5)
At 30 June 2011	1.5	10.7	33.2	26.1	71.5
Accumulated Depreciation					
At 1 July 2010	0.8	6.0	22.4	18.3	47.5
Exchange adjustments	0.1	0.8	1.1	0.6	2.6
Charge for the year	0.1	1.5	3.7	4.1	9.4
Disposals	–	(0.7)	(4.6)	(6.1)	(11.4)
At 30 June 2011	1.0	7.6	22.6	16.9	48.1
Net book value					
At 30 June 2011	0.5	3.1	10.6	9.2	23.4
At 1 July 2010	0.4	2.5	10.6	10.3	23.8

There were no capital commitments as was the case in the prior year.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 Deferred tax

(In £s million)	Accelerated tax depreciation	Retirement benefit obligation	Share- based payments	Other short-term timing differences	Total
Assets					
At 1 July 2010	(0.7)	18.8	1.7	9.2	29.0
Credit/(charge) to income	5.0	(1.1)	1.8	5.3	11.0
Charge to equity	–	(12.6)	1.0	–	(11.6)
Exchange difference	0.2	–	–	0.6	0.8
At 30 June 2011	4.5	5.1	4.5	15.1	29.2

Other short-term timing differences includes 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 had unused tax losses of £43.3 million (2010: £33.2 million) available for offset against future profits, of which £5.8 million relate to United Kingdom capital losses, £7.8 million relate to otherwise unrelievable EU losses potentially relievable against United Kingdom profits, £21.3 million relate to overseas losses, and £8.4 million relate to United Kingdom losses. No deferred tax asset has been recognised in respect of these losses (2010: £nil). Of these unrecognised tax losses, £0.1 million is due to expire between 2012 and 2018 and £43.2 million is unlikely to expire in the short term.

The United Kingdom Government has announced that the rate of corporation tax will reduce from 26% to 25% with effect from 1 April 2012. If this change had been substantively enacted at 30 June 2011, the Group's deferred tax asset would have been reduced by £0.1 million and £0.1 million charged to the Consolidated Statement of Comprehensive Income.

The aggregate amount of temporary differences associated with investments in subsidiaries on which deferred tax liabilities have not been provided is £2.8 million. The temporary differences at 30 June 2011 represent only the unremitted earnings of those overseas subsidiaries where remittance of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the jurisdictions in which those subsidiaries operate.

(In £s million)	Accelerated tax depreciation	Retirement benefit obligation	Share- based payments	Other short-term timing differences	Total
Assets					
At 1 July 2009	2.0	30.6	1.7	8.6	42.9
(Charge)/credit to income	(2.7)	1.5	–	0.1	(1.1)
Charge to equity	–	(13.3)	–	–	(13.3)
Exchange difference	–	–	–	0.5	0.5
At 30 June 2010	(0.7)	18.8	1.7	9.2	29.0

18 Trade and other receivables

(In £s million)	2011	2010
Trade receivables	363.6	279.2
Less provision for impairment	(18.0)	(16.2)
Net trade receivables	345.6	263.0
Prepayments and accrued income	178.6	144.2
	524.2	407.2

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

The average credit period taken is 38 days (2010: 35 days).

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

(In £s million)	2011	2010
Not yet due	243.0	143.3
Up to one month past due	74.3	91.1
One to three months past due	28.3	28.6
	345.6	263.0

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

(In £s million)	2011	2010
At 1 July	16.2	17.7
Exchange movement	0.7	0.4
Charge for the year	1.9	2.1
Uncollectable amounts written off	(0.8)	(4.0)
At 30 June	18.0	16.2

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group reduces risk through its credit control process and by contractual arrangements with other recruitment agencies in situations where the Group invoices on their behalf. The Group's exposure is spread over a large number of customers.

The risk disclosures contained on page 37 within the Directors' Report form part of these financial statements.

19 Cash and cash equivalents

(In £s million)	2011	2010
Cash at bank and in hand	40.6	26.4
Short-term bank deposits	14.5	48.3
	55.1	74.7

The effective interest rate on short-term deposits was 1.3% (2010: 1.3%). The average maturity of short-term deposits was one day (2010: one day).

Credit risk

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

Interest rate risk profile of cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20 Bank loans and overdrafts

(In £s million)	2011	2010
Bank loans	185.0	145.0
Overdrafts	4.9	6.9
	189.9	151.9

Risk management

A description of the Group's treasury policy and controls is included in the Financial Review on page 29.

Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate bank loans and overdrafts. At 30 June 2011 the Group had drawn down £185.0 million (2010: £145.0 million) from its unsecured revolving credit facility. During the period the Group entered into interest rate derivatives to partially hedge this risk. The fair value of these derivatives at 30 June was £(0.7) million.

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

(In £s million)	2011	2010
Floating rate – sterling	189.9	151.9

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

Committed facilities

On 1 July 2010 the Group renewed its unsecured revolving credit facility and in the process reduced the facility from £460 million to £300 million. The new facility expires in January 2014. The financial covenants under the 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%.

At 30 June 2011, £115.0 million of the committed facility was undrawn.

Interest rates

The weighted average interest rates paid were as follows:

	2011	2010
Bank borrowings	2.5%	1.0%

Maturities of bank loans and overdrafts

The maturities of borrowings are as follows:

(In £s million)	2011	2010
Within one year	4.9	151.9
More than one year	185.0	–
	189.9	151.9

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.

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), bank loans and overdrafts (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.

Foreign currency risk

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 2011.

The Group does not use derivatives to hedge balance sheet and profit and loss translation exposure.

21 Trade and other payables

(In £s million)	2011	2010
Current		
Trade creditors	106.0	78.9
Other tax and social security	55.5	41.7
Other creditors	25.9	19.3
Accruals and deferred income	216.6	230.2
Acquisition liabilities	1.0	1.8
	405.0	371.9

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 (2010: 32 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.

a 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 £3.0 million (2010: £2.3 million) represents employer's contributions payable to the Stakeholder Pension Plan. Contributions of £0.3 million (2010: £0.2 million) were outstanding at the end of the year. The assets of the Stakeholder Pension Plan are held separately from those of the Group.

b 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. An RPI cap on pensionable pay was implemented in 2007 in respect of active members. The Scheme 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.

A formal actuarial valuation of the Hays Pension Scheme is carried out every three years. The last formal actuarial valuation of the Hays Pension Scheme was performed at 30 June 2009. Following this valuation, the deficit was £150 million and a revised deficit funding schedule of £12 million per annum, subject to a 3% per annum fixed uplift over a 12-year period, was agreed with effect from 1 July 2010. During the year the Group made a contribution of £12 million to the Hays Pension Scheme (2010: £1.2 million) in accordance with the agreed deficit funding schedule.

A roll forward of the actuarial valuation of the Hays Pension Scheme to 30 June 2011 and a valuation of the Hays Supplementary Pension Scheme have been performed by an independent actuary, and employee of Hymans Robertson LLP. The key assumptions used at 30 June 2011 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 the Consolidated Income Statement, in retained earnings and presented in the Consolidated Statement of Comprehensive Income.

The principal long-term assumptions are as follows:

%	2011	2010
RPI inflation	3.6	3.4
CPI inflation	2.9	n/a
Discount rate	5.5	5.4
Rate of increase in salaries	3.9	3.6
Rate of increase of pensions in payment and deferment	3.6	3.4
Expected long-term rate of return on scheme assets	6.1	6.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 Retirement benefit obligations continued

The assumption for the expected long-term rate of return for scheme assets is a weighted average based on the assumed expected return for each asset class and the proportions of each asset class held 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 financial charge.

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)	2011	2010
Expected return on pension scheme assets	22.7	21.0
Interest on pension liabilities	(23.9)	(27.7)
Net financial charge	(1.2)	(6.7)
Current service cost	(3.8)	(4.1)
Total amount charged to the Consolidated Income Statement	(5.0)	(10.8)

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

(In £s million)	2011	2010
Actuarial gain on scheme assets	36.8	37.2
Actuarial (loss)/gain due to scheme experience	(0.5)	52.2
Impact of changes in assumptions relating to the present value of scheme liabilities	7.4	(42.0)
Net gain recognised directly in the Consolidated Statement of Comprehensive Income	43.7	47.4

(In £s million)	2011	2010
Deficit in the scheme brought forward	(67.1)	(109.2)
Current service cost	(3.8)	(4.1)
Contributions	16.5	5.5
Net financial return	(1.2)	(6.7)
Actuarial gain	43.7	47.4
Deficit in the scheme carried forward	(11.9)	(67.1)

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

(In £s million)	2011	2010
Present value of defined benefit obligations	(452.4)	(445.3)
Fair value of scheme assets	440.5	378.2
Defined benefit scheme deficit	(11.9)	(67.1)
Liability recognised in the Consolidated Balance Sheet	(11.9)	(67.1)

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

(In £s million)	2011	2010
Change in benefit obligation		
Benefit obligation at 1 July	(445.3)	(439.1)
Current service cost	(3.8)	(4.1)
Interest cost	(23.9)	(27.7)
Members' contributions	(0.4)	(0.6)
Actuarial (loss)/gain due to scheme experience	(0.5)	52.2
Changes in assumptions	7.4	(42.0)
Benefits and expenses paid	14.1	16.0
Benefit obligation at 30 June	(452.4)	(445.3)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	(444.7)	(437.8)
Plans that are wholly unfunded	(7.7)	(7.5)
Total	(452.4)	(445.3)
Change in the fair value of scheme assets		
Fair value of plan assets at 1 July	378.2	329.9
Expected return on plan assets	22.7	21.0
Actuarial gain	36.8	37.2
Employer contributions	16.5	5.5
Member contributions	0.4	0.6
Benefits and expenses paid	(14.1)	(16.0)
Fair value of plan assets at 30 June	440.5	378.2

The change in the deficit is mainly attributable to higher than expected asset returns and the increase in employer contributions. The actuarial gain due to changes in assumptions comprises a gain on account of deferred revaluation becoming linked to CPI rather than RPI in line with the statutory change for this benefit, offset by a loss due to the decrease in the net yield (discount rate versus RPI inflation rate).

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

	2011 Fair value £s million	2011 Expected return %	2010 Fair value £s million	2010 Expected return %
Equities	224.7	7.3%	196.7	7.3%
Bonds and gilts	198.2	4.9%	166.4	4.9%
Other	17.6	0.5%	15.1	0.5%
	440.5	6.1%	378.2	6.0%

To develop the expected long-term rate of return on assets assumption used in determining the net pension cost for the year to 30 June 2011, 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 assets class at 30 June 2010. 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 6.0% assumption for the year ended 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 Retirement benefit obligations continued

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

(In £s million)	2011	2010	2009	2008	2007
Present value of defined benefit obligations	(452.4)	(445.3)	(439.1)	(474.8)	(455.6)
Fair value of scheme assets	440.5	378.2	329.9	386.7	412.1
Deficit in the scheme	(11.9)	(67.1)	(109.2)	(88.1)	(43.5)
Experience adjustments on scheme liabilities					
Amount (£s million)	(0.5)	52.2	(12.4)	(6.1)	(4.7)
Percentage of scheme liabilities (%)	-	12%	(3%)	(1%)	(1%)
Experience adjustments on scheme assets					
Amounts (£s million)	36.8	37.2	(78.2)	(51.0)	16.0
Percentage of scheme assets (%)	8%	10%	(24%)	(13%)	4%

The amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2012 is £12.4 million.

23 Provisions

(In £s million)	Property	Other	Total
At 1 July 2010	18.6	26.0	44.6
Exchange adjustments	0.3	0.3	0.6
Charged to income statement	1.6	3.5	5.1
Utilised	(4.0)	(3.9)	(7.9)
At 30 June 2011	16.5	25.9	42.4

(In £s million)	2011	2010
Current	8.5	7.9
Non-current	33.9	36.7
	42.4	44.6

Property provisions are for rents and other related amounts payable on certain leased properties for periods in which they are not anticipated to be in use by the Group. The leases expire in periods up to 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 that were concluded in 2004, deferred employee benefit provisions, and restructuring provisions (see note 5). Of these provisions, £8.5 million 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 (thousand)	Share capital £s million
At 1 July 2010 and 30 June 2011	1,464,097	14.7

In accordance with the Companies Act 2006, 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 2011, the Company held 79.9 million (2010: 80.2 million) Hays plc shares in treasury.

25 Share premium account

(In £s million)	2011	2010
At 30 June	369.6	369.6

26 Capital redemption reserve

(In £s million)	2011	2010
At 30 June	2.7	2.7

27 Retained earnings

(In £s million)	2011	2010
At 1 July	(313.0)	(282.6)
Actuarial gains on defined benefit pension scheme	43.7	47.4
Tax on items taken directly to reserves	(11.6)	(13.3)
Profit for the year	80.1	9.3
Dividends paid	(79.7)	(79.5)
Share-based payments	4.9	6.5
Other share movements	-	(0.8)
At 30 June	(275.6)	(313.0)

28 Other reserves

(In £s million)	2011	2010
Own shares	(3.4)	(4.7)
Equity reserve	19.4	12.7
Cumulative translation reserve	69.7	50.3
Hedging reserve	(0.7)	-
	85.0	58.3

Other reserves – own shares

(In £s million)	2011	2010
At 1 July	(4.7)	(5.5)
Movement in own shares	1.3	0.8
At 30 June	(3.4)	(4.7)

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2011 is 8,587,641 (2010: 11,842,305).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28 Other reserves continued

Other reserves – equity reserve

(In £s million)	2011	2010
At 1 July	12.7	12.0
Share-based payments	6.7	0.7
At 30 June	19.4	12.7

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

Other reserves – cumulative translation reserve

(In £s million)	2011	2010
At 1 July	50.3	43.5
Currency translation adjustments	19.4	6.8
At 30 June	69.7	50.3

Other reserves – hedging reserve

(In £s million)	2011	2010
At 1 July	-	-
Mark to market valuation of derivative financial instruments	(0.7)	-
At 30 June	(0.7)	-

During the period, the Group entered into six interest rate swaps which exchange a fixed payment for a floating rate receipt on a total debt value of £40 million with an equal mix of two-year and three-year maturities. Each of the interest rate swaps commence in October 2011. These instruments are classified as Level 2 in the IFRS 7 fair value hierarchy.

29 Share-based payments

During the year, £12.5 million (2010: £8.5 million) was charged to the Consolidated Income Statement in relation to equity-settled share-based payments.

Share options

At 30 June 2011 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	1,708,762	17,088	117	2004–2011
	772,400	7,724	100	2005–2012
	2,481,162	24,812		
Hays plc 1996 Company Share Option Plan	239,442	2,394	132	2004–2011
	137,097	1,371	113	2005–2012
	376,539	3,765		
Total Share options outstanding	2,857,701	28,577		
Hays UK Sharesave Scheme	451,812	4,518	98	2011–2011
	5,890,986	58,910	69	2012–2012
	1,075,973	10,760	93	2013–2013
	1,134,264	11,343	112	2014–2014
	8,553,035	85,531		
Hays International Sharesave Scheme	1,861,223	18,612	69 to 142	2011–2014
Total Sharesave options outstanding	10,414,258	104,143		
Total Share and Sharesave options outstanding	13,271,959	132,720		

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

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

	2011 Number of share options (thousand)	2011 Weighted average exercise price (pence)	2010 Number of share options (thousand)	2010 Weighted average exercise price (pence)
Share options (excluding Sharesave)				
Outstanding at the beginning of the year	4,195	173	6,523	209
Exercised during the year	(90)	110	–	–
Expired during the year	(1,247)	313	(2,328)	273
Outstanding at the end of the year	2,858	115	4,195	173
Exercisable at the end of the year	2,858	115	4,195	173

The shares outstanding at 30 June 2011 had a weighted average exercise price of 115 pence and a weighted average remaining contractual life of one year. During the year to 30 June 2011, 90,358 options were exercised and no options were granted.

	2011 Number of share options (thousand)	2011 Weighted average exercise price (pence)	2010 Number of share options (thousand)	2010 Weighted average exercise price (pence)
Sharesave				
Outstanding at the beginning of the year	12,041	79	13,989	80
Granted during the year	1,594	112	1,746	93
Forfeited/cancelled during the year	(943)	78	(1,334)	85
Exercised during the year	(829)	95	(291)	100
Expired during the year	(1,449)	101	(2,069)	86
Outstanding at the end of the year	10,414	80	12,041	79
Exercisable at the end of the year	646	100	655	124

On 30 March 2011, 1.6 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted on that date is £0.4 million. In the prior year, 1.7 million Sharesave options were granted. The aggregate of the estimated fair values of the options granted in the prior year was £0.5 million.

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

Share price at grant	117.3 pence
Exercise price	112.0 pence
Expected volatility	39.0%
Expected life	3.4 years
Risk-free rate	2.0%
Expected dividends	4.9%

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 360 of the global senior management population with the long-term interests of shareholders. PSP awards are discretionary and vesting is dependent upon 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 the 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 54 to 57.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 54 to 57.

(In £s million)	2011	2010
Short-term employee benefits	6.2	5.8
Post-employment benefits	0.1	0.1
Share-based payments	4.1	2.0
	10.4	7.9

31 Operating lease arrangements**The Group as lessee**

(In £s million)	2011	2010
Minimum lease payments under operating leases recognised in income for the year	29.6	29.5

At 30 June 2011, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

(In £s million)	2011	2010
Within one year	27.3	20.9
Between two and five years	56.6	44.0
After five years	14.8	4.8
	98.7	69.7

32 Movement in net debt

(In £s million)	1 July 2010	Cash flow	Exchange movement	30 June 2011
Cash and cash equivalents	74.7	(27.0)	7.4	55.1
Bank loans and overdrafts	(151.9)	(38.0)	–	(189.9)
Net debt	(77.2)	(65.0)	7.4	(134.8)

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

33 Acquisition of subsidiary

On 20 May 2011, the Group acquired 3 Story Software LLC, a vendor management software company based in Connecticut USA for a consideration of up to £6.0 million. The company was acquired for the purposes of providing and developing software services to Hays Group companies, to further enhance the service the Group provides to its larger corporate clients. This transaction has been accounted for by the purchase method of accounting.

(In £s million)	Book value	Fair value adjustment	Fair value
Net assets acquired:			
Intangible assets	–	5.8	5.8
Trade and other receivables	0.1	–	0.1
Cash and cash equivalents	0.1	–	0.1
	0.2	5.8	6.0
Goodwill			–
Total consideration			6.0
Satisfied by:			
Cash paid in year			4.0
Deferred consideration			2.0
			6.0
Net cash outflow arising on acquisition:			
Cash consideration			4.0
Cash and cash equivalents acquired			(0.1)
			3.9

The fair value has been calculated using the value-in-use of the asset to the Group after considering the alternative cost to develop an equivalent software solution or redevelop existing workflow systems.

The deferred consideration arrangement requires determined milestone targets to be delivered at agreed timescales over a two-year period. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is up to £2.0 million.

Acquisition related costs included within administrative expenses amount to £0.2 million.

Due to the timing of the acquisition 3 Story Software LLC did not contribute any material revenue or profit to the results of the Group for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on the first day of the financial year Group turnover for the year would have increased by £1.3 million and Group profit would have increased by £0.4 million.

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 2011 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, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011;
- 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 2011.

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

Chartered Accountants and Statutory Auditor
London, United Kingdom

31 August 2011

HAYS PLC COMPANY BALANCE SHEET

AT 30 JUNE

(In £s million)	Note	Company 2011	Company 2010
Fixed assets			
Tangible assets	4	0.4	0.7
Investments	5	910.4	910.4
		910.8	911.1
Current assets			
Debtors due within one year	6	6.5	7.8
Debtors due after more than one year	7	445.7	413.2
Cash at bank and in hand		14.5	48.3
		466.7	469.3
Creditors: amounts falling due within one year	8	(697.4)	(635.9)
Net current liabilities		(230.7)	(166.6)
Total assets less current liabilities		680.1	744.5
Creditors: amounts falling due after more than one year	9	(6.8)	(48.3)
Provisions	11	(12.9)	(14.0)
Net assets		660.4	682.2
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	276.8	299.9
Own shares	13	(3.4)	(4.7)
Equity shareholders' interests		660.4	682.2

The financial statements of Hays plc, registered number 2150950, were approved by the Board of Directors and authorised for issue on 31 August 2011.

Signed on behalf of the Board of Directors

A M T Thomson 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%

Fixtures 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 54 to 57 of the Annual Report.

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 Hays plc Company Financial Statements is £14.0 million (2010: £62.1 million).

4 Tangible fixed assets

(In £s million)	Plant and machinery	Fixtures and fittings	Total
Cost			
At 1 July 2010 and 30 June 2011	0.4	0.9	1.3
Depreciation			
At 1 July 2010	0.1	0.5	0.6
Charge for the year	0.1	0.2	0.3
At 30 June 2011	0.2	0.7	0.9
Net book value			
At 30 June 2011	0.2	0.2	0.4
At 1 July 2010	0.3	0.4	0.7

5 Investments

(In £s million)	Shares in subsidiary undertakings
Cost	
At 1 July 2010 and 30 June 2011	910.4
Provision for impairment	
At 1 July 2010 and 30 June 2011	-
Total	
At 30 June 2010 and 30 June 2011	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)	2011	2010
Corporation tax debtor	5.2	7.3
Prepayments	1.3	0.5
	6.5	7.8

7 Debtors: amounts falling due after more than one year

(In £s million)	2011	2010
Prepayments	1.1	-
Amounts owed by subsidiary undertakings	443.8	412.4
Deferred tax	0.8	0.8
	445.7	413.2

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)	2011	2010
Overdrafts	31.0	32.4
Accruals	18.9	21.2
Other creditors	-	30.4
Amounts owed to subsidiary undertakings	647.5	551.9
	697.4	635.9

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	2011	2010
Retirement benefit obligations	10	6.8	48.3

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

10 Retirement benefit obligation

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 £0.7 million (2010: £0.5 million).

The mortality rates have been calculated using the S1NA 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)	2011	2010
Deficit in the scheme brought forward	(67.1)	(109.2)
Current service cost	(3.8)	(4.1)
Contributions	16.5	5.5
Net financial return	(1.2)	(6.7)
Actuarial gain	43.7	47.4
Deficit in the scheme carried forward	(11.9)	(67.1)

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

	2011	2010	2009	2008	2007
Rate of increase in salaries	3.9%	3.6%	3.9%	4.0%	5.8%
Rate of increase of pensions in payment and deferment	3.6%	3.4%	3.7%	3.7%	3.3%
Discount rate	5.5%	5.4%	6.4%	5.8%	5.6%
RPI inflation	3.6%	3.4%	3.7%	3.7%	3.3%
CPI inflation	2.9%	–	–	–	–

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

(% expected rate of return)	2011	2010	2009	2008	2007
Equities	7.3%	7.3%	7.5%	7.5%	7.8%
Bonds and gilts	4.9%	4.9%	5.4%	5.1%	5.2%
Other assets	0.5%	0.5%	0.5%	5.0%	5.5%

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

(In £s million)	2011	2010	2009	2008	2007
Equities	224.7	196.7	170.5	213.9	262.6
Bonds and gilts	198.2	166.4	157.7	164.9	130.8
Other assets	17.6	15.1	1.7	7.9	18.7
Fair value of scheme assets	440.5	378.2	329.9	386.7	412.1
Present value of defined benefit obligations	(452.4)	(445.3)	(439.1)	(474.8)	(455.6)
Defined benefit scheme deficit	(11.9)	(67.1)	(109.2)	(88.1)	(43.5)
Related deferred tax asset	5.1	18.8	30.6	24.7	12.2
Net pension liability under FRS 17	(6.8)	(48.3)	(78.6)	(63.4)	(31.3)

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

(In £s million)	2011	2010	2009	2008	2007
Present value of defined benefit obligations	(452.4)	(445.3)	(439.1)	(474.8)	(455.6)
Fair value of scheme assets	440.5	378.2	329.9	386.7	412.1
Deficit in the scheme	(11.9)	(67.1)	(109.2)	(88.1)	(43.5)
The history of experience adjustments is as follows:					
Experience adjustments on scheme liabilities					
Amount (£s million)	(0.5)	52.2	(12.4)	(6.1)	(4.7)
Percentage of scheme liabilities (%)	-	12%	(3%)	(1%)	(1%)
Experience adjustments on scheme assets					
Amounts (£s million)	36.8	37.2	(78.2)	(51.0)	16.0
Percentage of scheme assets (%)	8%	10%	(24%)	(13%)	4%

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 amount of deficit funding contributions which are expected to be paid to the scheme during the financial year to 30 June 2012 is £12.4 million.

11 Provisions

(In £s million)	Total
At 1 July 2010	14.0
Utilised	(1.1)
At 30 June 2011	12.9

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 (thousand)	Share capital £s million
At 1 July 2010 and 30 June 2011	1,464,097	14.7

In accordance with the Companies Act 2006, 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 2010	14.7	369.6	2.7	299.9	(4.7)	682.2
Total recognised gains and losses	-	-	-	45.0	-	45.0
Other share movements	-	-	-	-	1.3	1.3
Share-based payments	-	-	-	11.6	-	11.6
Dividends paid	-	-	-	(79.7)	-	(79.7)
At 30 June 2011	14.7	369.6	2.7	276.8	(3.4)	660.4

Investments in 'own shares' are held by an employee benefit trust to satisfy share awards made to employees. Dividends in respect of 'own shares' have been waived other than shares held as bare nominee for employees in respect of post-tax share awards. The number of shares held at 30 June 2011 is 8,587,641 (2010: 11,842,305).

NOTES TO THE HAYS PLC COMPANY FINANCIAL STATEMENTS CONTINUED

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 Specialist Recruitment Hong Kong Limited	Hong Kong SAR
Hays S.A. de C.V.	Mexico
Hays Holdings BV	Netherlands
Hays Overseas (Portugal) SGPS LDA	Portugal
Hays Holding Corporation	USA
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 Finance Technology Limited	England & Wales
Hays Healthcare Limited	England & Wales
Hays Pharma Limited	England & Wales
Hays Social Care Limited	England & Wales
Hays Specialist Recruitment 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 Servicios S.A. de C.V.	Mexico
Hays BV	Netherlands
Hays Poland Sp z o.o	Poland
HaysP – Recrutamento, Selecao 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
Hays Specialist Recruitment LLC	USA

At 30 June 2011, 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 companies not so marked were owned by a subsidiary or subsidiaries of Hays plc.

The list of companies includes holding companies and those that had a material effect on the consolidated results to 30 June 2011. Information on the other United Kingdom companies in the Group will be included in the relevant 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 2011 of 3.95 pence per share (£54.3 million) will be proposed at the Annual General Meeting on 9 November 2011 and has not been included as a liability as at 30 June 2011. The final dividend will be paid on 18 November 2011 to shareholders on the register at close of business on 14 October 2011.

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⁽¹⁾. Textphone: 0871 384 2255⁽¹⁾. 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 & 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 shareholders of many companies 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 adviser.

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. Commissions start 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 offers 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 reinvest 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⁽¹⁾. International: +44 121 415 7173. Website: shareview.co.uk.

Financial calendar 2011/12

Interim Management Statement for quarter ending 30/09/11	6 October 2011
Annual General Meeting	9 November 2011
Payment of final dividend	18 November 2011
Trading Update for quarter ending 31/12/11	11 January 2012
Half Year Report for six months ending 31/12/11	22 February 2012
Interim Management Statement for quarter ending 31/03/12	11 April 2012
Interim Dividend	April 2012
Trading Update for quarter ending 30/06/12	11 July 2012

Company Secretarial department

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

Investor Relations

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

Registered office

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⁽¹⁾ Calls to this number are charged at 8 pence per minute from a BT landline. Charges from other telephone providers may vary.

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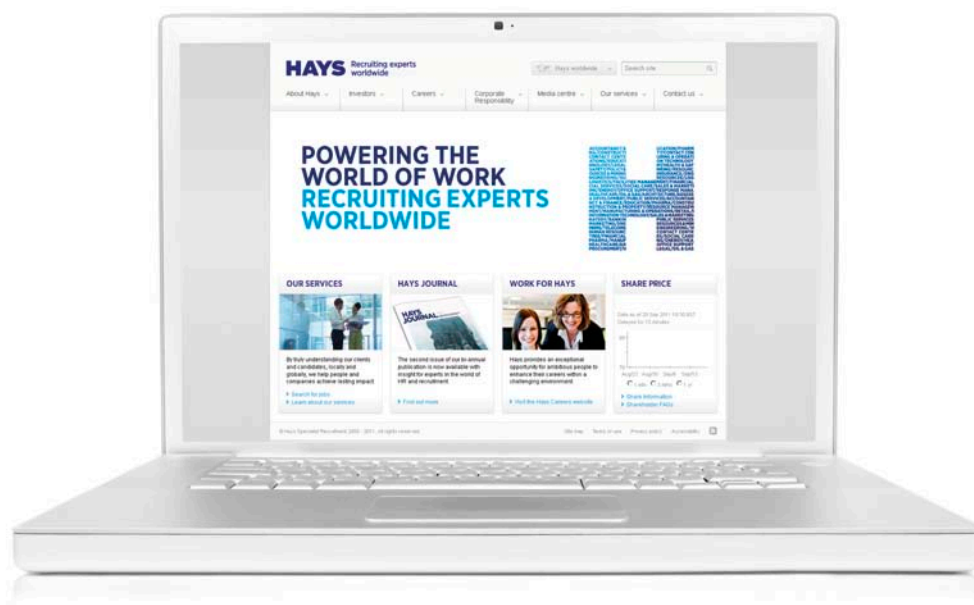
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