

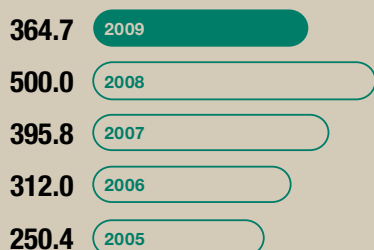
Interim Report & Accounts 2009

Michael Page
INTERNATIONAL

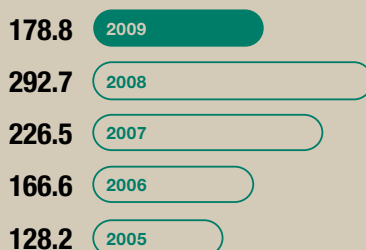
Highlights

H1 2009

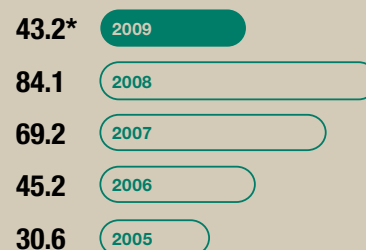
Revenue (£m)



Gross Profit (£m)



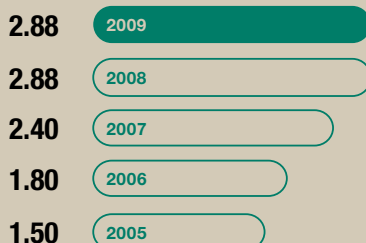
Profit before tax (£m)



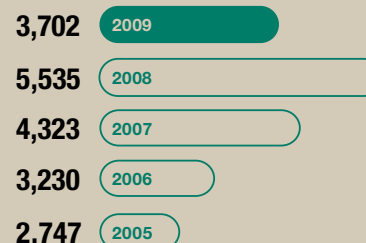
Basic earnings per share (pence)



Interim dividend per share (pence)



Headcount at period end



*After non recurring items (NRI)

- Profitable first half despite poor market conditions
- Strong action taken on the cost base
- Targeted geographic and discipline diversification of business continues
- 68% of gross profits generated from outside the UK
- 49% of gross profit generated from non Finance and Accounting disciplines
- 30% of gross profit generated from temporary placements
- £28.7m of cash generated from operations before NRI (2008: £70.5m)
- Strong balance sheet with net cash of £99.2m (2008: £22.3m)
- Interim dividend maintained at 2.88p

Results

POSITIONED FOR GROWTH – H1 2009

“While market conditions generally continued to weaken during the first half, the rate of decline in the UK, our largest country, and the Asia Pacific region has slowed, and gross profit in these regions in the second quarter, was at a level similar to that of the first quarter. We anticipate a challenging third quarter as we enter into the seasonally quieter summer period, both in Continental Europe, which was later into the downturn, and in the UK.

“We continue to adjust our headcount in response to market conditions, retaining our more experienced and stronger people. In the last twelve months we have reduced headcount by a third, largely through natural attrition, and with a lower cost base we have remained profitable in the first half of 2009. We remain confident that, with our strong balance sheet, leading brand and experienced management team, we can maintain our market presence, continue to gain market share and are well positioned for growth when economic conditions improve.”



Steve Ingham, CEO



Gross Profit £m

178.8

2009

292.7

2008

Operating Profit (before NRI) £m

5.6

2009

84.9

2008


Responsibility

STATEMENT

The Directors confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board



Steve Ingham
Chief Executive

17 August 2009



Stephen Puckett
Group Finance Director

17 August 2009

Interim

MANAGEMENT REPORT

To the members of Michael Page International plc

Cautionary statement

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or any other purpose.

This IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Michael Page International plc and its subsidiary undertakings when viewed as a whole.

STRATEGY

The Group's strategy is to expand the business with the objective of being the leading specialist recruitment consultancy in our chosen markets. As recruitment activity is dependent upon economic cycles, our strategy to counter the impact of economic downturns is to diversify our business by industry sectors, professional disciplines and by geographic markets. By being more diverse, the dependency on individual businesses or markets is reduced, making the overall Group more resilient. This strategy is pursued entirely through the organic growth of existing and new teams, offices, disciplines and countries with a consistent team and meritocratic culture.

This is achieved by drawing upon the skills and experiences of proven Michael Page management, ensuring we have the best and most experienced, home-grown talent in each key role. When we invest in a new business, we do so only with a long-term objective and in the knowledge that at some point there will be periods when economic activity slows. While it is difficult to predict accurately when these slowdowns will occur and how severe they will be, it has been our practice in the past and our intention in the future to maintain our presence in our chosen markets, but with close control over our cost base.

Our team-based structure and profit share business model is scalable. The small team size also means that we can rapidly increase our headcount to achieve growth. When market conditions tighten, these teams then reduce in size largely through natural attrition. Consequently, our cost base will be reduced in a slowdown, but having invested years in training and developing our highly capable management resources, our objective is to retain this expertise within the Group. By following this course of action, we typically gain market share during downturns and position our businesses for leading rates of growth when economic conditions improve.

Pursuing this approach does mean that in a downturn our profitability declines as, in addition to the lower productivity levels that come with a slowdown, we also carry spare capacity.

Adopting this strategy of toughing out economic slowdowns also drives our funding strategy and balance sheet position. In slowdowns, the business continues to produce strong cash flows as working capital requirements reduce. With uncertainty around the length and depth of economic slowdowns, a strong balance sheet is essential to support the businesses through these tougher periods and, when conditions improve and the businesses start growing, to fund the increased working capital requirements.

GROUP RESULTS

Given the severity of the economic slowdown and the consequent impact on recruitment markets around the world, the Group produced a robust performance during the first half of 2009, generating a small operating profit before NRI and increasing our cash reserves.

The Group's revenue for the six months ended 30 June 2009 decreased by 27.1% to £364.7m (2008: £500.0m) and gross profit decreased by 38.9% to £178.8m (2008: £292.7m). At constant exchange rates, the Group's revenue fell by 33.1% and gross profit by 44.5%. In the first half, the mix of the Group's revenue and gross profit between permanent and temporary placements was 36:64 (2008: 48:52) and 70:30 (2008: 79:21) respectively. As is always the case in economic downturns, permanent recruitment is being impacted more than temporary placements, but is expected to recover faster when economic conditions improve. The gross margin on temporary placements decreased to 23.2% (2008: 24.4%) largely as a consequence of pressure on pricing.

In reaction to the extremely difficult market conditions the Group has lowered its cost base, with Group headcount at 30 June 2009 reducing to 3,702 (31 December 2008: 4,943). This headcount reduction has not incurred substantial severance costs during the period, with any such charges being treated as normal operating expenses. In the last twelve months, we have reduced headcount by a third and this lower cost base has enabled us to remain profitable in the first half of 2009. While maintaining our presence in all geographic markets, we have consolidated some of our smaller offices where there were more than one in a city and this has lowered the number of offices to 142 (31 December 2008: 163 offices).

In economic downturns, the demand for recruitment services falls, the time to hire period is extended and there is greater pressure on pricing, all of which result in lower productivity per fee earner and less gross profit being generated. The Group's strategy of only growing organically using home-grown talent, maintaining market presence and keeping spare capacity means that the cost base will not be lowered in the same proportion as gross profits reduce. This is reflected in the operating profit, before non recurring items, falling by 93.4% (-93.5% in constant currency) to £5.6m (2008: £84.9m) and the Group's conversion rate of operating profit from gross profit, falling to 3.1% (2008: 29.0%).

After the benefit of £37.1m of non recurring income, Group profit before tax decreased by 48.6% to £43.2m (2008: £84.1m).

EUROPE, MIDDLE EAST AND AFRICA (EMEA)

Europe, Middle East and Africa (EMEA) is the Group's largest region, contributing 48% of Group gross profit. Revenue in the region decreased by 24.1% to £165.2m (2008: £217.8m) and gross profit decreased by 36.6% to £85.8m (2008: £135.4m). In constant currency, revenue fell by 34.8% and gross profit by 45.6%. The rapid reduction in gross profit, coupled with 8 out of the 17 countries in the region being start-ups in the last four years, resulted in an operating loss of £1.5m (2008: profit of £40.0m).

In the majority of the countries in this region, the effects of the global economic slowdown were felt later than in the UK and USA. Market conditions continued to weaken throughout the period and while maintaining market presence, our businesses have reacted by reducing headcount since the beginning of the year by 475 (22%), taking the region's headcount to 1,680 at the end of June 2009.

While good growth has been achieved by some of the newer businesses in the region, many continue to incur start-up losses, as market conditions remain weak. These newer businesses represent good opportunities for substantial longer term growth and, despite weak market conditions during the first half, we continued to roll-out new disciplines, starting Page Personnel in Germany and opening new offices in Monaco, Abu Dhabi and Bologna.

UNITED KINGDOM

In the UK, representing 32% of the Group's gross profit, revenue decreased by 27.0% to £137.8m (2008: £188.8m), gross profit decreased by 40.3% to £57.0m (2008: £95.6m) and operating profit decreased to £6.1m (2008: £28.4m).

In the UK, market conditions were weak throughout the period across all disciplines and locations. In reaction to the lower activity levels, during the first half, staff numbers decreased by 420 (26%), to 1,220 at the end of June. The UK economy started to slow earlier than in Continental Europe and there are increasing signs that the rate of decline is slowing and, in some disciplines, we are experiencing a degree of stabilisation. In some locations and disciplines we are not anticipating further headcount reductions and some teams are selectively hiring in order to increase the rate of gain in market share.

ASIA PACIFIC

In Asia Pacific, representing 11% of the Group's gross profit, revenue decreased by 38.8% to £36.1m (2008: £58.9m), gross profit decreased by 46.7% to £19.2m (2008: £36.0m) and operating profit decreased by 84.2% to £2.0m (2008: £12.9m). In constant currency, revenue fell by 43.5%, gross profit by 52.9% and operating profit by 85.5%. Our largest business in the region, Australia, continues to experience a very weak economy, with first half gross profits decreasing by 50.8% in local currency. In Asia, where the business is almost entirely permanent placements, gross profits were 57.4% lower in local currency. Some early signs of stabilisation are appearing with second quarter revenue, which is seasonally stronger, slightly ahead of the first quarter. At the end of June we had 426 staff in the region, a decrease of 212 (33%) since the start of the year.

THE AMERICAS

In the Americas, representing 9% of the Group's gross profit, revenue decreased by 25.8% to £25.6m (2008: £34.5m) and gross profit decreased by 34.6% to £16.8m (2008: £25.7m). In constant currency, revenue fell by 37.6% and gross profit by 42.6%. The rapid reduction in gross profit and maintaining our platform resulted in an operating loss of £1.0m (2008: profit of £3.6m). In North America, while market conditions remained weak throughout the period and we reduced our staff numbers, we have now reached a level where we are not anticipating making any further significant headcount reductions. In Latin America, the effect of the global slowdown is now apparent and we have reduced our headcount in Brazil as the economy weakened. Our newer businesses in Mexico and Argentina continued to develop well, with both growing gross profit in the period. In the region we now have 376 staff, a decrease of 134 (26%) since the start of the year.

NON RECURRING ITEMS (NRI)

In the first half of 2009, Michael Page International plc received £26.5m, net of fees, from Her Majesty's Revenue and Customs (HMRC) relating to overpaid VAT. Further to this, on 1 July 2009, the Group received £10.5m, net of fees, of statutory interest on the refund from HMRC. These net receipts have been included within operating profit and finance income respectively.

In March 2009, the Group filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT also covering the period 1980 to 2004.

There remains considerable uncertainty over the length of time to finalise these amended claims and the final additional amount, if any, of overpaid VAT and statutory interest that will ultimately be received by the Group from HMRC.

TAXATION AND EARNINGS PER SHARE

The charge for taxation is based on the expected effective annual tax rate of 34.5% (2008: 30.0%) on profit before taxation.

After NRI, basic and diluted earnings per share for the six months ended 30 June 2009 were 8.8p (2008: 18.3p) and 8.7p (2008: 18.0p) respectively.

CASH FLOW

The Group started the year with net cash of £94.3m. In the first half, we generated £55.3m from operations after NRI, benefiting from a reduction in working capital of £13.2m reflecting the decreased activity. Tax paid was £20.1m and net capital expenditure was £5.9m, with net interest received of £0.5m. During the first half, £1.9m was spent repurchasing shares to satisfy employee share schemes and dividends of £16.5m were paid. Options were exercised over 0.5m shares during the first half generating £0.9m. The Group had net cash of £99.2m at 30 June 2009 and on 1 July received statutory interest of £10.5m, net of fees, in respect of the VAT refund.

DIVIDENDS AND SHARE REPURCHASES

It is the Board's intention to pay dividends at a level that it believes is sustainable throughout economic cycles and to continue to use share repurchases to return surplus cash to shareholders. Reflecting the Group's first half performance and the Board's confidence in the future prospects for the Group, it has decided to maintain the interim dividend at 2.88p per share. The interim dividend will be paid on 9 October 2009 to shareholders on the register at 11 September 2009.

In the first half, the Group's employee benefit trust purchased approximately 1.0m shares for £1.9m to satisfy employee share plan awards. No shares were repurchased and cancelled during the first half.

KEY PERFORMANCE INDICATORS

Financial and non-financial key performance indicators (KPIs) used by the Board to monitor progress are listed in the table below. The source of data and calculation methods year-on-year are on a consistent basis.

KPI	H1 2009	H1 2008	Definition, method of calculation and analysis
Gross margin	49.0%	58.5%	Gross profit as a percentage of revenue. Gross margin has decreased largely as a result of the mix of permanent and temporary placements. In difficult trading conditions, there tends to be a swing to lower margin temporary placements. Source: Condensed consolidated income statement in the financial statements.
Conversion before NRI	3.1%	29.0%	Operating profit as a percentage of gross profit showing the Group's effectiveness at controlling the costs and expenses associated with its normal business operations and the level of investment for future growth. Conversion declined compared to last year reflecting the impact of the economic slowdown on demand for the Group's services, lower productivity and the investment in maintaining market presence and carrying spare capacity. Source: Condensed consolidated income statement in the financial statements.
Productivity (gross profit per fee earner) (six months)	£57.6k	£71.2k	Represents productivity of fee earners and is calculated by dividing the gross profit for the year by the average number of fee earners and directors. The higher the number, the higher their productivity. Productivity is a function of the numbers and experience of fee earners, the impact of pricing and the general conditions of the recruitment market. The reduction in productivity this year is as a result of the general deterioration in market conditions. Source: Internal data.
Fee earner : support staff ratio	71:29	76:24	Represents the balance between operational and non-operational staff. The movement in the period reflects the large reduction in fee earners, together with the need to continue to provide the infrastructure to maintain market presence. Source: Internal data.
Debtor days (30 June)	51	56	Represents the length of time before the Group receives payments from its debtors. Calculated by comparing how many day's billings it takes to cover the debtor balance. The decrease in the period reflects an increased focus on cash collections and a greater proportion of temporary revenue. Source: Internal data.

The movements in KPIs are in line with expectations.

OPERATING PROFIT AND CONVERSION RATES

As a result of the Group's organic long-term growth strategy, tight control on costs and profit-based bonuses, we have a business model, which is operationally geared. The majority of our cost base, around 75%, relates to our staff, with the other main components being property and information technology costs. With a strategy of organic growth, the Group incurs start-up costs and operating losses as investments are made to grow existing and new businesses, open new offices and launch new countries. Furthermore, significant increases in headcount mean that it takes time to train staff before they become fully productive. These characteristics of our growth strategy and the levels of investment impact on the conversion rates in any one reporting period.

Generally, in years when economic conditions are benign, revenue and gross profit grow, with operating profit growing at a faster rate due to a combination of higher productivity, stronger pricing and greater utilisation of infrastructure. In order to grow, we need to increase our headcount and ensure that we have infrastructure to house and support them. When economic conditions weaken and recruitment activity slows, as is the case currently, these factors work in reverse and are compounded by a shortening of earnings visibility.

The majority of our permanent placement activity is undertaken on a contingent basis, which means on those assignments we only generate revenue when a candidate is successfully placed in a role. Our short-term visibility on these earnings is provided by the number of assignments we are working on, the number of candidates we have at interview and the stage they are at in the interview process. The average time to complete a placement, from taking on an assignment to successfully placing a candidate, tends to lengthen in a downturn, reducing productivity and the risk of the candidate being rejected or the assignment being cancelled increases, thereby further reducing our earnings visibility.

In a downturn, activity levels can slow quickly and revenue can decline even faster due to the contingent nature of a large proportion of our placements. The main opportunity for reducing our own cost base is headcount, but these reductions tend to lag the declines in revenue due to the shortening visibility. The majority of the initial reductions in our headcount occur through natural attrition, without incurring significant restructuring charges. However, as greater reductions become necessary, such charges may be incurred, but these are treated as a component of our normal operating expenses.

The rapid decline in activity seen during the second half of last year has continued into the first half of this year. Lower gross profit, combined with a lagged reduction in headcount and the continuing investment in maintaining market presence, has resulted in significantly reduced operating profit.

This gearing effect reduced the Group's conversion rate for the period to 3.1% before NRI (2008: 29.0%). The movement in the conversion rates of the four regions reflected the different timings and degrees of slowing they experienced and the level of investment in new country start-ups.

TREASURY MANAGEMENT, BANK FACILITIES AND CURRENCY RISK

It is the Directors' intention to continue to finance the activities and development of the Group from retained earnings and to operate the Group's business while maintaining a strong balance sheet position. In a generally benign economic environment this equates to maintaining the Group's net cash/debt position within a relatively narrow band, with cash generated in excess of these requirements being used to buy back the Group's shares. In an economic downturn a more cautious funding position is adopted, with the Group being managed in a net cash position.

Cash surpluses are invested in short-term deposits, with any working capital requirements being provided from Group cash resources, Group facilities, or by local overdraft facilities. The Group has a multi-currency notional cash pool between the Euro-zone subsidiaries and the UK-based Group Treasury subsidiary. The structure facilitates interest and balance compensation of cash and bank overdrafts. It is the intention to extend the scope of the participation to other Group companies.

In June 2009, the Group entered into a £50m, three-year multi-currency, committed revolving credit facility with ABN Amro, replacing its original £50m 364 day facility.

The main operational currencies of the Group are Sterling, Euro and Australian Dollar. The Group does not have material transactional currency exposures, nor is there a material exposure to foreign denominated monetary assets and liabilities. The Group is exposed to foreign currency translation differences in accounting for its overseas operations. Our policy is not to hedge this exposure.

In certain cases, where the Group gives or receives short-term loans to and from other Group companies with different reporting currencies, it may use foreign exchange swap derivative financial instruments to manage the currency and interest rate exposure that arises on these loans. It is the Group's policy not to seek to designate these derivatives as hedges.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The following section comprises a summary of what the Group believes are the main risks that could potentially impact the Group's operating and financial performance.

People

The resignation of key individuals and the inability to recruit talented people with the right skill-sets could adversely affect the Group's results. This is further compounded by the Group's organic growth strategy and its policy of not externally hiring senior operational positions. Mitigation of this risk is achieved by succession planning, training of staff, competitive pay structures linked to the Group's results and career progression.

Macro economic environment

Recruitment activity is largely driven by economic cycles and the levels of business confidence. The Board looks to reduce the Group's cyclical risk by expanding geographically, by increasing the number of disciplines, by building part-qualified and clerical businesses and by continuing to build the temporary business.

A substantial portion of the Group's gross profit arises from fees which are contingent upon the successful placement of a candidate in a position. If a client cancels the assignment at any stage in the process, the Group receives no remuneration. As a consequence, the Group's visibility of gross profits is generally quite short and tends to reduce further during periods of economic downturn.

Competition

The degree of competition varies in each of the Group's main regions. In the UK, Australia and North America, the recruitment market is well developed, highly competitive and fragmented. The characteristics of a developed market are greater competition for clients and candidates, as well as pricing pressure. In EMEA, Latin America and Asia, the recruitment market is generally less developed with a large proportion of all recruitment being carried out by companies' internal resources rather than through recruitment specialists. This is changing rapidly due to changes in legislation, increasing job mobility and the difficulty internal resources face in sourcing suitably qualified candidates and managing compliance.

If the Group does not continue to compete in its markets effectively, by hiring new staff, opening and expanding offices and continuing the discipline roll-outs, there is a risk that competitors may beat us to key strategic opportunities, which may result in lost business and a reduction in market share. This risk is mitigated by meetings of the Main Board, Executive Board and Regional and Country Management Boards where Group strategy is continually reviewed and decisions made over the allocation of the Group's resources, principally people.

Technology

The Group is reliant on a number of technology systems to provide services to clients and candidates. These systems are dependent on a number of important suppliers that provide the technology infrastructure and disaster recovery solutions. The performance of these suppliers are continually monitored to ensure business critical services are available and maintained as far as practically possible. Due to the rapid advancement of technology, there is a risk that systems could become outdated with the potential to affect efficiency and have an impact on revenue and client service. This risk is mitigated by regular reviews of the Group's technology strategy to ensure that it supports the overall Group strategy.

Legal

The Group operates in a large number of jurisdictions, which have varying regulatory environments. As the employment laws are changed and harmonised in certain geographies, they bring with them new risks and opportunities. The temporary market is heavily regulated, and changes in legislation, which have the effect of increasing the cost or restricting the flexibility of movement of temporary workers, could, other things being equal, have a detrimental effect on the Group's financial performance. The Group takes its obligations and responsibilities seriously and ensures that its policies, systems and procedures are continually upgraded to reflect best practice and to comply with the legal requirements in all the markets in which it operates. In order to reduce the legal and compliance risks, fee earners and support staff receive regular training and updates of changes in legal and compliance requirements.

Financial

The Group has a risk management process to assess risks and places emphasis on maintaining adequate financial and management controls. The risk management process is viewed as a dynamic part of operations and is assessed globally on an annual basis. The Group has developed a framework to manage risk and respond to the global financial crisis, with emphasis upon credit exposure, management of currency risk and business and operational continuity.

GOING CONCERN

The Board has undertaken a recent and thorough review of the Group's forecasts and associated risks and sensitivities. Despite the significant uncertainty in the economy and its inherent risk and impact on the business, the Board has concluded, given the level of cash in the business and Group borrowing facilities, the geographical and discipline diversification, limited concentration risk, as well as the ability to manage the cost base, that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of at least 12 months.

CURRENT TRADING AND FUTURE PROSPECTS

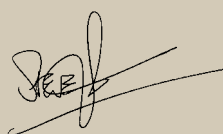
Market conditions remain weak and we are experiencing similar behaviour from our clients, candidates and competitors as we witnessed in previous economic slowdowns. Likewise, permanent recruitment is being impacted more than temporary placements, but is expected to recover faster when economic conditions improve.

With our profit share model, the teams continue to reduce their cost base to reflect the lower levels of activity. We anticipate that our overall cost base and headcount will continue to react appropriately to changes in market conditions during the third quarter. However, in a few markets and disciplines that were the first to slow, we are not planning further headcount reductions and some teams are making selective hiring decisions in order to increase the rate of gain in market share. Where we see opportunities, we have continued our strategy of diversification, rolling out new disciplines and opening new offices.

As we enter the seasonally quieter summer period, we anticipate a challenging third quarter. However, we remain confident that, with our strong balance sheet, leading brand and experienced management team, we can maintain our market presence and continue to gain market share.

Page House
The Bourne Business Park
1 Dashwood Lang Road
Addlestone, Weybridge
Surrey KT15 2QW

By order of the Board,



Steve Ingham
Chief Executive
17 August 2009



Stephen Puckett
Group Finance Director
17 August 2009

Independent Review Report to Michael Page International Plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performance by the Independent Auditor of the Entity", issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
17 August 2009

Financial

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Condensed Consolidated Income Statement

SIX MONTHS ENDED 30 JUNE 2009

		Six months ended		Year ended
		30 June	30 June	31 December
		2009	2008	2008
	Note	£'000	£'000	£'000
Revenue	3	364,688	500,043	972,782
Cost of sales		(185,877)	(207,383)	(420,080)
Gross profit	3	178,811	292,660	552,702
Administrative expenses		(173,192)	(207,723)	(412,201)
Operating profit before non recurring items	3	5,619	84,937	140,501
Other income – non recurring items	4	26,544	–	–
Operating profit after non recurring items	3	32,163	84,937	140,501
Financial income	5	1,383	1,356	3,878
Financial income – non recurring items	5	10,516	–	–
Financial expenses	5	(846)	(2,216)	(4,323)
Profit before tax		43,216	84,077	140,056
Income tax expense	6	(4,506)	(25,224)	(42,717)
Income tax expense – non recurring items	4	(10,404)	–	–
Profit for the period		28,306	58,853	97,339
Attributable to:				
Owners of the parent		28,306	58,853	97,339
Earnings per share				
Basic earnings per share (pence)	9	8.8	18.3	30.3
Diluted earnings per share (pence)	9	8.7	18.0	29.9

The above results all relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

SIX MONTHS ENDED 30 JUNE 2009

		Six months ended		Year ended
		30 June	30 June	31 December
		2009	2008	2008
		£'000	£'000	£'000
Profit for the period		28,306	58,853	97,339
Other comprehensive income for the period				
Currency translation differences		(14,788)	8,425	40,064
Total comprehensive income for the period		13,518	67,278	137,403
Attributed to:				
Owners of the parent		13,518	67,278	137,403

Condensed Consolidated Statement of Changes in Equity

SIX MONTHS ENDED 30 JUNE 2009

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reserve for shares held in the employee benefit trust £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2008	3,274	46,635	771	(22,740)	5,315	74,595	107,850
Currency translation differences	–	–	–	–	8,425	–	8,425
Net income recognised directly in equity	–	–	–	–	8,425	–	8,425
Profit for the six months ended 30 June 2008	–	–	–	–	–	58,853	58,853
Total recognised income for the period	–	–	–	–	8,425	58,853	67,278
Purchase of own shares for cancellation	(35)	–	35	–	–	(10,108)	(10,108)
Issue of share capital	4	745	–	–	–	–	749
Transfer to reserve for shares held in the employee benefit trust	–	–	–	1,575	–	(1,575)	–
Credit in respect of share schemes	–	–	–	–	–	5,104	5,104
Dividends	–	–	–	–	–	(17,934)	(17,934)
	(31)	745	35	1,575	–	(24,513)	(22,189)
Balance at 30 June 2008	3,243	47,380	806	(21,165)	13,740	108,935	152,939
Currency translation differences	–	–	–	–	31,639	–	31,639
Net income recognised directly in equity	–	–	–	–	31,639	–	31,639
Profit for the six months ended 31 December 2008	–	–	–	–	–	38,486	38,486
Total recognised income for the period	–	–	–	–	31,639	38,486	70,125
Purchase of own shares for cancellation	(32)	–	32	–	–	(5,877)	(5,877)
Purchase of shares held in the employee benefit trust	–	–	–	(854)	–	–	(854)
Issue of share capital	9	1,476	–	–	–	–	1,485
Transfer to reserve for shares held in the employee benefit trust	–	–	–	941	–	(941)	–
Credit in respect of share schemes	–	–	–	–	–	2,175	2,175
Dividends	–	–	–	–	–	(9,329)	(9,329)
	(23)	1,476	32	87	–	(13,972)	(12,400)
Balance at 31 December 2008	3,220	48,856	838	(21,078)	45,379	133,449	210,664
Currency translation differences	–	–	–	–	(14,788)	–	(14,788)
Net expense recognised directly in equity	–	–	–	–	(14,788)	–	(14,788)
Profit for the six months ended 30 June 2009	–	–	–	–	–	28,306	28,306
Total recognised (expense)/income for the period	–	–	–	–	(14,788)	28,306	13,518
Purchase of shares held in employee benefit trust	–	–	–	(1,903)	–	–	(1,903)
Issue of share capital	5	853	–	–	–	–	858
Transfer to reserve for shares held in the employee benefit trust	–	–	–	3,544	–	(3,544)	–
Credit in respect of share schemes	–	–	–	–	–	4,282	4,282
Dividends	–	–	–	–	–	(16,487)	(16,487)
	5	853	–	1,641	–	(15,749)	(13,250)
Balance at 30 June 2009	3,225	49,709	838	(19,437)	30,591	146,006	210,932

Condensed Consolidated Statement of Financial Position

SIX MONTHS ENDED 30 JUNE 2009

		Six months ended		Year ended
		30 June	30 June	31 December
	Note	2009	2008	2008
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		33,978	31,880	39,097
Intangible assets – Goodwill		1,539	1,539	1,539
– Computer software		14,739	6,209	12,316
Deferred tax assets		9,207	5,665	6,496
Other receivables	11	1,462	2,448	1,955
		60,925	47,741	61,403
Current assets				
Trade and other receivables	11	150,482	227,632	203,813
Current tax receivable		3,234	–	5,358
Cash and cash equivalents	14	99,243	94,587	156,980
		252,959	322,219	366,151
Total assets	3	313,884	369,960	427,554
Non-current liabilities				
Other payables	12	(2,284)	(1,263)	(1,337)
Deferred tax liabilities		(210)	(11)	(897)
		(2,494)	(1,274)	(2,234)
Current liabilities				
Trade and other payables	12	(89,787)	(121,208)	(137,021)
Bank overdrafts	14	–	(72,298)	(62,697)
Current tax payable		(10,671)	(22,241)	(14,938)
		(100,458)	(215,747)	(214,656)
Total liabilities	3	(102,952)	(217,021)	(216,890)
Net assets		210,932	152,939	210,664
Capital and reserves				
Called-up share capital		3,225	3,243	3,220
Share premium		49,709	47,380	48,856
Capital redemption reserve		838	806	838
Reserve for shares held in employee benefit trust		(19,437)	(21,165)	(21,078)
Currency translation reserve		30,591	13,740	45,379
Retained earnings		146,006	108,935	133,449
Total equity		210,932	152,939	210,664

Condensed Consolidated Statement of Cash Flows

SIX MONTHS ENDED 30 JUNE 2009

		Six months ended		Year ended
		30 June	30 June	31 December
	Note	2009	2008	2008
		£'000	£'000	£'000
Cash generated from operations before non recurring items	13	28,737	70,453	185,206
Non recurring items	4	26,544	–	–
Cash generated from operations after non recurring items		55,281	70,453	185,206
Income tax paid		(20,136)	(22,336)	(53,409)
Net cash from operating activities		35,145	48,117	131,797
Cash flows from investing activities				
Purchases of property, plant and equipment		(3,292)	(7,990)	(17,173)
Purchases of computer software		(3,279)	(3,833)	(10,260)
Proceeds from the sale of property, plant and equipment, and computer software		700	255	1,009
Interest received	5	1,383	1,355	3,878
Net cash used in investing activities		(4,488)	(10,213)	(22,546)
Cash flows from financing activities				
Dividends paid		(16,487)	(17,934)	(27,263)
Interest paid		(846)	(2,317)	(4,782)
Repayment of bank loan		–	(25,300)	(25,300)
Issue of own shares for the exercise of options		858	749	2,234
Purchase of own shares for cancellation		–	(10,108)	(15,985)
Purchase of shares held in the employee benefit trust		(1,903)	–	(854)
Net cash used in financing activities		(18,378)	(54,910)	(71,950)
Net increase/(decrease) in cash and cash equivalents		12,279	(17,006)	37,301
Cash and cash equivalents at the beginning of the period		94,283	35,557	35,557
Exchange (losses)/gains on cash and cash equivalents		(7,319)	3,738	21,425
Cash and cash equivalents at the end of the period	14	99,243	22,289	94,283

Notes to the condensed set of interim financial statements

SIX MONTHS ENDED 30 JUNE 2009

1. General information

The information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Accounting policies

The annual financial statements of Michael Page International plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union.

The same accounting policies, presentations and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except for as described below.

Basis of preparation

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the interim management report. The interim management report also includes a summary of the Group's financial position, its cash flows and its borrowing facilities.

The directors believe the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly financial report.

Changes in accounting policy

In the current financial year, the Group has adopted International Accounting Standard 1 "Presentation of Financial Statements" (IAS 1) (revised 2007) and International Financial Reporting Standard 8, "Operating Segments" (IFRS 8).

The implementation of IAS 1 (revised 2007) resulted in changes to disclosure with the inclusion of a Condensed Consolidated Statement of Comprehensive Income.

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 Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The implementation of IFRS 8 resulted in no significant changes, as disclosures over and above those required by IAS 14 were previously made.

3. Segment reporting

(a) Revenue, gross profit and operating profit by reportable segment

	Revenue			Gross Profit		
	Six months ended		Year ended	Six months ended		Year ended
	30 June	30 June	31 December	30 June	30 June	31 December
	2009	2008	2008	2009	2008	2008
	£'000	£'000	£'000	£'000	£'000	£'000
EMEA	165,221	217,769	426,436	85,829	135,434	258,772
United Kingdom	137,790	188,830	365,602	57,026	95,558	176,685
Asia Pacific	36,058	58,939	111,443	19,184	36,011	66,775
Americas	25,619	34,505	69,301	16,772	25,657	50,470
	364,688	500,043	972,782	178,811	292,660	552,702

	Operating Profit		
	Six months ended		Year ended
	30 June	30 June	31 December
	2009	2008	2008
	£'000	£'000	£'000
EMEA	(1,533)	40,046	66,271
United Kingdom	6,073	28,395	46,557
Asia Pacific	2,037	12,865	22,351
Americas	(958)	3,631	5,322
Operating profit before non recurring items	5,619	84,937	140,501
Non recurring items (note 4)	26,544	—	—
Operating profit after non recurring items	32,163	84,937	140,501

The above analysis by destination is not materially different to analysis by origin.

The analysis below is of the carrying amount of reportable segment assets and liabilities. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The individual reportable segments exclude income tax assets and liabilities. NRI items relate wholly to the United Kingdom.

(b) Segment assets and liabilities by reportable segment

	Total Assets			Total Liabilities		
	Six months ended		Year ended	Six months ended		Year ended
	30 June	30 June	31 December	30 June	30 June	31 December
	2009	2008	2008	2009	2008	2008
	£'000	£'000	£'000	£'000	£'000	£'000
EMEA	121,891	178,089	212,004	51,306	64,385	79,517
United Kingdom	121,826	114,760	128,338	30,417	114,093	104,697
Asia Pacific	33,667	51,737	52,602	7,006	10,790	9,623
Americas	22,750	25,374	29,252	3,552	5,512	8,115
Assets/liabilities before non recurring items	300,134	369,960	422,196	92,281	194,780	201,952
Income tax	3,234	—	5,358	10,671	22,241	14,938
Non recurring items (note 4)	10,516	—	—	—	—	—
	313,884	369,960	427,554	102,952	217,021	216,890

(c) Revenue and gross profit by discipline

	Revenue			Gross Profit		
	Six months ended		Year ended	Six months ended		Year ended
	30 June	30 June	31 December	30 June	30 June	31 December
	2009	2008	2008	2009	2008	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Finance and Accounting	210,218	279,476	541,984	90,529	146,419	273,017
Marketing, Sales and Retail	45,454	73,770	140,599	29,858	55,714	103,907
Legal, Technology, HR, Secretarial and Other	63,968	85,969	168,167	31,247	48,751	93,193
Engineering, Property & Construction, Procurement & Supply Chain	45,048	60,828	122,032	27,177	41,776	82,585
	364,688	500,043	972,782	178,811	292,660	552,702

(d) Revenue and gross profit generated from permanent and temporary placements

	Revenue			Gross Profit		
	Six months ended		Year ended	Six months ended		Year ended
	30 June	30 June	31 December	30 June	30 June	31 December
	2009	2008	2008	2009	2008	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Permanent	130,283	242,554	448,403	124,374	229,843	425,655
Temporary	234,405	257,489	524,379	54,437	62,817	127,047
	364,688	500,043	972,782	178,811	292,660	552,702

3. Segment reporting (continued)

The analyses in notes (c) revenue and gross profit by discipline (being the professions of candidates placed) and (d) revenue and gross profit generated from permanent and temporary placements, is disclosure over and above the requirements of IFRS 8 "Operating Segments".

4. Non recurring items (NRI)

In 2003, Michael Page International plc (MPI) submitted an initial claim to Her Majesty's Revenue & Customs (HMRC) for overpaid VAT, which was rejected. MPI appealed and subsequently filed amended claims covering the period from 1980 to 2004. HMRC has partly settled these claims with a payment to MPI of £26.5m, net of fees. On 1 July 2009, MPI received statutory interest on this amount of £10.5m, net of fees. These amounts have been recognised in the period, net of fees, within operating profit and finance income respectively. The related fees payable on these refunds amounted to 25% of the gross claims. Taxation of £10.4m on non recurring items, net of expenses, has been provided representing an effective tax rate of 28.0%.

In March 2009, MPI filed amended claims for a further £80m, net of fees, for overpaid VAT covering the period from 1980 to 2004. There remains considerable uncertainty over the length of time to finalise these claims and the final additional amount, if any, of overpaid VAT and statutory interest that will ultimately be received by MPI from HMRC.

5. Finance income/expenses

	Six months ended		Year ended
	30 June 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Finance income			
Bank interest receivable	1,383	1,356	3,878
Interest on non recurring items (note 4)	10,516	–	–
	11,899	1,356	3,878
Finance expenses			
Bank interest payable	(846)	(2,216)	(4,323)

6. Taxation

Taxation for the six month period is charged at 34.5% (six months ended June 2008: 30.0%; year ended 31 December 2008: 30.5%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

7. Dividends

	Six months ended		Year ended
	30 June	30 June	31 December
	2009	2008	2008
	£'000	£'000	£'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2008 of 5.12p per ordinary share (2007: 5.6p)	16,487	17,934	17,934
Interim dividend for the period ended 30 June 2008 of 2.88p per ordinary share	–	–	9,329
	16,487	17,394	27,263
Amounts proposed as distributions to equity holders in the period:			
Proposed interim dividend for the six months ended 30 June 2009 of 2.88p per ordinary share (2008: 2.88p)	9,274	9,259	–
Proposed final dividend for the year ended 31 December 2008 of 5.12p per ordinary share	–	–	16,316

The proposed interim dividend had not been approved by the Board at 30 June 2009 and therefore has not been included as a liability. The comparative interim dividend at 30 June 2008 was also not recognised as a liability in the prior period.

The proposed interim dividend of 2.88 pence (2008: 2.88 pence) per ordinary share will be paid on 9 October 2009 to shareholders on the register at the close of business on 11 September 2009.

8. Share-based payments

In accordance with IFRS 2 "Share-based Payment", a charge of £0.6m has been recognised for share options (including social charges) (30 June 2008: charge £1.2m, 31 December 2008: credit £0.6m), and £3.9m has been recognised for other share-based payment arrangements (including social charges) (30 June 2008: £3.9m, 31 December 2008: £7.5m).

During the period, 515,087 share options were exercised which has led to an increase in share capital of £5k and an increase in share premium of £853K.

9. Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended		Year ended
	30 June	30 June	31 December
	2009	2008	2008
Earnings			
Earnings for basic and diluted earnings per share (£'000)	28,306	58,853	97,339
Non recurring items (NRI) (£'000) (note 4)	(26,656)	–	–
Earnings for basic and diluted earnings per share before NRI (£'000)	1,650	58,853	97,339
Number of shares			
Weighted average number of shares used for basic earnings per share ('000)	321,455	322,362	321,475
Dilution effect of share plans ('000)	3,974	3,916	4,178
Diluted weighted average number of shares used for diluted earnings per share ('000)	325,429	326,278	325,653
Basic earnings per share (pence)	8.8	18.3	30.3
Diluted earnings per share (pence)	8.7	18.0	29.9
Basic earnings per share before NRI (pence)	0.5	18.3	30.3
Diluted earnings per share before NRI (pence)	0.5	18.0	29.9

The above results all relate to continuing operations.

10. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2009 the Group acquired property, plant and equipment with a cost of £3.3m (30 June 2008: £8.0m, 31 December 2008: £17.2m).

Property, plant and equipment with a carrying amount of £0.9m were disposed of during the six months ended 30 June 2009 (30 June 2008: £0.4m, 31 December 2008: £1.6m), resulting in a loss on disposal of £0.2m (30 June 2008: loss of £0.1m, 31 December 2008: loss of £0.6m).

11. Trade and other receivables

	Six months ended		Year ended
	30 June 2009	30 June 2008	31 December 2008
	£'000	£'000	£'000
Current			
Trade receivables	111,042	188,868	168,369
Other receivables	16,877	5,390	6,888
Prepayments and accrued income	22,563	33,374	28,556
	150,482	227,632	203,813
Non-current			
Prepayments and accrued income	1,462	2,448	1,955

12. Trade and other payables

	Six months ended		Year ended
	30 June 2009	30 June 2008	31 December 2008
	£'000	£'000	£'000
Current			
Trade payables	5,864	6,953	9,780
Other tax and social security	28,056	43,116	40,332
Other payables	17,496	15,621	18,742
Accruals	38,152	55,445	67,872
Deferred income	219	73	295
	89,787	121,208	137,021
Non-current			
Deferred income	2,131	1,263	1,192
Other tax and social security	153	–	145
	2,284	1,263	1,337

13. Cash flows from operating activities

	Six months ended		Year ended
	30 June	30 June	31 December
	2009	2008	2008
	£'000	£'000	£'000
Profit before tax	43,216	84,077	140,056
Depreciation charges	5,696	4,721	10,317
Loss on sale of property, plant and equipment, and computer software	160	76	596
Share scheme charges	4,085	5,104	6,667
Non recurring items	(26,544)	–	–
Net finance (income)/expense	(11,052)	861	445
Operating cashflow before changes in working capital and NRI	15,561	94,839	158,081
Decrease/(Increase) in receivables	51,087	(25,496)	24,963
(Decrease)/Increase in payables	(37,911)	1,110	2,162
Cash generated from operations before NRI	28,737	70,453	185,206

14. Cash and cash equivalents

	Six months ended		Year ended
	30 June	30 June	31 December
	2009	2008	2008
	£'000	£'000	£'000
Cash at bank and in hand	91,442	83,626	133,467
Short-term deposits	7,801	10,961	23,513
Cash and cash equivalents	99,243	94,587	156,980
Bank overdrafts	–	(72,298)	(62,697)
Cash and cash equivalents in the statement of cash flows	99,243	22,289	94,283

15. Events after the balance sheet date

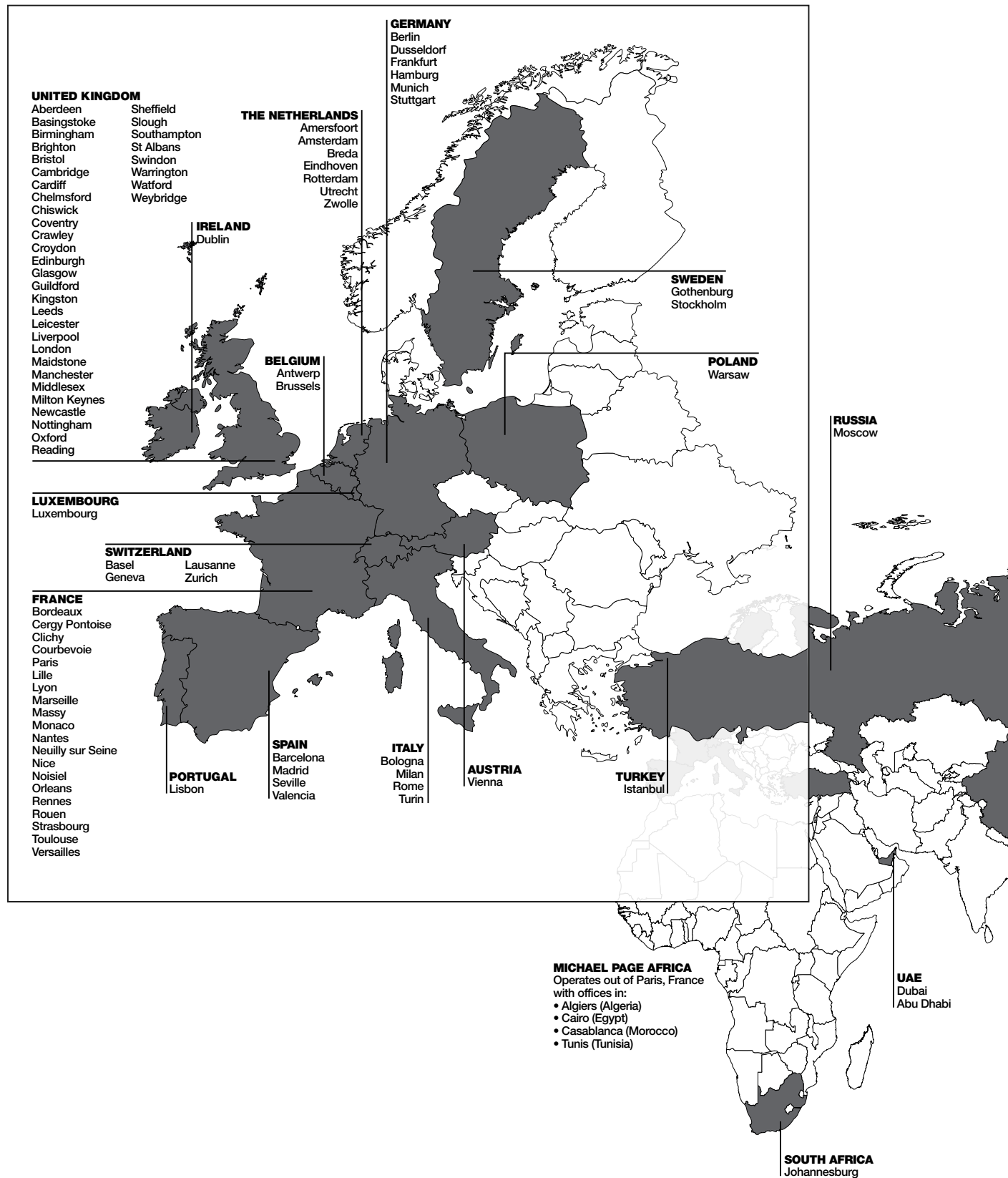
On 1 July 2009, Michael Page International plc received interest of £10.5m, net of fees, on the VAT refund from HMRC (see note 4). This balance has been included within Other Receivables at the interim date.

Additionally, between 30 June 2009 and 10 August 2009, 91,298 options were exercised, which has led to an increase of share capital of £913 and an increase in share premium of £163,977.

Notes

Our office locations

SIX MONTHS ENDED 30 JUNE 2009



GROWING ENTIRELY ORGANICALLY, RATHER THAN BY MERGERS OR ACQUISITIONS, WE NOW HAVE OVER 3,700 PEOPLE IN 142 OFFICES IN 28 COUNTRIES WORLDWIDE.

