



Annual Report & Accounts 2007

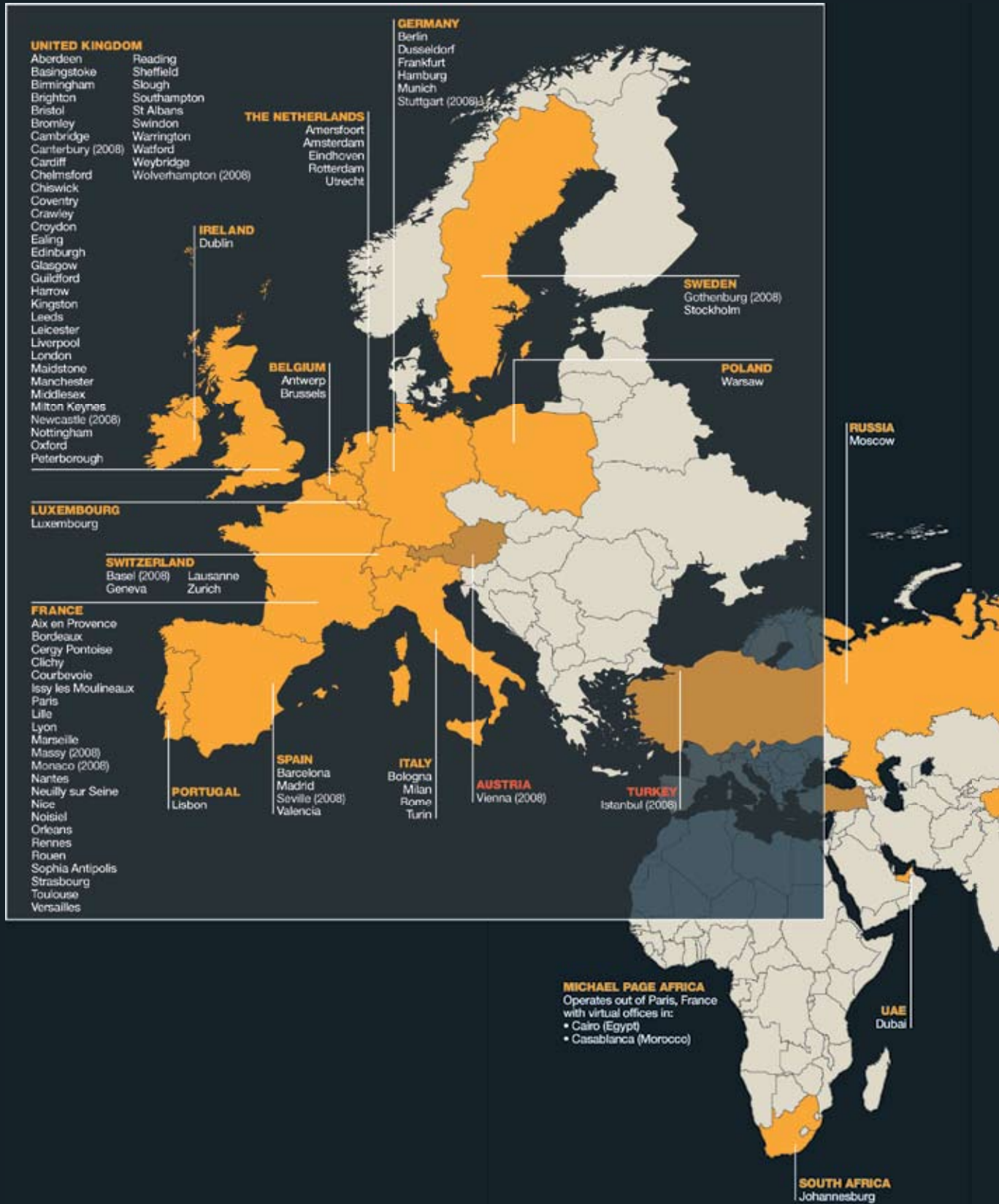
Michael Page
INTERNATIONAL

IN JUST THIRTY YEARS, MICHAEL PAGE INTERNATIONAL HAS GROWN TO BECOME ONE OF THE WORLD'S BEST-KNOWN AND MOST RESPECTED RECRUITMENT CONSULTANCIES. TODAY, WE ARE PROUD TO SET THE STANDARD WITHIN OUR PROFESSION FOR SPECIALIST SERVICE, WITH A PERSONAL TOUCH.

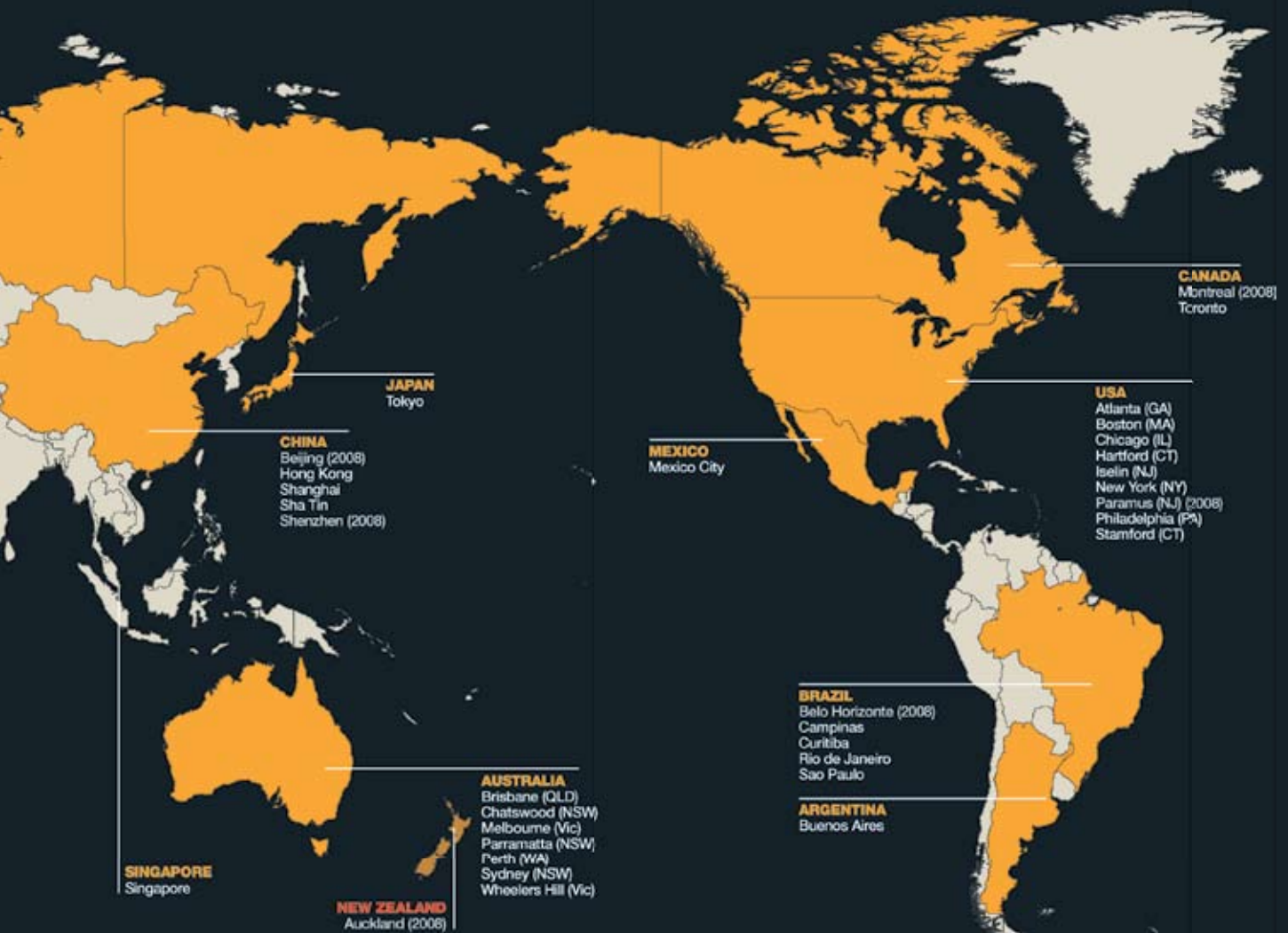
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Our office locations

YEAR ENDED 31 DECEMBER 2007



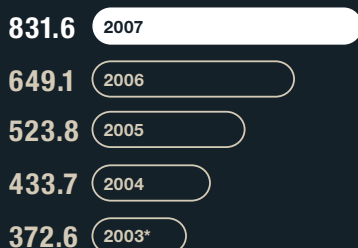
GROWING ENTIRELY ORGANICALLY, RATHER THAN BY MERGERS OR ACQUISITIONS, WE NOW HAVE OVER 5,000 PEOPLE IN 149 OFFICES IN 25 COUNTRIES WORLDWIDE.



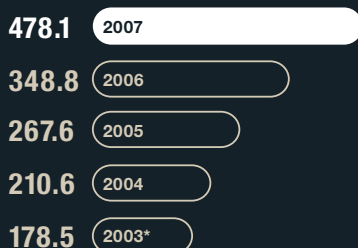
Highlights

2007

Revenue (£m)



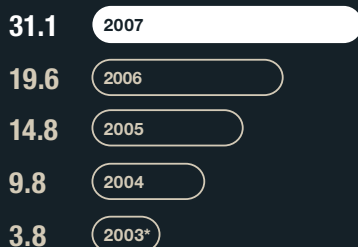
Gross Profit (£m)



Profit before tax (£m)



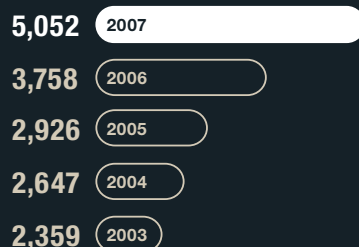
Basic earnings per share (pence)



Dividend per share (pence)



Headcount at year end



- Record levels of revenue and profits
- Gross margin increased to 57.5% (2006: 53.7%)
- Conversion rate[‡] up to 31.3% (2006: 27.9%)
- Over 60% of gross profits generated outside the UK
- EMEA gross profits up 55% and now largest region
- Americas gross profits up 79%
- Cash generated from operations up 88.6% to £148.7m (2006: £78.8m)
- 15.1m shares repurchased at a cost of £74.9m (includes 3.5m shares repurchased into trust)
- Group headcount increased by 34% to 5,052 employees

*2003 amounts stated under UK GAAP. †the amount of operating profit as a proportion of gross profit.

Global Profits

2007



RECORD OPERATING PROFITS OF £149m, UP 54%.



“2007 was an outstanding year for Michael Page, with record results in each quarter as we continued our significant organic expansion, both by geography and discipline. Since the start of the current year, with the exception of certain sectors related to the banking market, we continue to experience similar year-on-year increases in activity levels in all of our regions.

“Our consistent organic growth strategy of investment through cycles, coupled with structural changes are driving our growth in the specialist recruitment market. We believe this investment has, in turn, given us greater resilience to the economic cycle by virtue of our increased diversification. Whilst we are mindful of the uncertainties surrounding the current global economic outlook, we shall continue to make strategic and measured investments to position the business for long-term growth. The Board remains confident in the prospects for Michael Page.”

Steve Ingham, CEO

+37%

Gross Profit £m

478.1 2007

348.8 2006

+54%

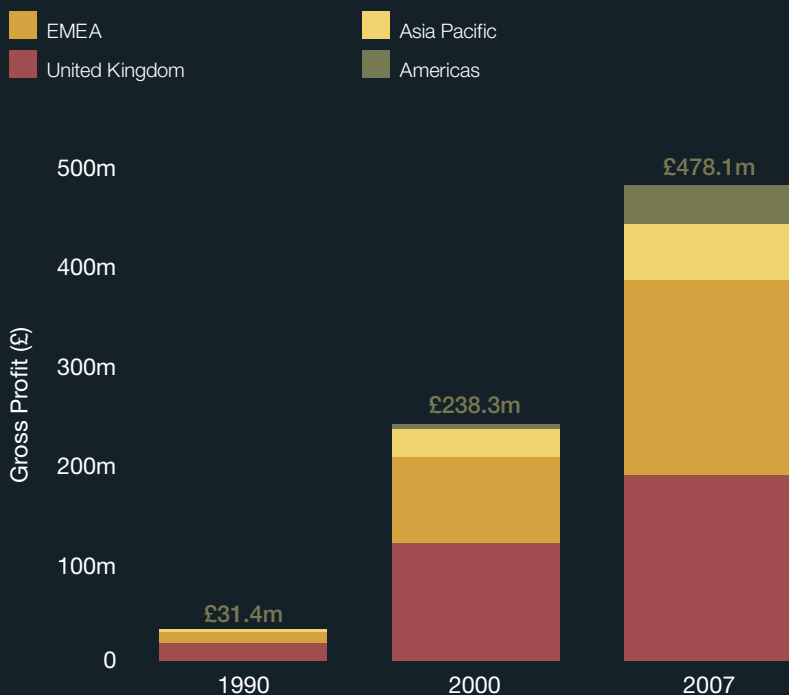
Operating Profit £m

149.4 2007

97.4 2006

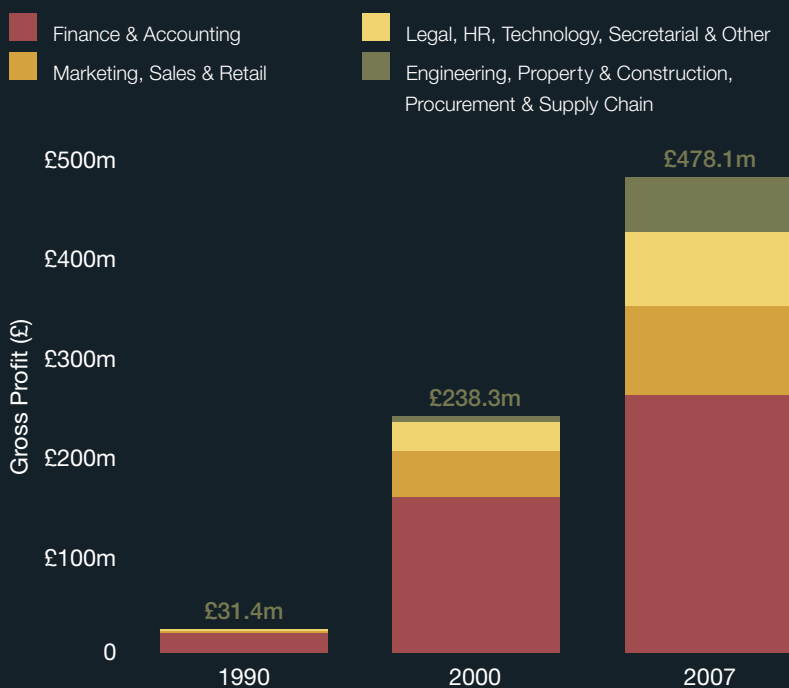
CHANGING SHAPE OF THE BUSINESS: 1990-2007

GEOGRAPHIC DEVELOPMENT OF GROSS PROFIT



- Geographic spread by number of countries increasing and speeding up: 1990: 4, 2000: 12, 2007: 25
- EMEA the largest region at 41%
- UK becoming less dominant: 1990: 62%, 2000: 50%, 2007: 39%
- Americas rising fast: 1990: 0%, 2000: 2%, 2007: 8%
- In 2007, gross profit in The Americas greater than total Group gross profit in 1990
- In the last seven years, EMEA has grown to over 80% of total Group gross profit in 2000

DISCIPLINE DEVELOPMENT OF GROSS PROFIT

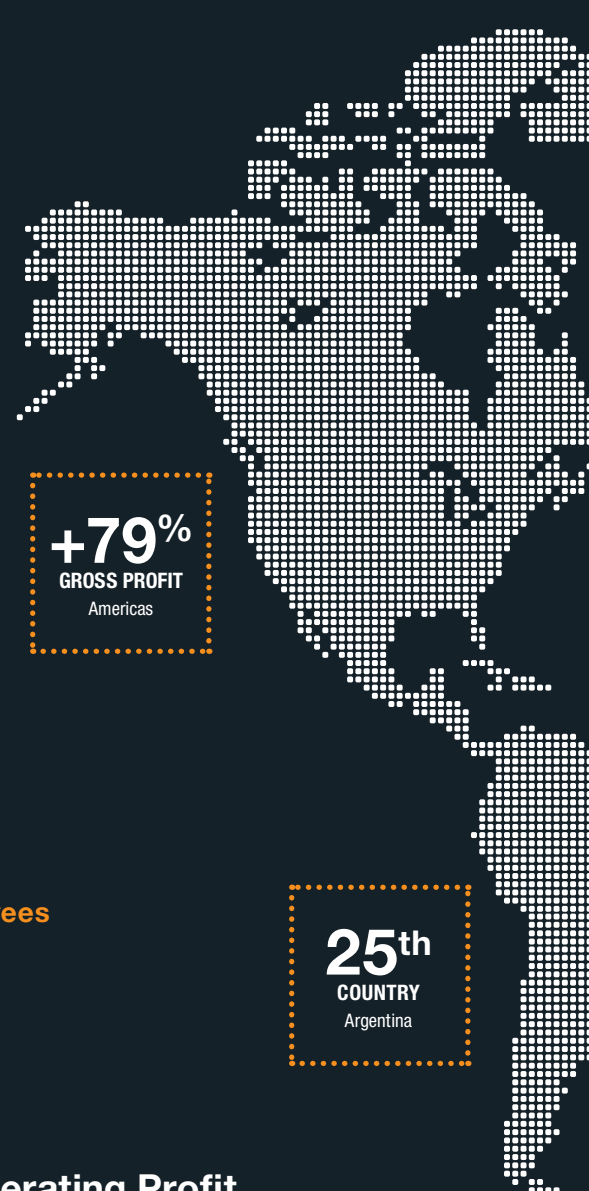


- Diversification by discipline has increased rapidly. Non-Finance and Accounting gross profit: 1990: 17%, 2000: 33%, 2007: 46%
- 2007 growth in Finance and Accounting gross profit 28%, growth in non-Finance and Accounting gross profit 50%
- More consultants now focused on non-Finance and Accounting recruitment than were employed by the Group in 2000
- Growth from Finance and Accounting recruitment between 2000 and 2007: 65%, from non-Finance and Accounting between 2000 and 2007: 168%

At a glance

PERFORMANCE BY REGION IN 2007

The success of our strategy to diversify the business, both geographically and by discipline, through organic growth is increasingly evident, with the EMEA region now the largest in the Group. Over 60% of the Group's gross profits were generated outside the UK. We have also added two new countries, Luxembourg and Argentina, to the Group during 2007.



EMEA (CONTINENTAL EUROPE, MIDDLE EAST & AFRICA)

+55%
gross profit

Gross Profit

£196.4m **2007**

£126.6m **2006**

Operating Profit

£63.0m **2007**

£34.2m **2006**

+79%
GROSS PROFIT
Americas

72 Offices **14** Disciplines **2,078** Employees

25th
COUNTRY
Argentina

AMERICAS

+79%
gross profit

Gross Profit

£38.4m **2007**

£21.5m **2006**

Operating Profit

£6.2m **2007**

£1.9m **2006**

15 Offices **10** Disciplines **543** Employees

UNITED KINGDOM

+19%
gross profit

Gross Profit

£186.0m 2007

£155.8m 2006

Operating Profit

£59.4m 2007

£44.3m 2006

50 Offices **12** Disciplines **1,799** Employees

4

NEW OFFICES
United Kingdom

+27%
GROSS PROFIT
Asia Pacific

+45%
HEADCOUNT
EMEA

ASIA PACIFIC

+27%
gross profit

Gross Profit

£57.2m 2007

£45.0m 2006

Operating Profit

£20.8m 2007

£17.1m 2006

12 Offices **10** Disciplines **632** Employees

Performance

BY REGION IN 2007

EMEA (CONTINENTAL EUROPE, MIDDLE EAST & AFRICA)

+55%
gross profit

Gross Profit

£196.4m 2007

£126.6m 2006

Operating Profit

£63.0m 2007

£34.2m 2006

72 Offices **14** Disciplines **2,078** Employees

During 2007, the EMEA region achieved strong growth and is now the largest region in the Group, both in terms of gross profit and headcount. Revenue in EMEA increased by 44.0% to £321.1m (2006: £223.0m) and gross profit increased by 55.2% to £196.4m (2006: £126.6m). As a result of the increased revenue and high operational gearing, the region produced an increase of 84.4% in operating profit to £63.0m (2006: £34.2m), a conversion rate of 32.1% (2006: 27.0%). Headcount in the region increased by 640 (45%) during the year to 2,078, with the majority joining existing offices. In a number of locations we have taken larger office space to accommodate the growth and we continued our longer-term investment opening in Luxembourg and starting new offices in Hamburg, Valencia and Bordeaux.

UNITED KINGDOM

+19%
gross profit

Gross Profit

£186.0m 2007

£155.8m 2006

Operating Profit

£59.4m 2007

£44.3m 2006

50 Offices **12** Disciplines **1,799** Employees

In the UK, revenue increased by 15.4% to £360.4m (2006: £312.4m) and gross profit by 19.4% to £186.0m (2006: £155.8m). Operating profits were £59.4m (2006: £44.3m), an increase of 34.2% and represent a conversion rate of 31.9% (2006: 28.4%). We invested heavily during the year, increasing headcount by 17% to 1,799 and opening new offices in Pall Mall and Canary Wharf in London, Leicester and Aberdeen. During the year we continued to expand the Page Personnel office network from 35 to 37, opening in Swindon and Sheffield. I am delighted to report another outstanding year in Scotland, growing gross profit by 50%. In 2007, we opened a new office in Aberdeen and moved into larger offices in Edinburgh. Scotland now represents 5% of UK gross profit.

ASIA PACIFIC

+27%
gross profit

Gross Profit

£57.2m **2007**
£45.0m **2006**

Operating Profit

£20.8m **2007**
£17.1m **2006**

12 Offices **10** Disciplines **632** Employees

In the Asia Pacific region, revenue was 17.0% higher at £97.8m (2006: £83.6m), gross profit was 27.3% higher at £57.2m (2006: £45.0m) and operating profit increased 22.1% to £20.8m (2006: £17.1m), with a conversion rate of 36.4% (2006: 37.9%). We invested in all the existing offices in the region, increasing headcount by 43% to 632. In Australia, (57% of Asia Pacific) gross profit and operating profit grew in constant currency by 23.0% and 7.2% respectively. We have an excellent opportunity to expand our business significantly in China and plan to open in Beijing and Shenzhen in the first half of 2008.

AMERICAS

+79%
gross profit

Gross Profit

£38.4m **2007**
£21.5m **2006**

Operating Profit

£6.2m **2007**
£1.9m **2006**

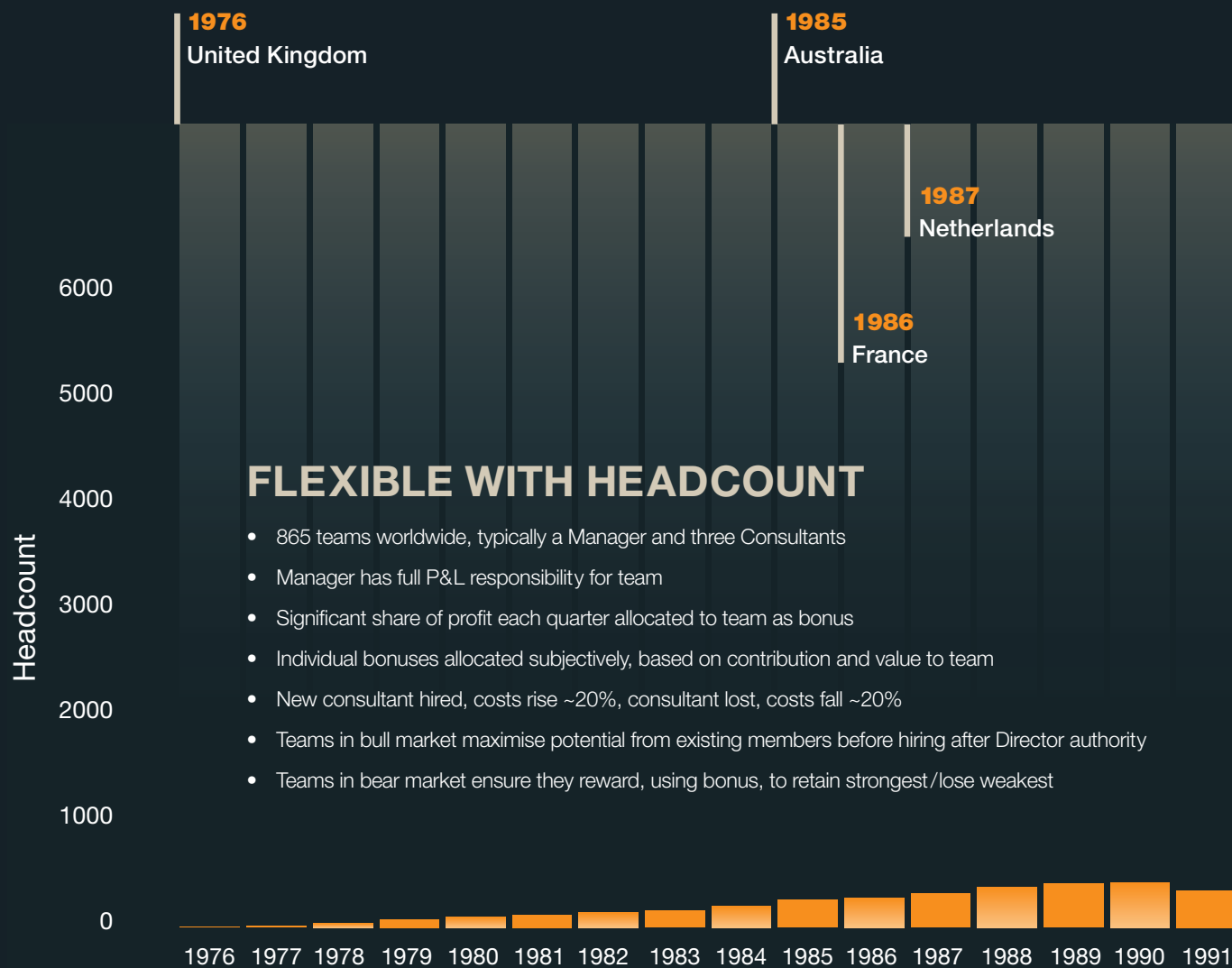
15 Offices **10** Disciplines **543** Employees

Revenue for the region was 74.1% higher at £52.4m (2006: £30.1m), gross profit increased by 79.0% to £38.4m (2006: £21.5m), operating profit increased to £6.2m (2006: £1.9m), with a conversion rate of 16.1% (2006: 8.7%). Headcount in the region increased by 59% to 543 and we opened new offices in Hartford, Atlanta, Curitiba in Brazil and our first office in Argentina in Buenos Aires. In North America, we have continued our rapid expansion of existing and new offices and the discipline roll-out has continued at pace. We now have nine offices and over 280 staff. In Latin America, we now have over 260 staff and in Mexico, which opened in 2006, we are well ahead of plan, with a good level of profits.

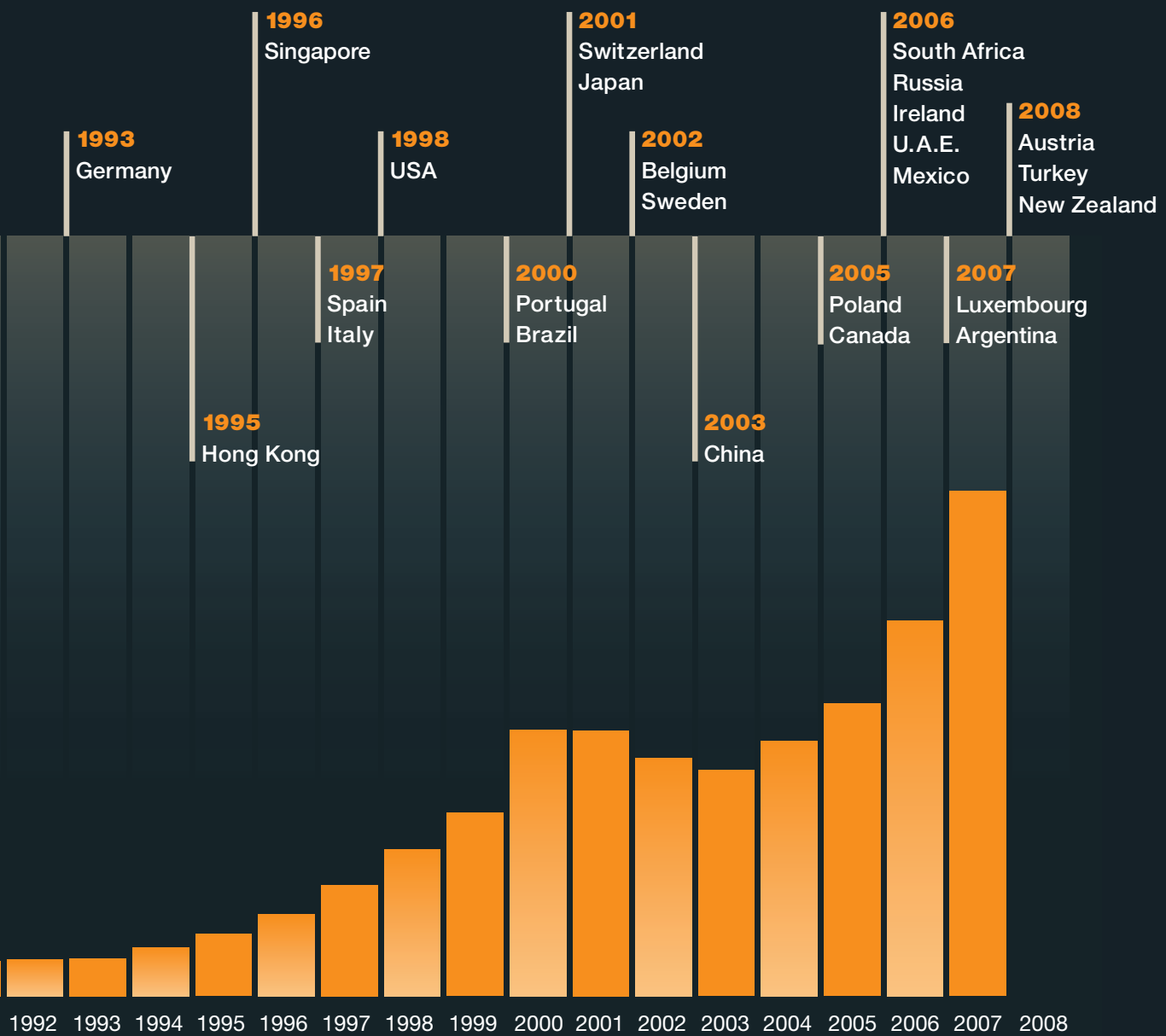
Strategy

CONSISTENT THROUGH CYCLES

LONG TERM ON INVESTMENT



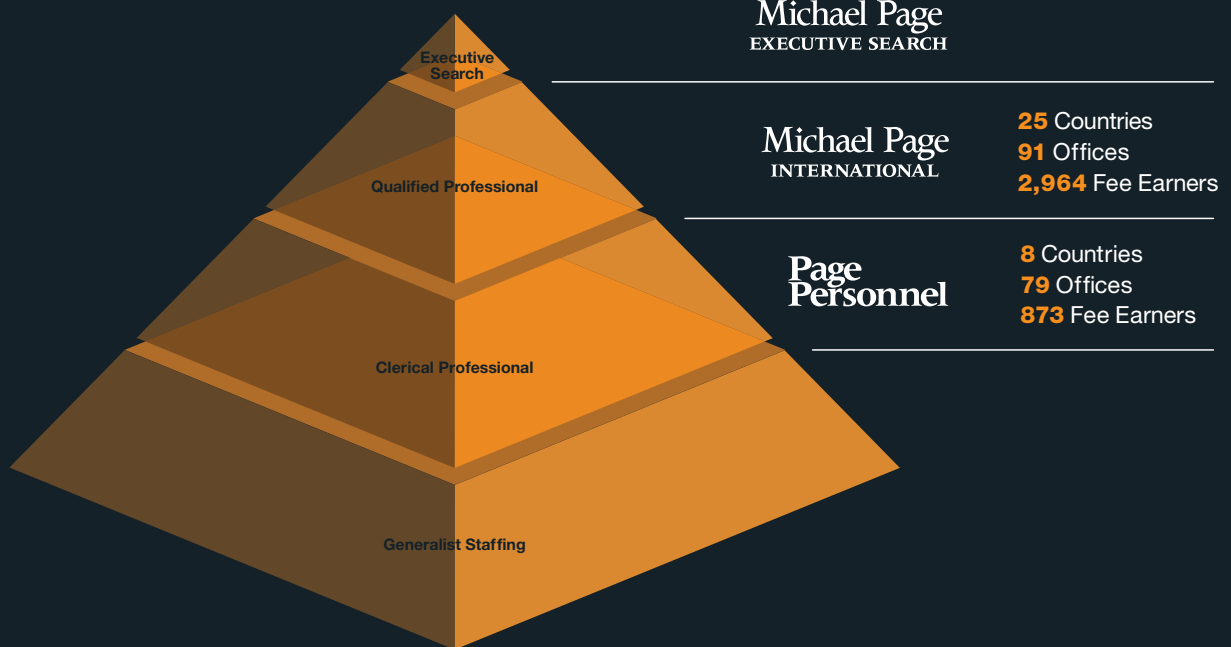
TO ORGANICALLY GROW
 EXISTING AND NEW TEAMS,
 OFFICES, DISCIPLINES
 AND COUNTRIES WITH
 A CONSISTENT TEAM
 AND MERITOCRATIC CULTURE



Strategy

CONSISTENT THROUGH CYCLES

CLEAR ON BRAND



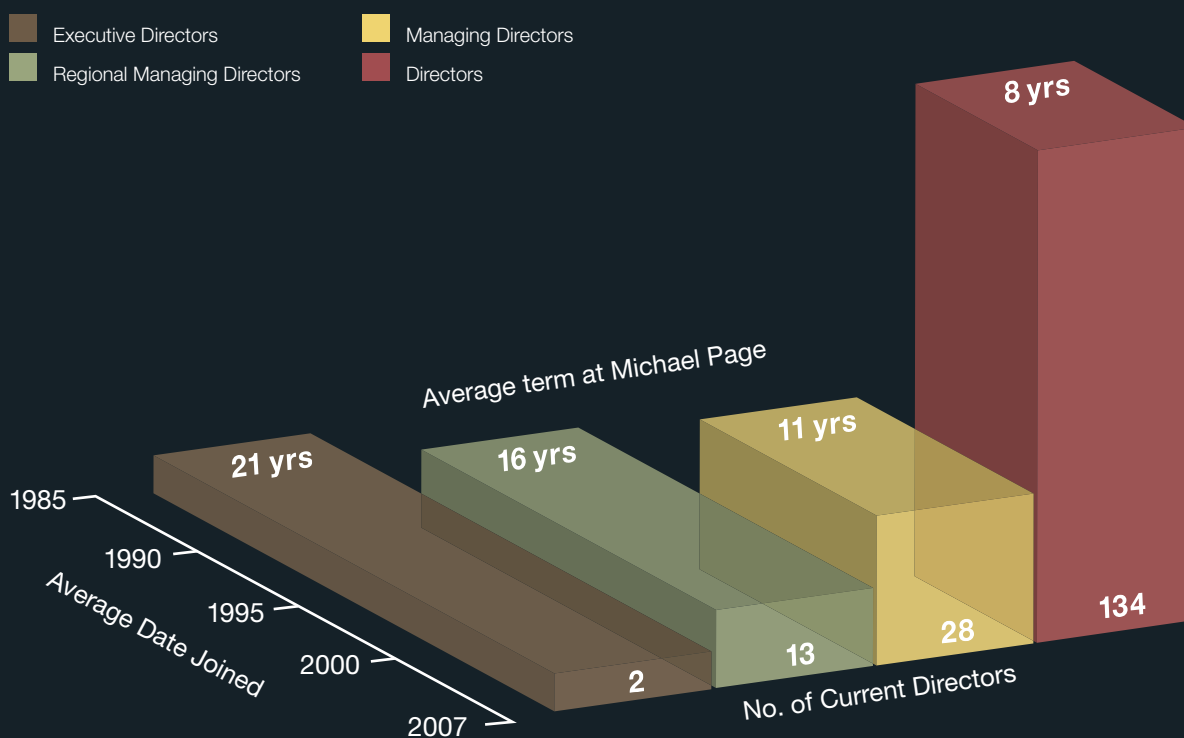
CONSISTENT OVER TIME

- No acquisitions, one IT platform, one culture, one remuneration strategy
- Consistent recruitment, training, development to ensure consistent quality of fee earners
- Consistent brand strategy
- Organic growth, home grown Directors/MD's run all disciplines/countries
- Strategic and measured investment in downturns has maximised growth in upturns

DEEP IN EXPERIENCE

Senior Operational Management	No.	Tenure in MP
Executive Directors	2	21 years
Regional Managing Directors	13	16 years
Managing Directors	28	11 years
Directors	134	8 years
	177	Ave c. 11 years

- 100% RMDs/Executive Directors joined before 2000
- 47% RMDs/Executive Directors joined before 1990
- Directors experienced in managing upturns and downturns
- Strength of working relationships improves communication
- Hired and trained in one culture
- >50% remuneration linked to Group profit
- MDs receive LTIP, Directors share options



Growth

HOW WE ACHIEVED THESE RESULTS



**GROWING ENTIRELY
ORGANICALLY,
RATHER THAN
BY MERGERS OR
ACQUISITIONS...**

Creating a world-leading consultancy

Michael Page International is a world-leading specialist recruitment consultancy. Growing entirely organically, rather than by mergers or acquisitions, we now have over 5,000 people in 149 offices in 25 countries worldwide.

Our specialist areas are Accounting, Tax and Treasury, Banking and Financial Services, Consultancy, Strategy and Change, Engineering & Manufacturing, Healthcare, Human Resources, IT & Technology, Legal, Marketing, Oil & Gas, Procurement & Supply Chain, Property & Construction, Retail & Hospitality, Sales and Secretarial.

Coming from all industry sectors, our clients range from market-leading multi-nationals to small and medium enterprises. In each case, we tailor our services to provide a bespoke offering to meet our clients' needs whether permanent, contract, temporary or interim.

Focusing on strategies that endure

Recruitment is a cyclical business. To counter this, as much as possible, our strategy is to expand geographically – nationally and internationally – and broaden the disciplines to reduce the dependency on individual businesses or markets. We are always making long-term investment decisions to expand organically, growing existing and new teams, offices, disciplines and countries with a consistent team culture.

We underpin this drive by drawing upon the skills and experiences of proven Michael Page management and ensure we have the best, most experienced, home-grown talent in each key role. Culturally it is imperative that we are entrepreneurial, operate within a strict meritocracy and are team-based, whereby consultants enjoy profit sharing arrangements rather than individual commissions. To achieve this, we place great emphasis on training our people and invest heavily in technology to maximise both performance and delivery.

Finding solutions that are needed

Our clients are competing in an increasingly fierce war for qualified talent. As a result they rely on Michael Page International to provide creative and innovative solutions to meet their needs.

Whether a carefully targeted online campaign, a database search, or a desire to source candidates internationally, each solution is bespoke to achieve our clients objectives. This consultative approach has been recognised by the level of repeat business Michael Page receives as well as the ever increasing number of clients served.

Quality underpins everything we do. To deliver solutions consistently to such a high standard, we are fully committed to the ongoing training of all of our staff and the continued roll-out of superior systems and processes.

Putting values that work at the heart of our business

There are five values that we believe contribute to our continued success. These attributes are not only the essence of our brand, but also our employees.

PRIDE: We take great pride in what we do. We're proud of the Company we work for and, most of all, proud of the people we work with.

PASSION: It's our passion to achieve the very best for our clients and candidates that drives us to outperform and beat the competition.

RESILIENCE: We know that successful consultants are not fazed by difficulty, but instead, turn it into an opportunity to demonstrate ability.

TEAMWORK: By teaming with each other and with clients we improve the quality of decision-making and increase the likelihood of success.

FUN: Though serious about our work, we're extremely sociable and enjoy celebrating our success together.

Being recognised for setting the standard

A growing number of initiatives and awards are testament to our commitment to delivering quality. We have been voted one of Britain's strongest B2B Superbrands since 2000 and voted into the Sunday Times 100 Best Companies to Work For since 2005.

Our growing reputation isn't confined to the UK's shores. Overseas, the Boston Business Journal has voted us one of the "Best Places to Work in Massachusetts", the Hartford Business Journal has voted us one of the "Best Places to Work in Connecticut" and Crain's has ranked us as the No.1 Executive Recruiting Firm in New York City.

While this external recognition is warmly welcomed, we are also keen to celebrate some of our own internal initiatives.

Within our business we vigorously promote a culture of diversity. Our clients rely on us to propose candidates that have a healthy range of attitudes and characteristics that fairly reflects the society we live in. To that end, we have our own internal diversity policy that is communicated to all employees.

This ensures we offer our clients the best candidates on the basis of their relevant aptitudes, skills and abilities and that those candidates are drawn from diverse backgrounds. We also provide training and focus-groups on diversity, as well as participating in a number of external initiatives such as the Employers Forum on Age, Business in The Community, Global Graduates, Race for Opportunity and The Brokerage (a charity whose aim is to increase the ambition and employability of young people in the 11 inner-city boroughs of London).

Chairman's

STATEMENT

2007 has been an outstanding year for the Group, producing record results quarter after quarter while continuing significant organic expansion, both geographically and by discipline. Market conditions have been strong, with favourable economic activity and positive business confidence driving demand for talent, combined with a shortage of suitably qualified candidates.

Highlights

Revenue for the year ended 31 December 2007 increased 28.1% to £831.6m (2006: £649.1m) and gross profit grew by 37.1% to £478.1m (2006: £348.8m). Reflecting strong market conditions, gross profits from permanent placements grew more rapidly than from temporary placements. This movement in business mix, together with an increase in margins on temporary placements, contributed to an increase in gross margin to 57.5% (2006: 53.7%). Given the Group's high operational gearing, operating profits increased by 53.5% to a record £149.4m (2006: £97.4m). The Group's conversion rate, which is the proportion of gross profit converted into operating profit, rose to 31.3% (2006: 27.9%). Profit before tax was £147.4m (2006: £97.0m) and basic earnings per share increased by 58.7% to 31.1p (2006: 19.6p). Cash generated from operations increased by 88.6% to £148.7m (2006: £78.8m) driven by the increase in operating profits and good working capital management.

The success of our strategy to diversify the business, both geographically and by discipline, through organic growth is increasingly evident, with the EMEA region now the largest in the group. Over 60% of the Group's gross profits were generated outside the UK. With a heritage in Finance and Accounting recruitment, it is likely that these disciplines will continue to represent a significant proportion of the business for some time. However, the other professional disciplines, we are successfully rolling-out, now account for just over 45% of the Group's gross profit and the proportion generated from Finance and Accounting will continue to reduce.



““

**...PRODUCING
RECORD RESULTS
QUARTER AFTER
QUARTER WHILE
CONTINUING
SIGNIFICANT ORGANIC
EXPANSION, BOTH
GEOGRAPHICALLY
AND BY DISCIPLINE.**

Dividends and share repurchases

With a strong growth in earnings, it is the Board's intention to continue its policy of reviewing the annual dividend, with a view to increasing it by a level which we believe can be sustained throughout economic cycles. Surplus cash generated in excess of these dividend levels will continue to be returned to shareholders through share repurchases.

With the strong growth in profits, earnings and cash generation, the Board is recommending an increase in the total dividend per share for the year of 33%. A final dividend of 5.6p (2006: 4.2p) per share is proposed which, together with the interim dividend of 2.4p (2006: 1.8p) per share paid in October, makes a total dividend for the year of 8.0p (2006: 6.0p) per share. The final dividend, if approved, will be paid on 9 June 2008 to those shareholders on the register at 9 May 2008. The total dividend is covered 3.9 times by basic earnings per share of 31.1p.

We repurchased shares throughout 2007, acquiring 15.1m shares for £74.9m. We have no intention of changing our strategy on the Group's capital structure. Given the fall in the share price in the latter part of 2007, and our intention to continue to use surplus cash to repurchase the Company's shares, in order to not be unduly constrained, we will be seeking shareholders' consent for an increase in the maximum authority to repurchase shares from 10% to 15% at the Annual General Meeting on 23 May 2008.

Employees

I wish to express my thanks to the employees worldwide for their commitment, loyalty and efforts throughout the year which delivered the outstanding performance in 2007.

Board of Directors

On 23 May 2007 Ruby McGregor-Smith, Chief Executive of MITIE Group plc, joined as a non-executive director. We are delighted to welcome her to the Board.

Prospects

While the economic cycle is the most important short-term factor, there are a number of long-term structural changes that are having a positive impact on the specialist recruitment markets. These key drivers include a deregulation of the labour markets, demographic changes, an increased global shortage of qualified professionals, increasing job mobility and a greater awareness and acceptance for companies to use specialist recruitment services.

The latter part of 2007 has created significant uncertainty over the short-term prospects for the global economy and consequently business confidence, investment and hiring plans. It is a characteristic of the permanent recruitment market that earnings visibility is short. Since the start of the current year, with the exception of certain sectors related to the banking market, we continue to experience similar year-on-year increases in activity levels in all of our regions.

Our next trading statement covering the first quarter, which in this year, unlike 2007, includes the Easter period, will be released on 7 April 2008.



Sir Adrian Montague CBE

Chairman
4 March 2008

Operational

REVIEW



In 2007, we have grown gross profits by 37% and delivered record operating profits of £149m, up 54%. This time last year we described 2006 as a very strong year for the Group, growing gross profits 30% and producing £97m of operating profit. We also said that we would continue with our strategy of expanding organically, gradually diversifying and reducing our dependency upon any single geographic market or individual discipline and that we would accelerate the pace of implementation.

Our results for 2007 confirm that we have followed this through and how successful we have been. Having opened in five countries in 2006, our geographic expansion continued in 2007 with openings in Luxembourg and Argentina. More significantly, we increased our fee generating and support staff by nearly 1,300 people, enabling us to expand existing and open new offices, as well as continuing our discipline roll-out. At the end of 2007, the Group had 5,052 (2006: 3,758) fee generating and support staff, operating from 149 (2006: 133) offices in 25 (2006: 23) countries.

Branding and market positioning

Over the last 30 years, the Group has developed a clear brand strategy for the middle to senior-management professional

	Fee Earners	Offices*	Countries
Michael Page INTERNATIONAL	2,964	91	25
Page Personnel	873	79	8

*In some locations offices are shared.

market. Michael Page International is now a high-profile brand, globally recognised, that enables us to attract consultants, candidates and clients in an ever increasing number of countries.

As a result of the complex variation in legislation relating to how temporary and permanent recruitment is managed in different countries, we developed two brands for the clerical professional market. In the UK, where we were only focused on clerical accounting professionals, the brand was Accountancy Additions. In Europe, where in many countries legislation required us to have a separate business for temporary recruitment, the brand is Page Personnel.

With changes in legislation over recent years, Page Personnel can now operate, as did Accountancy Additions, in both temporary and permanent recruitment. This and our desire to roll-out the brand to other disciplines, as we have successfully done in Europe, has resulted in us clarifying our strategy at this level with one brand. In November 2007, Accountancy Additions was rebranded to Page Personnel Finance and Accounting and during 2007 we launched in the UK two other Page Personnel disciplines, Human Resources and Secretarial.

Both the Michael Page and Page Personnel businesses are significant in terms of countries, office networks and fee earners as illustrated in the chart below left.

Diversification

The objective of our strategy to diversify the business, both geographically and by discipline, while remaining focused on the cyclical recruitment market, is to reduce the dependency upon any one particular market. We believe we have been very successful in implementing this strategy as illustrated in the table below which compares the gross profit from the business today with the position at the end of 2000.

In 2000, nearly 50% of Group gross profit was generated in the UK. In 2007, it was less than 40%, with EMEA now our largest region.

In 2000, nearly 90% of Group gross profit was generated in four countries. In 2007, these same four countries generated two-thirds of Group gross profit.

In 2000, two-thirds of Group gross profit was generated by Finance and Accounting. In 2007, it was just over a half.

	2007	2000
Gross profit	£478.1m	£238.3m
% of gross profit by Region		
EMEA	41%	36%
UK	39%	49%
Asia Pacific	12%	13%
Americas	8%	2%
% of gross profit from four largest countries		
UK	39%	49%
France	13%	25%
Netherlands	7%	6%
Australia	7%	9%
Top 4	66%	89%

	2007	2000
% of gross profit by Discipline		
Finance and Accounting	54%	66%
Marketing, Sales and Retail	19%	21%
Legal, Technology, HR, Secretarial and Other	15%	10%
Engineering, Property & Construction, Procurement & Supply Chain	12%	3%

Continental Europe, Middle East and Africa (EMEA)

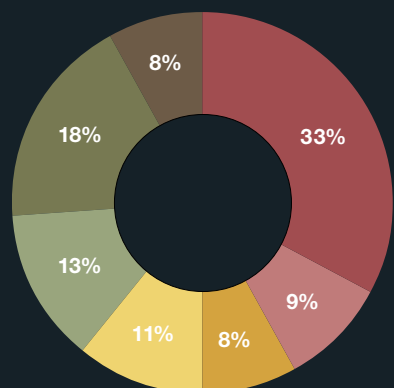
During 2007, the EMEA region achieved strong growth and is now the largest region in the Group, both in terms of gross profit and headcount. Revenue in EMEA increased by 44.0% to £321.1m (2006: £223.0m) and gross profit increased by 55.2% to £196.4m (2006: £126.6m). As a result of the increased revenue and high operational gearing, the region produced an increase of 84.4% in operating profit to £63.0m (2006: £34.2m), a conversion rate of 32.1% (2006: 27.0%). Headcount in the region increased by 640 (45%) during the year to 2,078, with the majority joining existing offices. In a number of locations we have taken larger office space to accommodate the growth and we continued our longer-term investment opening in Luxembourg and starting new offices in Hamburg, Valencia and Bordeaux.

France (33% of EMEA), which remains our second largest and most established business after the UK, had a very successful year growing gross profits by 33% in constant currency. The restructuring of the Michael Page and Page Personnel businesses, following the introduction of the "Borloo" law, is now starting to deliver significant growth with the back drop of stable economic conditions. While the growth in France has been impressive, there remains significant scope for further growth, particularly when recognising that the 2007 gross profits of our French business are still approximately 10% below the gross profits produced in 2000 and 2001.

Elsewhere in the region, collectively, our businesses during 2007 maintained the gross profit growth rate of 2006 at 68%. All countries contributed to this strong growth as we continue our discipline and geographic expansion. In constant currency, the Netherlands (18% of EMEA) grew gross profits by 47%, Germany (13% of EMEA) grew gross profits by 75%, Spain (11% of EMEA) grew gross profits by 59%, Italy (8% of EMEA) grew gross profits by 61% and Switzerland (8% of EMEA) grew gross profits by 116%.



DURING 2007, EMEA ACHIEVED STRONG GROWTH AND IS NOW THE LARGEST REGION IN THE GROUP, BOTH IN TERMS OF GROSS PROFIT AND HEADCOUNT.



EMEA GROSS PROFIT 2007

+33% Growth	France
+99% Growth	Belgium, South Africa, UAE, Sweden, Poland, Portugal, Russia, Ireland, Luxembourg
+61% Growth	Italy
+59% Growth	Spain
+75% Growth	Germany
+47% Growth	Holland
+116% Growth	Switzerland

Growth rates in local currency

The new businesses which opened in 2006 in Moscow, Johannesburg, Dubai and Dublin, together with Luxembourg in 2007, are ahead of plan. They continue to grow rapidly and collectively had 65 staff at the end of 2007.

With operating profits increasing by 84% from an increase in gross profit of 55% and the conversion rate now at 32%, there is little spare capacity within these businesses and future growth in profits will largely be driven by investment in new staff and office space to accommodate them.

United Kingdom

In the UK, revenue increased by 15.4% to £360.4m (2006: £312.4m) and gross profit by 19.4% to £186.0m (2006: £155.8m). Operating profits were £59.4m (2006: £44.3m), an increase of 34.2% and represent a conversion rate of 31.9% (2006: 28.4%). We invested heavily during the year, increasing headcount by 17% to 1,799 and opening new offices in Pall Mall and Canary Wharf in London, Leicester and Aberdeen.

The gross profits of the Finance and Accounting businesses, which generated 51% of UK gross profit, were 11% higher than in 2006. Michael Page Finance, the largest of the three businesses, produced a mixed performance, with good growth in the regions, being held back by below expectation growth in London and the South East. A number of changes have been made to the management structure of these businesses, which should produce an improved performance in 2008. Michael Page Financial Services had a very strong first half of the year with good growth. The "credit crunch" in the latter half of 2007 has impacted certain parts of the banking market and consequently our growth rate slowed, being flat year-on-year in the fourth quarter. During the year we continued to expand the Page Personnel office network from 35 to 37, opening in Swindon and Sheffield.

The combined gross profits of Michael Page Marketing, Michael Page Sales and Michael Page Retail, were 23% higher than in 2006 and, combined, represented 22% of UK gross profit. The Marketing and Sales businesses performed strongly and now operate from 10 and 9 locations respectively. Retail, the smallest of the three businesses, had a tremendous year growing in excess of 40%.

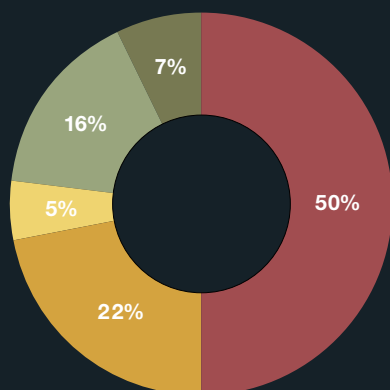
Michael Page Legal, Michael Page Technology, Michael Page Human Resources and Michael Page Secretarial achieved growth of 26% and, combined, represented 16% of UK gross profit. From the Legal business, we created a new business, Michael Page Offshore, which focuses on placing legal, tax and accounting candidates in some of the many offshore tax havens around the world.

The more recently created Michael Page Engineering & Manufacturing, Michael Page Procurement & Supply Chain and Michael Page Property & Construction businesses, grew at over 50% and now represent 7% of UK gross profit. These businesses all grew significantly in 2007 and given the enormous scope for growth in these disciplines, we will continue to invest heavily in them.

I am delighted to report another outstanding year in Scotland, growing gross profit by 50%. In 2007, we opened a new office in Aberdeen and moved into larger offices in Edinburgh. Scotland now represents 5% of UK gross profit.

Asia Pacific

In the Asia Pacific region, revenue was 17.0% higher at £97.8m (2006: £83.6m), gross profit was 27.3% higher at £57.2m (2006: £45.0m) and operating profit increased 22.1% to £20.8m (2006: £17.1m), with a conversion rate of 36.4% (2006: 37.9%). We invested in all the existing offices in the region, increasing headcount by 43% to 632.



UK GROSS PROFIT 2007

- +11% Growth Finance & Accounting
- +23% Growth Marketing, Sales and Retail
- +50% Growth Scotland
- +26% Growth Legal, HR, Technology, Secretarial and Other
- +53% Growth Engineering, Property & Construction, Procurement & Supply Chain

In Australia, (57% of Asia Pacific) gross profit and operating profit grew in constant currency by 23.0% and 7.2% respectively, as anticipated, benefiting from the management and structural changes made in the second half of 2006. We continue to see numerous growth opportunities and with a strong Australian economy, we have increased our headcount in Australia by 46%, a large proportion of which joined during the second half of the year.

In Hong Kong, Sha Tin, Shanghai, Tokyo and Singapore, we achieved another year of substantial gross profit growth, with all locations having a record year. While we continue our discipline roll-out, some less mature offices derive a significant proportion of gross profit from one discipline. This is the case with our Tokyo office, where in the fourth quarter of 2007 our business slowed as the credit crunch impacted on demand in the banking sector. We have an excellent opportunity to expand our business significantly in China and plan to open in Beijing and Shenzhen in the first half of 2008.

The Americas

Revenue for the region was 74.1% higher at £52.4m (2006: £30.1m), gross profit increased by 79.0% to £38.4m (2006: £21.5m), operating profit increased to £6.2m (2006: £1.9m), with a conversion rate of 16.1% (2006: 8.7%). Headcount in the region increased by 59% to 543 and we opened new offices in Hartford, Atlanta, Curitiba, Brazil and our first office in Argentina in Buenos Aires.

In North America, we have continued our rapid expansion of existing and new offices and the discipline roll-out has continued at pace. We now have nine offices and over 280 staff. In Latin America, we now have over 260 staff and in Mexico, which opened in 2006, we are well ahead of plan, with a good level of profits.

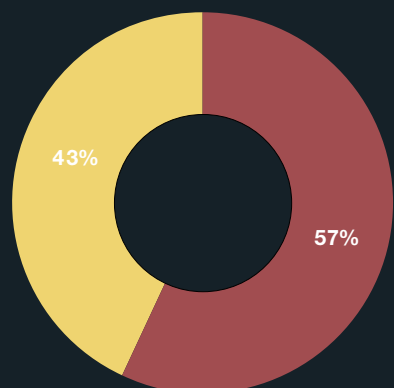
With very limited competition in Latin America, the Americas represents a tremendous long-term opportunity for the Group to expand and we will continue to invest heavily to grow the businesses rapidly. This degree of investment results in the conversion rate in the region being below that of the other regions. However, we anticipate that operating profits will grow at a faster rate than gross profits and the conversion margin will improve over time.

Investment in 2008 and outlook

We made significant investment in 2007, ahead of what was planned at the start of the year, as market conditions remained favourable. We plan further expansion in 2008, with new offices already opened in Montreal, Newcastle, Gothenburg and Seville and new country openings planned in Austria, Turkey and New Zealand. Assuming market conditions remain favourable in the majority of countries in which we operate, these investments, together with our continued expansion of our existing businesses, should see our headcount reach 6,000 by the end of 2008.

An important factor in the success as a business has been our use of technology. Our current recruitment system has supported our growth over the past five years, however, these systems continually develop and the next generation of systems are now available that will facilitate our continued growth. A project is underway throughout the Group to replace the current recruitment system, with a view to the first full implementation taking place early in 2009.

The planned headcount levels, new countries and office openings, will result in an estimated 2008 pre-bonus cost base of approximately £350m, including all share-based charges. Bonuses will continue to be approximately 25% of pre-bonus operating profit.



ASIA PACIFIC GROSS PROFIT 2007

- +23% Growth Australia
- +39% Growth Asia

Growth rates in local currency

While we have identified numerous opportunities to continue our growth, we are mindful of the current and now widely-predicted weakening of global economic activity. All our businesses are formally reviewed and forecasts revised on a quarterly basis. At present there is considerable uncertainty over the extent of any economic slowdown and which region's economies will be most affected. The severity of any slowdown is unlikely to impact significantly on our investment plans for new country and office openings as we believe they represent excellent strategic long-term opportunities. However, a slowdown would impact the headcount growth plans of our more established businesses and in the event of a sustained global economic slowdown, our headcount would not reach 6,000 staff by the end of 2008.

We have an exceptional pool of ambitious and talented people in the Group, in particular at the senior management level, with proven expertise and skills required to launch new or grow existing businesses successfully. This team also has a track record of managing these businesses during recessions and economic slowdowns, while continuing to generate profits and cash. Furthermore, we have a track record in periods of economic slowdown of maintaining our infrastructure and market presence, while continuing to make strategic and measured investments for the longer-term, positioning the business for strong growth when economic conditions improve.

It has always been, and will continue to be, our intention to take decisions and make investments for the longer-term benefit of our stakeholders. If there is a slowdown, we believe that the greater geographic and discipline diversification of the business that we have created since 2000 will make the Group earnings more resilient to a slowing in economic activity when compared to previous slowdowns. I look forward to reporting our progress each quarter as we progress through 2008.



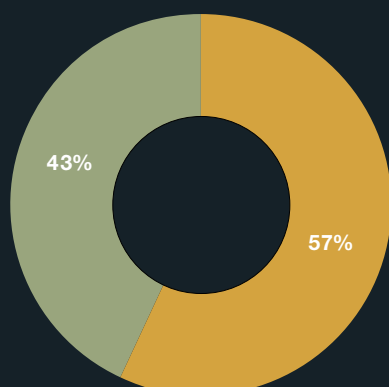
Steve Ingham

Chief Executive

4 March 2008

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**WE HAVE AN
EXCEPTIONAL POOL
OF AMBITIOUS AND
TALENTED PEOPLE
IN THE GROUP.**



THE AMERICAS GROSS PROFIT 2007

- +82% Growth North America
- +89% Growth Latin America

Growth rates in local currency

Financial

REVIEW



2007 WAS A RECORD YEAR FOR THE GROUP WITH ALL REGIONS DELIVERING STRONG GROWTH.

Income statement

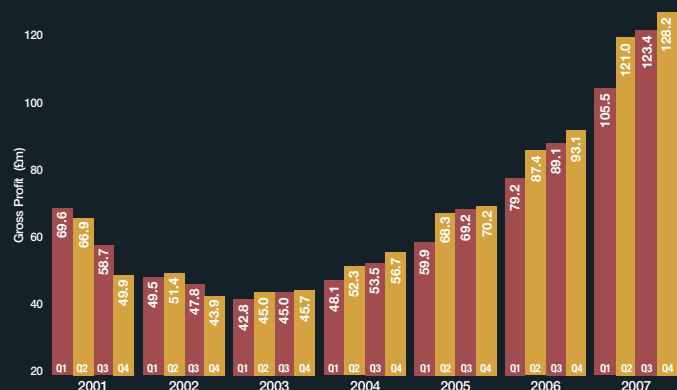
Revenue

2007 was a record year for the Group with all regions delivering strong growth. Reported revenue for the year increased by 28.1% to £831.6m (2006: £649.1m). Using constant currencies, revenue increased by 28.4% to £833.4m. Revenue from temporary placements increased by 17.8% to £439.1m (2006: £372.7m) and represented 52.8% (2006: 57.4%) of Group revenue. Revenue from permanent placements was £392.6m (2006: £276.3m), an increase of 42.1%.

Gross profit

Gross profit for the year increased by 37.1% to £478.1m (2006: £348.8m) and in constant currencies by 37.6% to £480.0m. The Group's gross margin increased to 57.5% (2006: 53.7%). The growth in gross profit is greater than growth in revenue, due to the higher proportion of gross profit derived from permanent placements in 2007, together with a higher volume of temporary placements at a higher gross margin reflecting strong market conditions. Gross profit from temporary placements was £106.1m (2006: £87.8m) and represented 22.2% (2006: 25.2%) of Group gross profit. The gross margin achieved on temporary placements was 24.2% (2006: 23.6%).

GROUP QUARTERLY GROSS PROFIT TREND: Q1 2001 TO Q4 2007



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, as evidenced by the 54% increase in operating profits to £149.4m from a 37% increase in gross profit. In constant currencies operating profits increased by 54.2% to £150.2m.

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 take time to train and become productive. These characteristics of our growth strategy and the levels of investment impact on the conversion rates in any one reporting period.

The Group's conversion rate in 2007 has increased to 31.3% (2006: 27.9%). The conversion rate in three of the Group's four regions exceeds this rate, with the conversion rate in the Americas being lower as a result of the greater level of new investment and start-ups.

As a result of the increased numbers of staff and offices, start-up costs and higher bonuses due to the increased profits, administrative expenses in the year increased by 30.7% to £328.7m (2006: £251.5m). Administrative expenses also included £7.2m of share-based charges (2006: £8.3m) in respect of the Group's deferred annual bonus scheme, long-term incentive plans and executive share option schemes. The reduction in these share-based charges, compared to 2006, is due to lower employers' social charges as a consequence of the reduction in the share price from 452.25p at the end of 2006, to 288.0p at the end of 2007.

Approximately 75% of the Group's operating expenses are staff-related, including the profit-related bonus, of our consultants and support staff. Headcount of the Group was

3,758 at 1 January 2007 and increased during the year by 34% to 5,052. The ratio of directors and fee earners to support staff in 2007 was 76:24 (2006: 74:26).

Net interest

Our intention is to manage the balance sheet with a broadly neutral net cash/debt position throughout the year, using surplus cash to repurchase shares and, as necessary, drawing on borrowing facilities. Our net cash/debt position at the end of December each year is usually one of the strongest, due to the need to fund fourth quarter and annual profit-based bonus payments in January. We started 2007 with net debt of £3.6m and, after funding £74.9m of share repurchases throughout the year, we operated for a large period of 2007 with net cash. At 31 December 2007, the Group had net cash of £10.3m. As a consequence, the Group has a net interest charge for the year of £2.0m (2006: £0.4m).

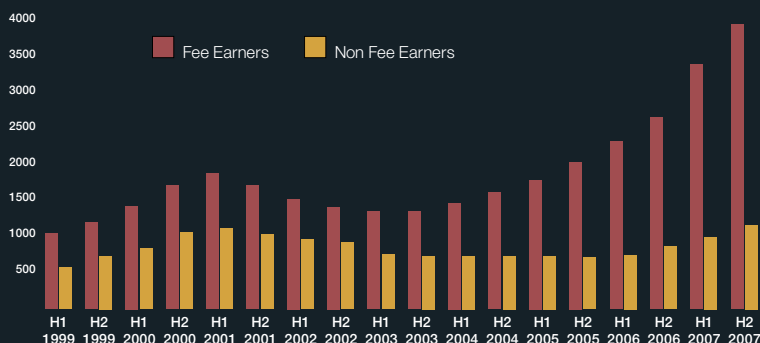
Taxation

Tax on profits was £45.7m (2006: £31.5m), representing an effective tax rate of 31% (2006: 32.5%). The rate is higher than the UK Corporation Tax rate of 30% due to disallowable items of expenditure and profits being generated in countries where the corporate tax rates are higher than 30%. The effective rate is lower than in 2006 primarily as a result of reductions to tax charges in prior periods. With UK corporation tax rates reducing from 30% to 28% in April 2008, the Group's effective tax rate in 2008 is estimated to be in the region of 30.5%.

Share repurchases and share options

It is the Group's intention to continue to use share repurchases to return surplus cash to shareholders and to satisfy awards under the Group's incentive share plan and deferred annual bonus plan. During the year, 15.1m shares were repurchased

SCOPE FOR GROWTH: HEADCOUNT



Ratio Fee earners : Non Fee earners	
1999	59:41
2000	58:42
2001	57:43
2002	58:42
2003	60:40
2004	64:36
2005	71:29
2006	74:26
2007	76:24

at a cost of £74.9m. 11.5m of these shares were cancelled, with the remaining shares purchased by the Company's employee benefit trust to satisfy future share plan awards.

We have no intention of changing our strategy on the Group's capital structure. Given the Group's strong cash generation, the intention to continue repurchasing shares and the reduction in the Group's share price in the latter part of 2007, in order to not be unduly constrained, we will, at the Annual General Meeting on 23 May 2008, be seeking shareholder approval for an increase in the authority to make share repurchases up to a maximum of 15%, from 10%, of the issued share capital.

At the beginning of 2007, the Group had 14.5m share options outstanding of which 3.5m had vested. In March 2007, 2.8m share options were granted. During the course of the year options were exercised over 5.7m shares, generating £8.7m in cash and 0.5m share options lapsed. At the end of 2007, 11.1m share options remained outstanding of which 3.1m had vested.

Earnings per share and dividends

In 2007, basic earnings per share were 31.1p (2006: 19.6p) and diluted earnings per share were 30.6p (2006: 19.0p). The weighted average number of shares for the year was 327.5m (2006: 334.7m) reflecting the shares repurchased during the year and the new shares issued to satisfy option exercises.

A 33% increase in the final dividend to 5.6p (2006: 4.2p) per ordinary share is proposed which, together with the interim dividend of 2.4p (2006: 1.8p) per ordinary share, makes a total dividend for the year of 8.0p (2006: 6.0p) per ordinary share, an increase of 33%. The proposed final dividend, which amounts to £18.0m, will be paid on 9 June 2008 to those shareholders on the register as at 9 May 2008.

Balance sheet

The Group had net assets of £107.9m at 31 December 2007 (2006: £80.4m). The increase in net assets principally relates to the profit for the year of £101.7m, the credits relating to share schemes of £5.5m, currency movements of £8.1m and the exercise of share options of £8.7m, offset by share repurchases of £74.9m and dividends paid of £21.8m.

Our capital expenditure is driven primarily by two main factors: headcount, in terms of office accommodation and infrastructure and the maintenance and enhancement of our IT systems. Capital expenditure, net of disposal proceeds, increased to £12.8m (2006: £8.7m) reflecting the 34% increase in headcount and the opening and expansion of a number of offices.

The most significant item in the balance sheet is trade receivables, which were £160.9m at 31 December 2007 (2006: £118.2m) representing debtor days of 58 (2006: 55 days).

Cash flow

At the start of the year, the Group had net debt of £3.6m.

During the year, the Group generated net cash from operating activities of £148.7m (2006: £78.8m), being £157.2m (2006: £103.8m) of EBITDA, an increase in working capital requirements of £15.1m (2006: £28.7m) and movements in provisions of £0.2m (2006: £0.4m).

The principal payments have been:

- £12.8m (2006: £8.7m) of capital expenditure, net of disposal proceeds, on property, infrastructure, information systems and motor vehicles for staff;
- taxes on profits of £36.5m (2006: £21.7m);
- dividends of £21.8m (2006: £18.1m); and
- share repurchases of £74.9m (2006: £83.4m).

£8.7m (2006: £38.2m) was received in the year from the issue of new shares to satisfy share option exercises.

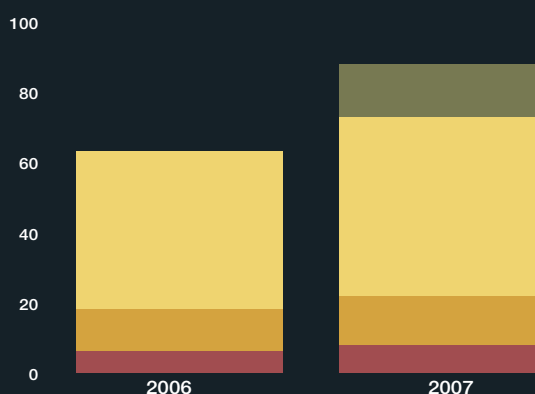
At 31 December 2007, the Group had net cash of £10.3m.

CASH RETURNED TO SHAREHOLDERS

- Interim Dividend
- Final Dividend
- Net Shares Cancelled *
- Shares Bought into EBT **

* This represents the cash returned to shareholders by way of share buy backs, less cash received by the exercise of share options.

** This represents the cash used by the Employee Benefit Trust to purchase shares that were not allocated to share awards during the year.



Key Performance Indicators (“KPIs”)

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	2007	2006	Definition, method of calculation and analysis
Gross margin	57.5%	53.7%	Gross profit as a percentage of revenue. Gross margin has slightly improved on last year as a result of the mix of permanent and temporary placements, and improvements in the gross margins on temporary placements. Source: Consolidated income statement in the financial statements.
Conversion	31.3%	27.9%	Operating profit as a percentage of gross profit showing how effective the Group is at controlling the costs and expenses associated with its normal business operations and the level of investment for the future. Conversion has improved over last year as a result of better utilisation of existing capacity, and improved pricing. Source: Consolidated income statement in the financial statements.
Productivity (gross profit per fee earner)	£144.2k	£146.3k	Represents how productive fee earners are in the business 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 rate of investment in new fee earners, the impact of pricing and the general conditions of the recruitment market. Source: Consolidated financial statements.
Fee earner: support staff ratio	76:24	74:26	Represents the balance between operational and non-operational staff. The movement this year demonstrates faster growth in fee earners in relation to support staff. Source: Internal data.
Debtor days	58	55	Represents the length of time the company receives payments from its debtors. Calculated by comparing how many days billings it takes to cover the debtor balance. Source: Internal data.

We achieved a higher level of operating profit growth than gross profit growth as a result of our high operational gearing. The decrease in productivity is as a result of the large increase in headcount particularly in the second half of the year, as new fee earners can take a number of months to become fully productive. Debtor days have increased largely as a result of a greater proportion of receivables being in Continental Europe where our debtor days are generally higher than in the UK. The ratio of fee earners to support staff has increased as a result of continued efficiencies arising from our effective use of technology and economies of scale.

NEW COUNTRIES 2007/2008



Luxembourg



Argentina



Turkey



Austria



New Zealand

EXISTING COUNTRIES



Treasury management 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 the net cash/debt position within a relatively narrow band. Cash generated in excess of these requirements will be used to buy back the Company's shares.

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 set up a multi-currency notional cash pool in 2007. Currently the main Eurozone subsidiaries and the UK-based Group Treasury subsidiary participate in this cash pool, although it is the intention to extend the scope of the participation to other Group companies. The structure facilitates interest and balance compensation of cash and bank overdrafts.

The main functional 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 Michael Page International plc 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.

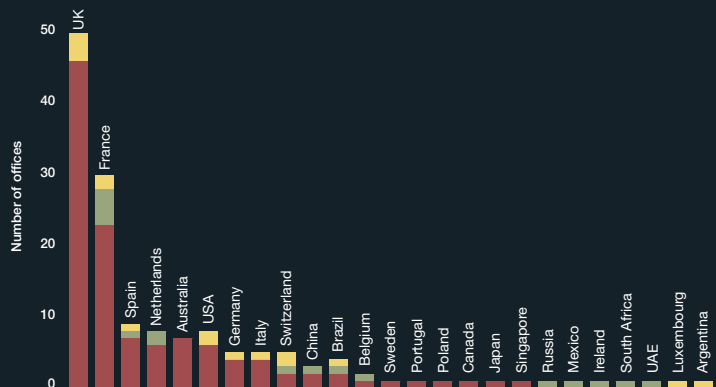
Macro economic environment

Recruitment activity is largely driven by economic cycles and the levels of business confidence. The Board look 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.

OFFICES IN EACH COUNTRY

- Added during 2007
- Added during 2006
- Offices at 2005



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.

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 legal and compliance regulations. The Group takes its responsibilities seriously and ensures that its policies, systems and procedures are continually updated 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.



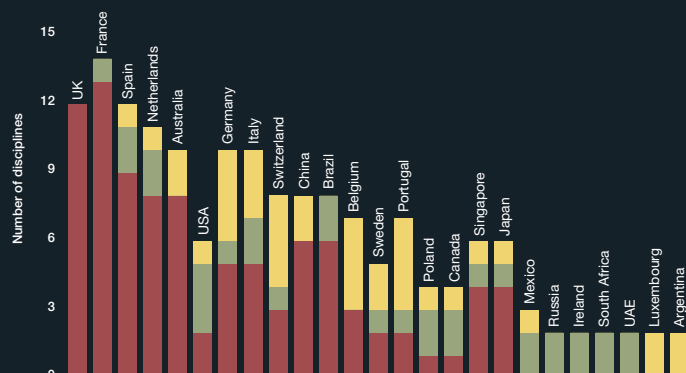
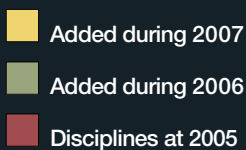
Stephen Puckett

Group Finance Director
4 March 2008

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DURING THE YEAR, THE GROUP GENERATED NET CASH FROM OPERATING ACTIVITIES OF £148.7M, UP 89%.

DISCIPLINES IN EACH COUNTRY



Board

OF DIRECTORS

Sir Adrian Montague CBE (60)

Non-Executive Chairman

Sir Adrian Montague is Non-Executive Chairman of British Energy plc, Friends Provident plc and Infrastructure Investors Limited. From 1997 to 2001 he held senior posts concerned with the implementation of the Government's policies for the involvement of the private sector in the delivery of public services, first as Chief Executive of the Treasury Taskforce and then as Deputy Chairman of Partnerships UK plc. He was Deputy Chairman of Network Rail from 2001 to 2004 and Non-Executive Chairman of Cross London Rail Links Limited from 2004 to 2005. He spent his early career as a solicitor with Linklaters & Paines before joining Kleinwort Benson in 1994. Sir Adrian is also a Non-Executive Director of London First, CellMark AB, the pulp and paper marketing company based in Gothenburg, a Director of Skanska AB, the Swedish international construction group, and a Trustee of The Historic Royal Palaces. He was awarded a CBE in 2001 and a knighthood in 2006. He is also Chairman of the Nomination Committee.

Steve Ingham (45)

Chief Executive

Steve Ingham joined Michael Page in 1987 as a consultant with Michael Page Marketing and Sales. He was responsible for setting up the London marketing and sales businesses and was promoted to Operating Director in 1990. He was appointed Managing Director of Michael Page Marketing and Sales in 1994. Subsequently he took additional responsibility for Michael Page's Retail, Technology, Human Resources and Engineering businesses. He was promoted to the Board as Executive Director of UK Operations in January 2001, and subsequently to Managing Director of UK Operations in May 2005. He was appointed Chief Executive on 6 April 2006.

Stephen Box (57)

Independent Non-Executive Director,
Senior Independent Director

Stephen Box is a Chartered Accountant who spent more than 25 years at Coopers & Lybrand, 15 of these as a partner. From August 1997 to November 2002 he was Finance Director of National Grid. He is a member of the Financial Reporting Review Panel and a Non-Executive Director of PartyGaming plc (PG), Thames Water Utilities Ltd (TWUL) and Wales & West Utilities Ltd (WWU). Stephen has experience of Audit Committees as a partner at Coopers & Lybrand, as an Executive Director of National Grid attending Audit Committees, and as a Non-Executive Director chairing the Audit Committees of PG, TWUL and WWU, and formerly of South East Water Limited. He was appointed a Non-Executive Director of Michael Page International plc on 27 February 2001. He is chairman of the Audit Committee and is a member of the Remuneration and Nomination Committees.

Charles-Henri Dumon (49)

Managing Director – Continental Europe and
The Americas

Charles-Henri Dumon joined Michael Page in 1985 and was appointed a Director in 1987. Since then he has had full responsibility for the Group's operations in France and has managed the Group's entry into Southern Europe and South America. He was appointed Managing Director for all Michael Page's European and South American businesses in January 2001. His responsibilities were increased to include North America in January 2006.

Ruby McGregor-Smith (45)

Independent Non-Executive Director

Ruby McGregor-Smith qualified as a Chartered Accountant with BDO Stoy Hayward and was appointed to the Board of Michael Page International plc on 23 May 2007. She is Chief Executive of MITIE Group PLC, a position she has held since March 2007. Previously to being appointed Chief Executive, she held the positions of Group Finance Director and then Chief Operating Officer. Prior to joining MITIE Group PLC, she held a range of senior roles within the support services sector, primarily at Serco Group plc. She is a member of the Audit, Remuneration and Nomination Committees.

Dr Tim Miller (50)

Independent Non-Executive Director

Dr Tim Miller was appointed to the Board on 15 August 2005 and became Chairman of the Remuneration Committee on 16 September 2005. He is also a member of the Audit and Nomination Committees. Tim has wide experience in human resources and has held a number of senior HR and business roles in the information technology, retail and pharmaceutical sectors. He is currently a Director of Standard Chartered Bank, responsible for HR, Corporate Real Estate, Corporate Secretariat, Legal, Compliance & Regulatory Risk, Internal Audit, Global Research and Operational Excellence functions.

Stephen Puckett (46)

Group Finance Director

Stephen Puckett qualified as a Chartered Accountant with BDO Binder Hamlyn. He joined Wace Group plc in 1988 as Director of Corporate Finance, subsequently being promoted to Group Finance Director in 1991. He was Group Finance Director of Stat Plus Group plc in 2000, and appointed Group Finance Director of Michael Page International plc in January 2001. He was a Non-Executive Director of SHL Group Plc from 2004 to 2006.

Hubert Reid (67)

Independent Non-Executive Director

Hubert Reid is Chairman of Enterprise Inns plc and of the Midas Income and Growth Trust PLC and Deputy Chairman of Majedie Investments PLC. He was previously Managing Director and then Chairman of the Boddington Group plc, and a Non-Executive Director and then Chairman of Ibstock Plc, Bryant Group plc and the Royal London Group. He was appointed a Non-Executive Director of Michael Page International plc on 25 February 2003. He is a member of the Audit, Remuneration and Nomination Committees.

EXECUTIVE BOARD

In addition to the Executive Directors, the Executive Board comprises Alexis de Bretteville (Regional Managing Director - The Americas), Christophe Duchatellier (Regional Managing Director - Europe (excluding France)), Gary James (Regional Managing Director - Asia Pacific) and Andrew Wayland (Chief Information Officer).

Alexis de Bretteville (45)

Regional Managing Director – The Americas

Alexis de Bretteville joined Michael Page in 1993 as a Consultant in Paris, France. In 1997 he was appointed Managing Director of Michael Page Spain, launching Spain, Portugal and later, Brazil. In 2002 he moved to Germany, taking on responsibility for Germany, Belgium and Sweden. In 2004 he moved to Belgium when his responsibilities also included Holland and the launch of Poland in 2005. In 2006 he became Regional Managing Director for the The Americas, based in New York, having responsibility for Michael Page in USA, Canada, Brazil, Mexico and most recently Argentina.

Christophe Duchatellier (45)

Regional Managing Director – Continental Europe (excluding France)

Christophe Duchatellier joined Michael Page in 1992 as a Consultant in Paris. He progressed to Director having launched the MP Secretarial business in France. In 1997 he moved to Milan, Italy and launched Michael Page Italy and in 2001 Michael Page Switzerland. In 2002 he assumed responsibility as Regional Managing Director for Spain and Portugal. In 2006 he moved to Geneva and assumed additional responsibility for Northern, Central and Eastern Europe, also assisting with the launch of MP Russia, 2006 and MP Luxembourg, 2007.

Gary James (46)

Regional Managing Director – Asia Pacific

Gary James joined Michael Page Finance in London in 1984. He was appointed Director of Michael Page Sales & Marketing in 1994, Managing Director of Michael Page Marketing in 1997 and transferred to America in 2002 as Managing Director of North America. He moved to Australia and was appointed Managing Director of the Asia Pacific region in August 2006.

Andrew Wayland (41)

Chief Information Officer

Andrew Wayland was the UK IT Business Management Director of PricewaterhouseCoopers where he worked for over 10 years in the internal IT functions. He brings extensive experience in establishing IT strategy and innovation to support the wider business strategy, and integrating technology teams. He was appointed Chief Information Officer of Michael Page in December 2005.

Directors'

REPORT

Principal activity and review of the business and future developments

The Group is one of the world's leading specialist recruitment consultancies. The Group's trading results are set out in the financial statements on pages 52 to 83. Details of the Group's strategy, outlook and review of operations are described in the Chairman's Statement, Operational Review and Financial Review on pages 16 to 29.

Enhanced Business Review

The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2007 and of the position of the Group at the end of that financial year, together with a description of the principal risks and uncertainties facing the Group (known as an Enhanced Business Review).

The information that fulfils the requirements of this Review can be found in the following sections of the Annual Report:

Review of operations	page 18 to 23
Strategy	page 10 to 13
Key performance indicators	page 27
Future outlook	pages 17, 22 and 23
Risks and uncertainties	pages 28 and 29
Financial review	page 24 to 29
Corporate responsibility	page 34 to 36

Significant agreements

There are no significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Directors and interests

The following were Directors during the year and held office throughout the year other than as shown below.

- Sir Adrian Montague CBE[‡] (Chairman)
- Steve Ingham (Chief Executive)
- Stephen Box^{†*}
- Charles-Henri Dumon
- Ruby McGregor-Smith[‡] (appointed 23 May 2007)
- Dr Tim Miller[‡]
- Stephen Puckett
- Hubert Reid[‡]

[‡] Non-Executive Directors

* Senior Independent Director

In accordance with the Company's Articles of Association, Steve Ingham, Dr Tim Miller and Ruby McGregor-Smith will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Biographical details for all the current Directors are shown on pages 30 and 31.

The beneficial interests of Directors in office at 31 December 2007 in the shares of the Company at 31 December 2007 and at 4 March 2008 are set out in the Remuneration Report on pages 43 to 49.

All of the Executive Directors are deemed to have an interest in the ordinary shares held in the Employee Benefit Trust and its subsidiaries.

The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors. The directors also have the benefit of the indemnity provision contained in the Company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by Section 234 of the Companies Act 2006 (previously Section 309B of the Companies Act 1985), were in force throughout the year and are currently in force.



**THE GROUP IS ONE
OF THE WORLD'S
LEADING SPECIALIST
RECRUITMENT
CONSULTANCIES.**

Results and dividends

The profit for the year after taxation amounted to £101.7m (2006: £65.4m).

A final dividend for 2006 of 4.2 pence per ordinary share was paid on 5 June 2007. An interim dividend of 2.4 pence per ordinary share was paid on 12 October 2007. The Directors recommend the payment of a final dividend for the year ended 31 December 2007 of 5.6 pence per ordinary share on 9 June 2008 to shareholders on the register on 9 May 2008 which, if approved at the Annual General Meeting, will result in a total dividend for the year of 8.0 pence per ordinary share (2006: 6.0 pence).

Share capital

The authorised and issued share capital of the Company are shown in Note 18 to the financial statements.

At the Annual General Meeting held on 23 May 2007, the Company renewed its authority to make market purchases of its own ordinary shares up to a maximum of 10% of the issued share capital.

During the year, the Company purchased 11.5m shares which were immediately cancelled. A further 3.5m shares were also purchased by the employee benefit trust and held to fund share scheme awards. The total nominal value of all shares repurchased was £0.2m and represented 4.5% of the issued share capital. The shares were purchased for a consideration of £74.9m including expenses. 5.7m shares were also issued to satisfy share options exercised during the year.

Substantial shareholdings

As at 22 February 2008, the Company has been notified of the interests held in more than 3% of the issued share capital of the Company as shown in Fig.1. below.

Fig.1. Substantial Shareholdings

Holder	Number of ordinary shares	% of issued share capital
Capital International Limited	33,990,190	10.38
Standard Life Investments	30,084,802	9.19
AXA Investment Managers UK Limited	16,305,201	4.98
Barclays plc	16,223,821	4.96
JP Morgan	15,993,951	4.88
Legal & General	13,368,196	4.08

Corporate responsibility (CR)

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters, with the Chief Executive having Board responsibility for Group Environmental Management. The Directors continually monitor all risks to the Group's businesses, including SEE risks, which may impact the Group's short and long-term value. During 2007 no significant SEE risks were identified. The Company is also a member of the FTSE4Good Index Series designed to measure the performance of, and facilitate investment in, those companies meeting globally recognised standards of corporate responsibility.

The Group's policies on CR matters are described in the following paragraphs.

(a) Environmental policy

The Group does not operate in a business sector which causes significant pollution, but the Board recognises that the business does have an impact on the environment. The Board is committed to managing and improving the way in which our activities affect the environment by:

- optimising the use of energy;
- ensuring the efficient use of materials;
- encouraging re-use and recycling; and
- incorporating the principle of sustainable development.

During the year, the Group has continued to allocate a significant amount of time and resource to further identify where its activities have an impact on the environment.

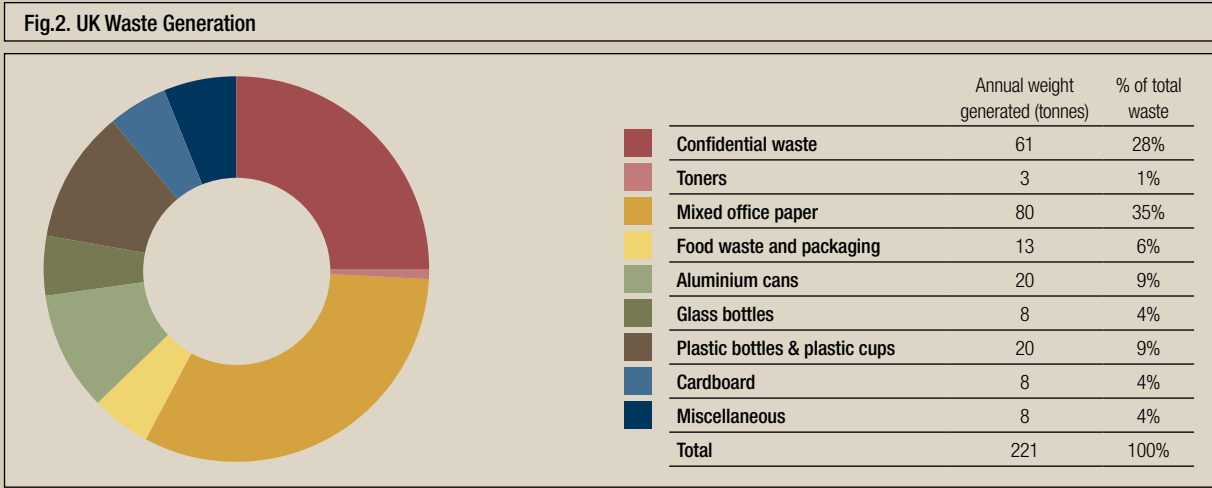
A review is carried out annually in accordance with the guidance as laid down by the Department for Environment, Food and Rural Affairs (DEFRA), and the Global Reporting Initiative (GRI), an independent international institution established to create a common framework for sustainability reporting worldwide.

The current environmental report, which covers our UK businesses only, will shortly be available on the Michael Page website. A summary of its findings during 2007 is shown below.

Waste

- 221 tonnes of waste was generated by UK offices. Our current national recycling rate is 24.0% from recycling confidential paper and toner cartridges.
- Through recycling, Michael Page in the UK has saved 2,477 trees and saved a total of 728m³ landfill space.

A summary is shown in Fig.2. below.



Energy

- 6,166,444 kWh of electricity was consumed in the UK, which converts to 1,972 tonnes CO².
- 2,175,150 kWh of gas was consumed in the UK, which converts to 435 tonnes CO².
- Through recycling Michael Page in the UK has saved 49,193 kWh of energy.

Water

- In the UK, Michael Page consumed 29,615 m³ of water.

Transport

- In total, UK employees travelling to and from work converts to 1,100 tonnes CO².

“More Green”

As a company committed to green issues, we are actively involved in finding work practices that can help reduce our carbon footprint. ‘More Green’ was launched in the UK in 2007 to focus employees more actively on green issues and to advertise internally the environmental matters in which Michael Page is engaged.

Michael Page are proud consumers of Green Choice energy which is the most environmentally sound electricity option available in the UK. Green Choice energy supplies electricity from environmental sources coming from a mixture of renewable sources. These sources do not involve the burning of fossil fuels, which produce CO² emissions.

Together, Michael Page and Page Personnel in the UK earned a SITA Certificate of Recycling. In 2008 we will be working hard to make an even greater effort to reduce our environmental impact.

(b) Charitable donations

The Group made charitable donations of £89,800 during the year (2006: £49,416). Included in donations are amounts made to various local charities serving the communities in which the Group operates. It is the Group’s policy not to make political donations.

In EMEA, Michael Page Switzerland participated in the Course de L’Escalade in support of the Red Cross, while in Michael Page Germany, a candidate charitable donation programme was introduced in aid of Aktion Mensch, a disability charity. Michael Page France has been working with several charities for a number of years. They have helped young people develop social skills and confidence through “Sport Dans la Ville”, the provision of employment opportunities for older people through “La Fondation de la 2^{ème} Chance” and “Cadraction 78”, the encouragement of employment of people

with disabilities through “hanploi.com”, as well as various other charities involved in issues such as anti-discrimination and cancer. In Holland, a team redecorated rooms for parents to stay when they visit their sick children. They also participated in various cancer related charity events.

In the UK, subject to certain restrictions, the Group matches charitable donations made by employees. In 2007, we nominated Cancer Research UK as our charity of the year. We have sponsored a number of different initiatives and have so far raised approximately £100,000 for the charity.

In the Americas, Michael Page Brazil engaged in a number of charity events, sponsoring a charity auction in aid of ‘Boys and Girls hope worldwide’, sponsorship of a new location in Sao Paulo for the ‘Projeto Guri’ bringing music and culture to poor areas of the city, and ongoing help and support for ‘Gotas de Flor com Amor’, an institution focusing on childrens’ education.

In Asia Pacific, Michael Page Australia provided sponsorship to children via the World Vision charity and held numerous charitable events, supporting a range of charities including the Breast Cancer Foundation, Juvenile Diabetes Foundation and Ronald McDonald House Children’s Charity. In Hong Kong, Michael Page Hong Kong supported children’s cancer charities with a range of events including rickshaw and sedan chair style races.

(c) Employee involvement

Employees are involved in all aspects of the business. Michael Page International is featured in The Sunday Times 100 Best Companies to Work For. The Group has been placed in the Top 100 consistently every year and has recently moved from a 1 star to a 2 star accreditation receiving particular commendations for culture, team spirit, people development and leadership. In addition, the Group has engaged an external organisation to implement on-line exit interviews with a view to enhancing its knowledge of employee engagement and satisfaction issues.

Communication with employees is effected through Group newsletters, the Company’s Intranet, information bulletins, briefing meetings conducted by senior management and formal and informal discussions. Interim and Annual Reports are available to all staff. Informal communication is further facilitated by the Group’s divisional organisation structure.

In the Americas, Michael Page USA was ranked Number 1 Executive Recruitment firm in New York by Crains in both 2006 and 2007, voted ‘One of the best places to work in Connecticut’ by the Hartford Business Journal and voted ‘One of the best places to work in Massachusetts’ by the Boston Business Journal.

(d) Equal opportunity and diversity

The Group endorses and supports the principles of equal employment opportunity. It is the policy of the Group to provide equal employment opportunity to all, which ensures that all employment decisions are made, subject to its legal obligations, on a non-discriminatory basis. Due consideration is given to the recruitment, promotion, training and working environment of all staff including those with disabilities. It is the Group's policy to encourage the training and further development of all its employees where this is of benefit to the individual and to the Group.

Throughout 2007, the Group monitored the diversity of its UK employees, 87% of whom to date have completed the voluntary request for information. The analysis indicates a split of 53% female, 46% male, and regarding origin, 88% white, 11% ethnic origin and 1% declining to answer. The UK 2001 Census showed a total ethnic population of 7.9%. Similar monitoring will be carried out during 2008. The Group recognises the importance of diversity in the workplace for both our own and our clients' businesses. We are committed to increasing the recognition of our brand amongst a more diverse audience, and to encourage development of an increasingly diverse candidate database together with our workforce. Our monitoring of our candidate databases confirms that the brand attracts candidates from a wide range of backgrounds. We participate in the Interbank Diversity Forum and work with organisations like Global Graduates where we strive to ensure that we offer our clients the most qualified candidates on the basis of their relevant aptitudes, skills and abilities and that such candidates are drawn from diverse backgrounds.

The Group continues to participate in the Race for Opportunity, part of Business in the Community, a UK movement of over 700 member companies whose purpose is to inspire, challenge and support business in improving its impact on society. As a result, the Group has taken a number of proactive steps to enhance its position on diversity and works closely with a number of clients to share ideas/best practice, and to offer expertise to minority groups.

Michael Page is also a member of the Employers Forum on Age (EFA), an independent network of leading employers which sets the agenda for age and employment issues in the UK. The membership of EFA lists over 200 organisations, from central and local government to major multinational corporations. Upon introduction of the Employer Equality (Age) Regulations in October 2006, Michael Page was nominated for an award by the EFA for best implementation of the legislation in its sector. Following the release of the legislation on age discrimination, an Age Discrimination

Working Party was formed to review the policies, procedures and systems of the Company to ensure compliance with the legislation once introduced.

The recommendations made are fully implemented by the Company. Additionally, we participate in a number of external initiatives such as the Global Graduates and The Brokerage, a charity whose aim is to increase the ambition and employability of young people in the 11 inner-city London boroughs.

(e) Health and safety

It is the policy of the Group to take all reasonable and practicable steps to safeguard the health, safety and welfare of its employees, visitors and other persons who may be affected by its activities. In order to meet these responsibilities, the Group will:

- assess the risks to health and safety;
- implement safe systems at work;
- provide information, instruction and training;
- establish and maintain emergency procedures; and
- regularly review health and safety policies and procedures.

The Group is being proactive in our approach to health and safety by monitoring proposed changes in legislation and implementing policies accordingly, and as such we comply with all statutory and regulatory requirements. Our medical insurers also provide a 24hr counselling helpline covering stress, legal issues and consumer rights.

(f) Supplier payment policy

It is the policy of the Group to agree appropriate terms and conditions for transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

The Company acts as a holding Company for the Group. Creditor days for the Company were nil (2006: nil) as the Company does not undertake any transactions with suppliers. The Group's creditor days at the year end were 27 (2006: 23 days).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company

in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' remuneration report and operating and financial review which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Share capital, restrictions on transfer of shares and other additional information

To the extent not discussed in this Directors' Report, information relating to the Company's share capital structure, restrictions on the holding or transfer of its shares or on the exercise of voting rights attached to such securities required by Section 992 of the Companies Act 2006 is set out in the following sections of the Annual Report:

- Corporate Governance (The Board and its operation)
- Corporate Governance (Nomination Committee)
- Corporate Governance (Board appointments)
- Remuneration Report (Annual bonus plan)
- Remuneration Report (Directors' interests and share ownership requirements)
- Notes to the Accounts (Note 18: Called Up Share Capital)
- Shareholder Information and Advisers (Memorandum and Articles of Association)

Each of the above sections is incorporated by reference into, and forms part of, this Directors' Report.

Information to Auditors

Each of the Directors at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
2. the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

Deloitte & Touche LLP are willing to continue in office and accordingly resolutions to re-appoint them as auditors and authorising the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The resolutions to be proposed at the Annual General Meeting to be held on 23 May 2008, together with explanatory notes, appear in the Notice of Meeting set out on pages 91 to 95.

By order of the Board



Kelvin Stagg

Company Secretary
4 March 2008

Corporate

GOVERNANCE

The Board of Directors has a strong commitment to high standards of corporate governance and has made significant progress in applying the main and supporting principles of corporate governance as recommended in Section 1 of the Combined Code on Corporate Governance, (the “2006 FRC Code”), for the year ended 31 December 2007.

Compliance with the 2006 FRC Code

The Directors consider that the Company has complied with all the Code provisions set out in Section 1 of the 2006 FRC Code throughout the year ended 31 December 2007.

The Board and its operation

The Board of Michael Page International plc is the body responsible for corporate governance, establishing policies and objectives, and the management of the Group’s resources. It is the Group’s policy that the roles of Chairman and Chief Executive are separate.

The main Board currently comprises the Chairman, who has no operational responsibilities, three Executive Directors and four independent Non-Executive Directors.

All Directors are subject to retirement by rotation and re-election by the shareholders in accordance with the Articles of Association, whereby one third of the Directors retire by rotation each year. All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment. All Directors are subject to re-election every three years in accordance with the 2006 FRC Code.

Ruby McGregor-Smith will retire and offer herself for election. Steve Ingham and Dr Tim Miller will retire by rotation and offer themselves for re-election. As a result of their annual performance evaluation, the Board considers that their individual performances continue to be effective, with each director demonstrating commitment to their role. The Board is therefore pleased to support their re-election at the forthcoming Annual General Meeting.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. There is an agreed procedure for Directors to obtain independent professional advice, if necessary, at the Company’s expense.

The Board meets regularly throughout the year. It has a formal schedule of matters reserved to it and delegates specific responsibilities to Committees. During the meetings, the Board formally considers how and to whom matters covered at each meeting should be communicated and actioned beyond the Board. Decisions concerning matters of a more routine nature are dealt with by management below Board level. The structure of the Group facilitates the day to day running of the business and enables efficient and effective communication of issues to the Board when required.

The Chairman and Non-Executive Directors also met during the year without the Executive Directors being present.

Each of the Committees has formal written terms of reference which were reviewed in 2007.

The terms of reference for the Audit, Remuneration and Nomination Committees are available on request and can be found on the Group’s website. Their composition and the manner in which they discharge their responsibilities are described below.

The Executive Board, a Committee of the Main Board, meets formally at least four times a year, and is responsible for assisting the Chief Executive in the performance of his duties, including development and implementation of strategy, operational plans, policies, procedures and budgets.

During the year, four Regional Boards were established as Committees of the Main Board, for the UK, EMEA, Asia Pacific and the Americas. Each Regional Board meets at least four times a year.

Audit Committee

The Audit Committee comprises the independent Non-Executive Directors and is chaired by Stephen Box. Their relevant qualifications and experience are shown in their biographies on the Board of Directors page 30 and 31.

The Committee met four times in 2007 to fulfil its duties and included attendance by the external auditors where required. The Committee also met with the external auditors during the year without the presence of management.

In 2007 the Audit Committee discharged its responsibilities as set out in the terms of reference which can be found on our website. Its principal tasks are to review the Group's internal controls and internal audit reports, review the scope of the external audit, consider issues raised by the external auditors, and review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and compliance, and areas of management judgement and estimates.

Objectivity and independence of external auditors

Deloitte & Touche LLP are employed to perform work in addition to their statutory duties where it is felt that they are best placed to carry out the engagement as a result of their being the Group's auditors. All other work is awarded on the basis of competitive tender.

The objectivity and independence of the external auditor is safeguarded by:

- a. obtaining assurances from the external auditor that adequate policies and procedures exist within its firm to ensure the firm and its staff are independent of the Group by reason of family, finance, employment, investment and business relationships (other than in the normal course of business);
- b. enforcing a policy concerning the provision of non-audit services by the auditor which governs the types of work:

- i. from which the external auditor is excluded;
- ii. for which the external auditor can be engaged without referral to the Audit Committee; and
- iii. for which a case-by-case decision is required, which includes all engagements over certain fee limits.

The following areas are considered to be unacceptable for the external auditors to undertake:

- selection, design or implementation of key financial systems;
- maintaining or preparing the accounting books and records or the preparation of financial accounts or other key financial data;
- provision of outsource financial systems;
- provision of outsource operational management functions;
- recruitment of senior finance or other executives;
- secondment of senior finance or other executives;
- provision of internal audit services;
- valuation services or fairness opinions; and
- any services specifically prohibited to be provided by a listed company's external auditors under UK regulations.

The following criteria also need to be met before the external auditors are contracted to provide such services:

- the firm has the necessary skills and experience to undertake the work;
- there are no potential conflicts that may arise as a result of carrying out this activity;
- the external audit firm is subject to the company's normal tendering processes; and
- in addition to the normal authorisation procedures and prior to inclusion in a tender, approval has to be given by the Group Finance Director and, if the fee exceeds a certain level, the Audit Committee.

- c. enforcing a policy of reviewing all cases where it is proposed that a former employee of the external auditors be employed by the Group; and
- d. monitoring the external auditors' compliance with applicable UK ethical guidance on the rotation of audit partners.

Remuneration Committee

The Remuneration Committee comprises the independent Non-Executive Directors and is chaired by Dr Tim Miller.

The Committee reviews the Group's policy on the Chairman's, Executive Directors' and senior executives' remuneration and terms of employment, makes recommendations upon this along with the specific level of remuneration to the Board, and also approves the provision of policies for the incentivisation of senior employees including share schemes. The Committee meets at least twice a year and is also attended by the Chief Executive, except when his own remuneration is under consideration. The Remuneration Report includes information on the Directors' service contracts. The terms of reference of the Remuneration Committee can be found on our website.

Nomination Committee

The Nomination Committee comprises the Non-Executive Directors and is chaired by Sir Adrian Montague. It is responsible for making recommendations to the Board on new appointments, as well as making recommendations as to the composition of the Board generally, and the balance between Executive and Non-Executive Directors appointed to the Board. The terms of reference of the Nomination Committee can be found on our website.

During the year, the Committee recommended the appointment of a Non-Executive Director. Detailed role profiles were agreed by the Committee before a shortlist of potentially suitable candidates was prepared to go forward to an interview process. This resulted in the recommendation of the appointment of Ruby McGregor-Smith.

Succession planning

One of the basic premises behind the strategic development of the Michael Page business is that growth is organic rather than through acquisitions of companies or hiring senior people in non-support roles. In order to achieve this organic growth we require good people. It is therefore one of the fundamental principles and a major part of the philosophy of the Company that we train and develop our own people. This approach creates opportunities for career progression and helps us attract and retain high calibre individuals.

Due to this philosophy of nurturing our own talent, succession planning is inherently a key part of the process. We do not make promotions or move people within the business unless there is a clear successor for the vacant position. It is therefore one of the key responsibilities of all levels of management, and not just the Board, to have a clear plan of development for their direct reports.

Board appointments

The Board follows formal and transparent procedures when appointing directors. The Nomination Committee identifies a shortlist of suitable candidates for Non-Executive appointments. All the candidates are interviewed by the Chairman and the Chief Executive, and in the case of the most recent appointment, all candidates in the final shortlist were interviewed by the Nomination Committee. Evaluations of all candidates are discussed with all members of the Nomination Committee and the recommendation is subsequently made to the Board.

Induction and training programme

On appointment to the Board, each Director discusses with the Company Secretary the extent of training required and a tailored induction programme to cover their individual requirements is then compiled. Elements of the programme typically consist of meeting senior management, site visits and attending internal conferences. In addition, information is provided on the Company's services, Group structure, Board arrangements, financial information, major competitors and major risks. After an initial induction phase, updates are provided on a periodic basis.

Performance evaluation

The Board, as part of its commitment to ensuring effectiveness and evaluating its performance together with that of its Directors and Committees, conducted an internal review comprising a questionnaire concerning all aspects of procedure and effectiveness.

Following completion of the questionnaires, the Chief Executive met with the individual Executive Directors, and the Chairman met with the individual Non-Executive Directors, to discuss their views and to give feedback on their performance. The results of the evaluation were reported to the Board and where areas of improvement have been identified, actions have been agreed upon and training will be provided where required.

Stephen Box, as the Senior Independent Director, led a meeting of the Non-Executive Directors to appraise the performance of the Chairman. The meeting took into

account any comments made by the Executive Directors. This evaluation is carried out annually.

Attendance at meetings

The number of meetings of the Board and Committees and individual attendance by the members of the Committees only are shown in Fig.3.

Internal control

The responsibilities of the Directors in respect of internal control are defined by the Financial Services Authority's Listing Rules which incorporate a Code of Practice known as the Combined Code, which requires that Directors review the effectiveness of the Group's system of internal controls. This requirement stipulates that the review shall cover all controls including operational, compliance and risk management, as well as financial. Internal Control Guidance for Directors on the Combined Code ("the Turnbull Report") was published in September 1999, updated October 2005.

The Board has assessed existing risk management and internal control processes during the year ended 31 December 2007 in accordance with the Turnbull guidance. The Board believes it has the procedures in place such that the Group has fully complied for the financial year ended 31 December 2007 and at the date of this report.

The Directors are responsible for the Group's system of internal financial and operational controls which are designed to meet

the Group's particular needs and aim to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable.

Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement and loss. Key elements of the system of internal control are as follows:

- **Group organisation.**

The Board of Directors meets at least ten times a year, focusing mainly on strategic issues, operational and financial performance. There is also a defined policy on matters strictly reserved for the Board. The Managing Director of each operating division is accountable for establishing and monitoring internal controls within that division;

- **annual business plan.**

The Group has a comprehensive budgeting system with an annual budget approved by the Board;

- **financial reporting.**

Detailed monthly reports are produced showing comparisons of results against budget, forecast and the prior year, with performance monitoring and explanations provided for significant variances. The Group reports to shareholders on a quarterly basis;

Fig.3. Attendance at Board Meetings (Committee attendance shown for Committee members only)

Main Board				
Total meetings	11			
Meetings attended				
Executive				
Steve Ingham	11			
Charles-Henri Dumon	11			
Stephen Puckett	11			
	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	11	4	2	2
Non-Executive				
Sir Adrian Montague CBE	11			2
Stephen Box	11	4	2	2
Ruby McGregor-Smith (appointed 23 May 2007)	5	2	–	–
Dr Tim Miller	11	4	2	2
Hubert Reid	11	4	2	2

- quarterly reforecasting.

The Group prepares a full-year reforecast on a quarterly basis showing, by individual businesses/disciplines, the results to date and a reforecast against budget for the remaining period up to the end of the year;

- Audit Committee.

There is an established Audit Committee whose activities are previously described;

- financial and operational controls.

Controls and procedures are documented in policies and procedures manuals. Individual operations complete an annual Self-Certification Statement. Each operational manager, in addition to the finance function for that operation, confirms the adequacy of their systems of internal control and their compliance with Group policies. The Statement also requires the reporting of any significant control issues that have emerged so that areas of Group concern can be identified and experience can be shared;

- risk management.

Identification of major business risks is carried out at Group level in conjunction with operational management and appropriate steps taken to monitor and mitigate risk;

- public interest disclosure policy (whistleblowing).

A procedure is in place where staff may, in confidence, raise concerns about possible improprieties relating to financial reporting or other matters; and

- internal audit activities.

These are performed throughout the year by a dedicated Internal Audit Manager supported by members of the head office finance function, who are independent of the operations and by operational finance staff on operations outside their own regions. Businesses are visited on a rotational basis and their controls are assessed in their effectiveness to mitigate specific risks. In addition, there is a regular review of these risks and changes are made to the risk profile where necessary. All internal audit activities are reported to the Audit Committee. During the year, the Board reviewed internal audit arrangements and concluded that there is currently no need for a separate and distinct internal audit department.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and that the processes have been in

place for the year under review and up to the date of approval of the annual report and accounts.

Board contact with shareholders

Communications with shareholders are given a high priority. The main contact between the Board and shareholders is through the Chief Executive and the Group Finance Director. They undertake two major investor “roadshows” each year in February/March and August/September, in which numerous one-to-one meetings with shareholders take place. The outcome of these meetings and the views of shareholders are relayed back to the Board by the corporate brokers, at the end of each roadshow. The Group’s corporate brokers also report monthly to the Board on broking activity during the month and any issues that may have been raised with them.

Shareholders are invited to attend the Annual General Meeting where they are able to discuss any concerns with the Non-Executive Directors.

When requested by shareholders, individual matters can be discussed with the Chairman or Senior Independent Director. The Group also has a website (www.michaelpage.co.uk) with an investor section that contains Company announcements and other shareholder information.

Annual Report

The Annual Report is designed to present a balanced and understandable view of the Group’s activities and prospects. The Chairman’s Statement, Operational Review and Financial Review provide an assessment of the Group’s affairs and position. The Annual Report and Interim Report are sent to all shareholders on the Register.

The Directors acknowledge their responsibility for the preparation of the Annual Report. The Statement of Directors’ Responsibilities is shown in the Directors’ Report. A statement by the auditors about their reporting responsibilities is shown in the Independent Auditors’ Report on pages 50 and 51.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve-months from the date of approval of accounts, and therefore continue to adopt the going concern basis in preparing the accounts. In forming this view, the Directors have reviewed the Group’s budget and forecasts for the next twelve months based on normal business planning and control procedures.

Remuneration

REPORT

Scope and membership of Remuneration Committee

The Remuneration Committee, which meets not less than twice a year, comprises the independent Non-Executive Directors. The Chief Executive attends the meetings as required, except when his own remuneration is under consideration. The purpose of the Remuneration Committee is to review, on behalf of the Board, the remuneration policy for the Chairman, Executive Directors and other senior executives and to determine the level of remuneration, incentives and other benefits, compensation payments and the terms of employment of the Executive Directors and other senior executives. It seeks to provide a remuneration package that aligns the interests of Executive Directors with that of the shareholders.

The Committee has continued to review the remuneration of the Executive Directors with regard to the need to maintain a balance between the constituent elements of salary, incentive and other benefits. It receives advice from independent remuneration consultants, New Bridge Street Consultants LLP, and makes comparisons with similar organisations.

No Directors, other than the members of the Remuneration Committee, provided material advice to the Committee on Directors' remuneration.

Remuneration policy

The objective of the Group's remuneration policy is to attract and retain management with the appropriate professional, managerial and operational expertise necessary to realise the Group's objectives as well as to establish a framework for remunerating all employees.

It is the Company's policy that all Executive Directors' service contracts contain a 12-month notice period. The Non-Executive Directors do not have service contracts with the Company. They are appointed for an initial term of three years and thereafter may be reappointed for a further two terms of three years, subject to re-election at Annual

General Meetings. Additional details of service contracts are shown on pages 48 and 49.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not receive any pension or other benefits, other than out-of-pocket expenses, from the Group, nor do they participate in any of the bonus or share option schemes.

The remuneration agreed by the Committee for the Executive Directors contains the following elements: a base salary and benefits, an annual bonus reflecting Group performance, incentive share plan award and pension benefits.

The following sections provide an outline of the Company's remuneration policy during 2007. Shareholders were consulted on the policy at the time of approval of the Incentive Share Plan in December 2003.

Base salary and benefits

The Committee establishes salaries and benefits by reference to those prevailing in the employment market generally for Executive Directors of comparable status and market value, taking into account the range of incentives described elsewhere in this report, including a performance bonus. Reviews of such base salary and benefits are conducted annually by the Committee.

Annual bonus plan

Annual bonuses for the Executive Directors are based on the division of a pool of Profits earned during the financial year. This approach is similar to the bonus arrangements for other employees. In 2007, the bonus pool for Executive Directors was equal to 3.85% (2006: 3.85%) of Profits earned above a threshold equal to half of targeted Profits for the year. In addition, if Profits exceed 1.1 times (2006: 1.2 times) the targeted level, then an additional 1.3% (2006: 1.3%) of Profits earned above the targeted level is added to the bonus pool.

Profits are defined as Group profit before taxation, exceptional items and before the Executive Directors' annual bonus charges and charges or credits resulting from the Incentive Share Plan described below or other share option grants.

The bonus pool as described above is capable of variation by the Committee both up and down, by up to 10%, to reflect the Committee's view on the performance of the Company relative to its directly comparable peers. The Committee increased the 2007 bonus pool by 10% in recognition of both absolute and peer group comparator performance.

The targeted level of Profits for 2007 was £137.7m (2006: £91.0m) and was set at the beginning of 2007 by reference to market expectations and internal forecasts at that time. The Committee retains the discretion to review this arrangement and set different rates and thresholds as it deems appropriate for the business.

The target for 2008 has been set and will be disclosed in next year's report. The threshold in 2008 for awarding the higher level of bonus is set at 1.1 times the targeted level of profits.

Unlike all other employees who receive their annual bonuses in cash, in the event that the Executive Director's annual bonus entitlement is greater than 100% of salary, only an amount equal to the executive's salary is paid in cash. To reward service over a longer period, any excess above the individual's salary level is deferred, paid into an employee benefit trust and invested in the Company's shares with no matching investment by the Company. Based on the 2007 results, the amount deferred for the three Executive Directors is £3.0m (2006: £1.7m).

Such shares are reserved for the executive and vest in equal annual tranches over two years, normally so long as the executive is still in employment at that time.

The profit and loss account for the year carries a charge for the Directors annual bonus paid in cash while the deferred amount is charged in subsequent years when the shares vest.

Incentive Share Plan for Executive Directors and Senior Employees

In December 2003, shareholders approved a new Incentive Share Plan for Executive Directors and senior employees. The current level of award is 6% (2006: 6%) of Group Profits of the preceding year. Not more than 30% of this figure is available for awards to the Executive Directors, with the balance available for awards to senior employees. Group Profits are defined as Group profit before taxation and before exceptional items and charges or credits resulting from the Plan or other share option grants, as described below.

These awards are satisfied in shares of the company which are purchased and held by the Employee Benefit Trust.

Two thirds of these shares ("Deferred Share Awards") are subject to a three-year deferral period during which they will be forfeited if the relevant director or senior employee leaves, other than in "compassionate circumstances". The remaining third ("Performance Share Awards") are also to be deferred for three years but are subject to earnings per share ("EPS") growth targets over the three year period.

Performance share awards of up to 50% of a Director's or senior employee's salary only vest if EPS grows by an average of 5% over the growth in UK RPI per annum over the three year period. Any excess between 50% and 75% of salary only vest to the extent that EPS grows by 7.5% over the growth in UK RPI per annum over the three year period. Finally, to the extent that the performance share award is greater than 75% of an executive's salary, the hurdle is 10% over the growth in UK RPI per annum over the three-year period. The Committee believes these are the most appropriate measures of the underlying performance of the Group. If awards do not vest after three years, then they lapse.

The Committee retains the discretion to review the proportion of profits dedicated to the Incentive Share Plan in the light of the growth in the size of the Company, its profitability and the number of Executive Directors.

The Committee reviewed the Incentive Share Plan with regards to the Company's current operations and prospects.

Based on the 2007 results, the total award available was £9,196,500. Of this, £2,758,950 (30%) is for the Executive Directors. Awards totalling £6,215,000 will be made to senior employees. Details of the awards made in 2007 to the Executive Directors are disclosed on pages 46 and 47.

Executive Share Option Scheme

The Executive Directors and senior employees are eligible to participate in the Executive Share Option Scheme. No payment is required on the grant of an option and no share options are granted at a discount. Benefits received under the Executive Share Option Scheme are not pensionable. Share options can only be exercised on the achievement of performance criteria which are disclosed in Note 18 of the Financial Statements. Retesting after the initial vesting period is not permitted for any grants awarded in 2004 and subsequent years.

Emoluments

The aggregate emoluments, excluding pensions, of the Directors of the Company who served during the year were as follows:

2007	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus (Note 3) £'000	Deferred Annual Bonus (Note 3) £'000	Incentive Share Plan (Note 5) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	360	22	360	1,173	718	2,633
Charles-Henri Dumon	275	139	275	924	718	2,331
Stephen Puckett	275	22	275	924	718	2,214
Non-Executive						
Sir Adrian Montague CBE	101	–	–	–	–	101
Stephen Box	45	–	–	–	–	45
Ruby McGregor-Smith (appointed 23 May 2007)	26	–	–	–	–	26
Dr Tim Miller	41	–	–	–	–	41
Hubert Reid	40	–	–	–	–	40
Total	1,163	183	910	3,021	2,154	7,431
2006						
2006	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus (Note 3) £'000	Deferred Annual Bonus (Note 3) £'000	Incentive Share Plan (Note 4) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	325	33	325	653	417	1,753
Terry Benson (resigned 6 April 2006) (Note 6)	124	12	–	–	–	136
Charles-Henri Dumon	260	191	260	538	417	1,666
Stephen Puckett	260	26	260	538	417	1,501
Non-Executive						
Sir Adrian Montague CBE	75	–	–	–	–	75
Stephen Box	38	–	–	–	–	38
Dr Tim Miller	35	–	–	–	–	35
Hubert Reid	32	–	–	–	–	32
Total	1,149	262	845	1,729	1,251	5,236
Notes to the emoluments:						
1. Steve Ingham is the highest paid director.						
2. Benefits include, inter alia, items such as company car or cash alternative, fuel, cash in lieu of pension contributions, and medical insurance. Charles-Henri Dumon's benefits also include housing and relocation costs, now ceased.						
3. The annual cash bonus for Board members is capped at 100% of salary. Any excess over this amount is deferred and invested in the Company's shares which vest in equal tranches over two years. The amount of the annual bonus earned by the remaining Executive Directors in 2007, but deferred to future periods, was £3.0m (2006: £1.7m).						
4. Represents the non-performance proportion of the Incentive Share Plan awarded in March 2007.						
5. Represents the non-performance proportion of the Incentive Share Plan to be awarded in March 2008 and the performance vesting proportion of the March 2004 award.						
6. Under the terms of his contract, Terry Benson gave notice of his intention to retire from the Company in December 2005. He resigned as a Director of the Company on 6 April 2006 but remained employed by the Company as part of his notice period during which he was paid a further £0.3m.						

Pension benefits

Executive Directors are eligible to participate in the Group pension plan which is a defined contribution scheme. Each Executive Director receives 20% of their base salary or a cash alternative.

Pension contributions	2007 £'000	2006 £'000
Steve Ingham	72	54
Terry Benson (resigned 6 April 2006)	–	27
Charles-Henri Dumon	38	39
Stephen Puckett	55	48

Directors' interests and share ownership requirements

Executive Directors are required to build and hold, as a minimum, a direct beneficial interest in the Company's ordinary shares equal to their respective base salary. As at 31 December 2007 all Executive Directors comply with this requirement.

The beneficial interests of the Directors who served during the year and their families in the ordinary shares of the Company of 1p each are shown below. For the Directors in office at the balance sheet date there has been no change in these interests from 31 December 2007 to 4 March 2008.

Ordinary shares of 1p		At 1 January 2007	Acquired in year	Vesting of plans	Disposal in year	At 31 December 2007
Steve Ingham	Direct Holding	1,010,884	170,000	85,630	(96,514)	1,170,000
Charles-Henri Dumon	Direct Holding	1,332,997	170,000	115,845	(415,845)	1,202,997
Stephen Puckett	Direct Holding	214,696	170,000	86,396	(97,566)	373,526
Stephen Box †	Direct Holding	15,000	–	–	–	15,000

† Non-Executive Director

1. Steve Ingham transferred 78,946 shares from the Incentive Share Plan and 39,117 from the Deferred Annual Bonus to his Direct Holding in the year.
2. Stephen Puckett transferred 78,946 shares from the Incentive Share Plan and 39,883 from the Deferred Annual Bonus to his Direct Holding in the year.

No other Director has a holding in the Company.

Incentive Share Plan

Details of awards made under the Incentive Share Plan that remain outstanding at 31 December 2007 are as follows:

	Total award at 1 January 2007			Awarded during the year			Vested in year	Total award at 31 December 2007		
	Performance shares	Non- performance shares	Total shares	Performance shares	Non- performance shares	Total shares		Performance shares	Non- performance shares	Total shares
Steve Ingham	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499
Charles-Henri Dumon (Note 4)	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499
Stephen Puckett	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499

1. The value of the award made under the Michael Page Incentive Share Plan in 2007 is £625,000 for each individual Director and is based on the purchase price of the Company's ordinary shares on 2 March 2007 of 464.5p. The market value of the shares vested in the year at the date of award was 135.0p.
2. The total value of awards at 31 December 2007 for each individual Director in office at the balance sheet date is £948,957 and is calculated using the closing market price of the Company's ordinary shares at 31 December 2007 of 288.0p.

3. For awards made in 2007, the base EPS for the performance criteria is 21.3p (2006: 15.5p).
4. Charles-Henri Dumon was granted deferred share options to acquire 89,702 ordinary shares and performance share options to acquire 44,851 ordinary shares under the Michael Page Incentive Share Plan 2007. These options have a nil exercise price and do not accrue dividends.
5. The non-performance shares to be awarded in 2008 have been included in the Table of Emoluments on page 45.

Deferred Annual Bonus

As described on page 44, in the event that the Executive Directors' bonus entitlement is greater than 100% of salary, the excess above the individual's salary is deferred, invested in the Company's shares and delivered to the individual in two equal tranches on the first two anniversaries of the grant. In 2008, a total of £3.0m will be awarded to the Executive Directors, representing this excess, and has been included in the emoluments table for the year as shown on page 45. There has been no charge made to the income statement in the year for the deferred element of the Annual Bonus Plan. The charge for the year will be spread over future periods as described in the accounting policies in Note 1 on pages 58 to 63. For full descriptions of the performance and vesting conditions, see "Annual Bonus Plan" on pages 43 and 44.

Details of awards made under the Deferred Annual Bonus Plan that remain outstanding at 31 December 2007 are as follows:

	Total award at 1 January 2007 (shares)	Awarded during the year (shares)	Vested in year (shares)	Total award at 31 December 2007 (shares)
Steve Ingham	180,709	140,501	(66,394)	254,816
Charles-Henri Dumon	181,547	115,758	(67,321)	229,984
Stephen Puckett	184,122	115,758	(67,694)	232,186

The average market value of the shares vested in the year at the date of award was 250.8p.

Beneficial interests

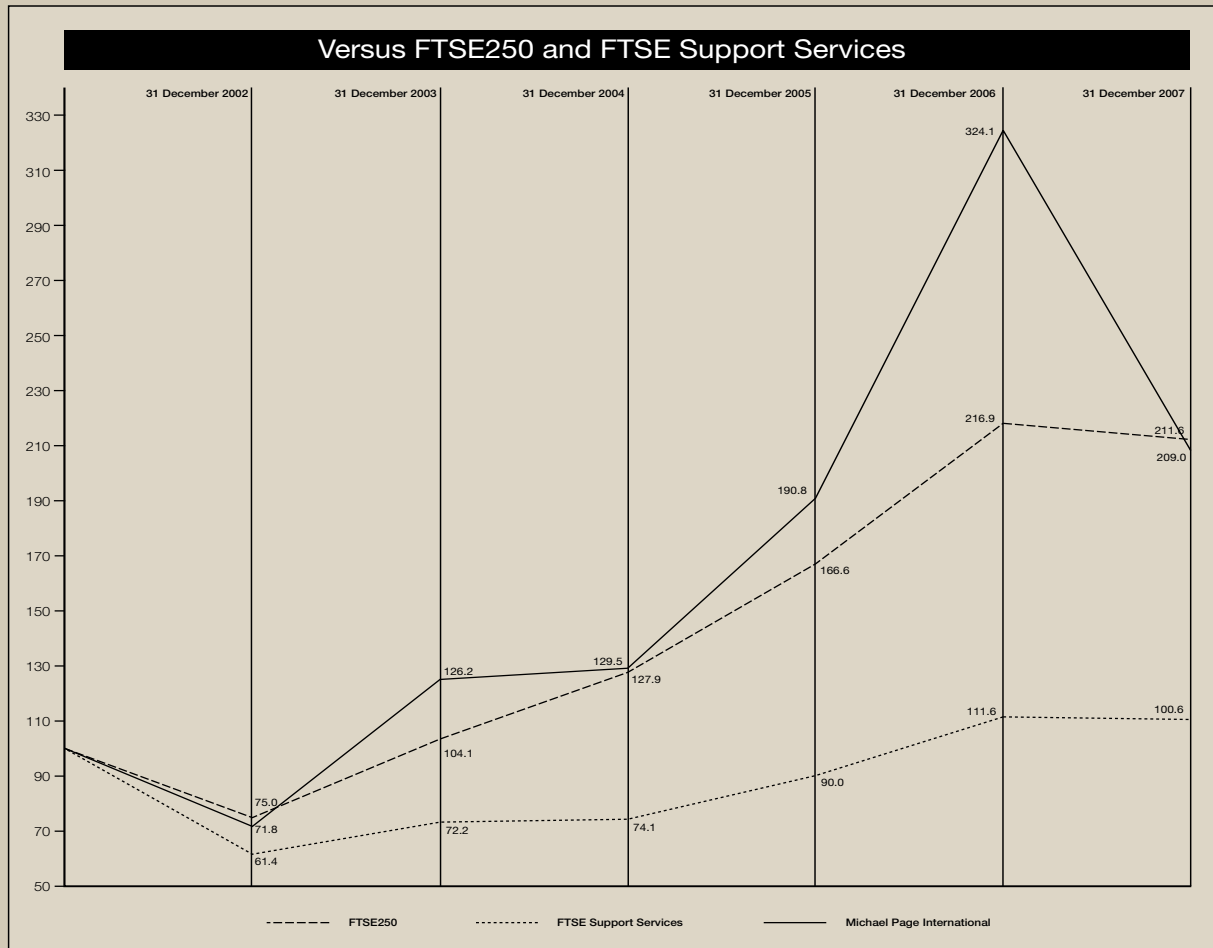
The beneficial interests of the Executive Directors who served during the year and their families in share options of the Michael Page International plc Executive Share Option Scheme at 31 December 2007 were as follows:

	Date of Grant	At 1 January 2007 (shares)	Exercised in year (shares)	At 31 December 2007 (shares)	Market price at date of exercise (pence)	Gains made on exercise (pounds)	Exercise price (pence)	Period of exercise
Steve Ingham	2001	234,441	(140,970)	93,471	560	542,735	175	2004-2011
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Charles-Henri Dumon	2001	291,016	(150,807)	140,209	560	580,607	175	2004-2011
	2003	200,000	(200,000)	–	560	953,200	83.4	2007-2013
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Stephen Puckett	2001	234,441	(140,970)	93,471	560	542,735	175	2004-2011
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015

1. The market price of the shares at 31 December 2007 was 288.0p with a range during the year of 259.75p to 595.0p.
2. No options were granted under the Executive Share Option Scheme to the Executive Directors in 2008.

Total Shareholder Return (TSR)

The graph below shows Total Shareholder Return (TSR) for the Group and the FTSE Support Services index which, as it is the sector in which the Company operates, is considered the most appropriate comparator index in the absence of a more directly representative recognised index. A comparison with the FTSE 250 index is also given. The graph illustrates TSR for the financial periods since flotation.



Outside appointments

The Remuneration Committee recognises that Non-Executive Directorships are a significant benefit in broadening executives' experience. Subject to review in each case, the Remuneration Committee's general policy is that Executive Directors may accept Non-Executive Directorships with other companies, so long as there is no conflict of interest and their effectiveness is not impaired. The executive is permitted to retain any fees for their service.

Service contracts

All Executive Directors' service contracts contain a twelve month notice period. The service contracts also contain restrictive covenants preventing the Directors from competing with the Group for six months following the termination of employment and preventing the Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment. On termination, any compensation payments due to a Director are calculated in accordance with normal legal principles. Mitigation of these payments would be applied, depending on the individual circumstances of each case.

	Contract date	Unexpired term at 31 December 2007	Notice period	Provision for compensation on early termination	Other termination provisions
Executive					
Steve Ingham	05/03/01	no specific term	12 months	12 months salary plus other contractual benefits	None
Charles-Henri Dumon	13/06/03	no specific term	12 months	12 months salary plus other contractual benefits	None
Stephen Puckett	05/03/01	no specific term	12 months	12 months salary plus other contractual benefits	None
Non-Executive					
Sir Adrian Montague CBE	27/02/07	26 months	None	None	None
Stephen Box	27/02/07	26 months	None	None	None
Ruby McGregor-Smith	23/05/07	29 months	None	None	None
Dr Tim Miller	15/08/05	7 months	None	None	None
Hubert Reid	25/02/06	14 months	None	None	None

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 6) on 23 May 2008.

Audit requirement

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 45 to 47 inclusive, are audited. All other sections of the Remuneration Report are unaudited.



Dr Tim Miller

Chairman – Remuneration Committee
4 March 2008

Audit

REPORT

Independent Auditors' Report to the Members of Michael Page International plc

We have audited the group and parent company financial statements (the "financial statements") of Michael Page International plc for the year ended 31 December 2007 which comprise Consolidated Income Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte.

Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors – London
4 March 2008

Financial

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Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
Revenue	2	831,640	649,060
Cost of sales		(353,546)	(300,243)
Gross profit	2	478,094	348,817
Administrative expenses		(328,662)	(251,450)
Operating profit	2	149,432	97,367
Financial income	5	1,189	821
Financial expenses	5	(3,180)	(1,229)
Profit before tax		147,441	96,959
Income tax expense	6	(45,707)	(31,512)
Profit for the year	3	101,734	65,447
Attributable to:			
Equity holders of the parent		101,734	65,447
Earnings per share			
Basic earnings per share (pence)	9	31.1	19.6
Diluted earnings per share (pence)	9	30.6	19.0

The above results relate to continuing operations.

Consolidated Statement of Changes in Equity

AT 31 DECEMBER 2007

Group	Note	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 2006		3,326	–	424	(9,871)	304	74,713	68,896
Currency translation differences		–	–	–	–	(3,116)	–	(3,116)
Net expense recognised directly in equity		–	–	–	–	(3,116)	–	(3,116)
Profit for the year		–	–	–	–	–	65,447	65,447
Total recognised (expense)/income for the year		–	–	–	–	(3,116)	65,447	62,331
Purchase of own shares for cancellation		(232)	–	232	–	–	(83,363)	(83,363)
Issue of share capital		238	37,952	–	–	–	–	38,190
Transfer to reserve for shares held in the employee benefit trust		–	–	–	970	–	(970)	–
Credit in respect of share schemes		–	–	–	–	–	12,425	12,425
Dividends	8	–	–	–	–	–	(18,088)	(18,088)
		6	37,952	232	970	–	(89,996)	(50,836)
Balance at 31 December 2006		3,332	37,952	656	(8,901)	(2,812)	50,164	80,391
Balance at 1 January 2007		3,332	37,952	656	(8,901)	(2,812)	50,164	80,391
Currency translation differences		–	–	–	–	8,127	–	8,127
Net income recognised directly in equity		–	–	–	–	8,127	–	8,127
Profit for the year		–	–	–	–	–	101,734	101,734
Total recognised income for the year		–	–	–	–	8,127	101,734	109,861
Purchase of own shares for cancellation		(115)	–	115	–	–	(59,885)	(59,885)
Purchase of shares held in the employee benefit trust		–	–	–	(15,000)	–	–	(15,000)
Issue of share capital		57	8,683	–	–	–	–	8,740
Transfer to reserve for shares held in the employee benefit trust		–	–	–	1,161	–	(1,161)	–
Credit in respect of share schemes		–	–	–	–	–	5,528	5,528
Dividends	8	–	–	–	–	–	(21,785)	(21,785)
		(58)	8,683	115	(13,839)	–	(77,303)	(82,402)
Balance at 31 December 2007		3,274	46,635	771	(22,740)	5,315	74,595	107,850

Statement of Changes in Equity – Parent Company

AT 31 DECEMBER 2007

Company	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2006		3,326	–	424	246,988	250,738
Profit for the year		–	–	–	9,376	9,376
Total recognised income for the year		–	–	–	9,376	9,376
Purchase of own shares for cancellation		(232)	–	232	(83,363)	(83,363)
Issue of share capital		238	37,952	–	–	38,190
Dividends	8	–	–	–	(18,088)	(18,088)
		6	37,952	232	(101,451)	(63,261)
Balance at 31 December 2006		3,332	37,952	656	154,913	196,853

Balance at 1 January 2007		3,332	37,952	656	154,913	196,853
Profit for the year		–	–	–	1,565	1,565
Total recognised income for the year		–	–	–	1,565	1,565
Purchase of own shares for cancellation		(115)	–	115	(59,885)	(59,885)
Issue of share capital		57	8,683	–	–	8,740
Dividends	8	–	–	–	(21,785)	(21,785)
		(58)	8,683	115	(81,670)	(72,930)
Balance at 31 December 2007		3,274	46,635	771	74,808	125,488

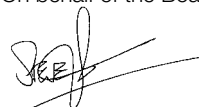
Balance Sheets

AT 31 DECEMBER 2007

	Note	Group		Company	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
Non-current assets					
Property, plant and equipment	10	27,149	21,550	–	–
Intangible assets	11	4,296	3,598	–	–
Investments	12	–	–	426,028	426,777
Deferred tax assets	17	4,998	9,447	–	–
Other receivables	13	2,301	1,927	–	–
		38,744	36,522	426,028	426,777
Current assets					
Trade and other receivables	13	192,810	143,813	73,562	332
Current tax receivable	7	–	213	1,333	489
Cash and cash equivalents	21	82,990	35,587	–	–
		275,800	179,613	74,895	821
Total assets	2	314,544	216,135	500,923	427,598
Non-current liabilities					
Other payables	14	(680)	(1,130)	–	–
Deferred tax liabilities	17	(17)	–	–	–
		(697)	(1,130)	–	–
Current liabilities					
Trade and other payables	14	(115,405)	(83,525)	(302,702)	(191,595)
Bank overdrafts	15	(47,433)	(43)	(47,433)	–
Bank loans	15	(25,300)	(39,150)	(25,300)	(39,150)
Current tax payable	7	(17,859)	(11,704)	–	–
Provisions for liabilities	16	–	(192)	–	–
		(205,997)	(134,614)	(375,435)	(230,745)
Total liabilities	2	(206,694)	(135,744)	(375,435)	(230,745)
Net assets		107,850	80,391	125,488	196,853
Capital and reserves					
Called-up share capital	18	3,274	3,332	3,274	3,332
Share premium	19	46,635	37,952	46,635	37,952
Capital redemption reserve	19	771	656	771	656
Reserve for shares held in the employee benefit trust	19	(22,740)	(8,901)	–	–
Currency translation reserve	19	5,315	(2,812)	–	–
Retained earnings		74,595	50,164	74,808	154,913
Total equity		107,850	80,391	125,488	196,853

These financial statements were approved by the Board of Directors and authorised for issue on 4 March 2008.

On behalf of the Board of Directors.



S Ingham

Chief Executive



S R Puckett

Group Finance Director

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Company	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
Cash generated from operations	20	148,663	78,827	41,744	29,234
Income tax (paid)/received		(36,519)	(21,705)	–	2,446
Net cash from operating activities		112,144	57,122	41,744	31,680
Cash flows from investing activities					
Purchases of property, plant and equipment		(11,927)	(9,167)	–	–
Purchases of computer software		(1,579)	(737)	–	–
Proceeds from the sale of property, plant and equipment, and computer software		743	1,210	–	–
Interest received		1,189	821	–	–
Net cash used in investing activities		(11,574)	(7,873)	–	–
Cash flows from financing activities					
Dividends paid		(21,785)	(18,088)	(21,785)	(18,088)
Interest paid		(2,741)	(1,209)	(2,397)	(869)
Proceeds from bank loan		25,300	39,150	25,300	39,150
Repayment of bank loan		(39,150)	(6,700)	(39,150)	(6,700)
Issue of own shares for the exercise of options		8,740	38,190	8,740	38,190
Purchase of own shares for cancellation		(59,885)	(83,363)	(59,885)	(83,363)
Purchase of shares held in the employee benefit trust		(15,000)	–	–	–
Net cash used in financing activities		(104,521)	(32,020)	(89,177)	(31,680)
Net (decrease)/increase in cash and cash equivalents		(3,951)	17,229	(47,433)	–
Cash and cash equivalents at the beginning of the year		35,544	19,779	–	–
Exchange gains/(losses) on cash and cash equivalents		3,964	(1,464)	–	–
Cash and cash equivalents at the end of the year	21	35,557	35,544	(47,433)	–

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2007

1. Significant accounting policies

Statement of compliance

The financial statements have been prepared under the historical cost convention and in accordance with current International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

Basis of preparation

The financial statements of Michael Page International plc consolidate the results of the Company and all its subsidiary undertakings. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been included as part of these accounts. The Company's profit for the financial year amounted to £0.7m (2006: £6.7m).

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Employee Benefit Trust

In accordance with UITF 38, Accounting for Employee Share Ownership Plan (ESOP) Trusts, shares in Michael Page International plc held by the trust are shown as a reduction in shareholder's funds. Other assets and liabilities held by the trust are consolidated with the assets of the Group.

The policies, set out below, have been consistently applied to all the periods presented.

New standards and interpretations

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see Note 22). Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivates; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations impacting the Group which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating Segments
IAS 23 Revised	Borrowing Costs
IFRIC 11 IFRS2	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14 IAS 19	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1. Significant accounting policies (continued)

New standards and interpretations (continued)

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Group when the relevant Standards come into effect for periods commencing on or after 1 January 2008.

a) Revenue and income recognition

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the Group as its principal activities, which are recruitment consultancy and other ancillary services. These consist of:

- revenue from temporary placements, which represents amounts billed for the services of temporary staff including the salary cost of these staff. This is recognised when the service has been provided;
- revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, and is derived from both retained assignments (income recognised on completion of defined stages of work) and non-retained assignments (income recognised at the date an offer is accepted by a candidate and where a start date has been determined). The latter includes revenue anticipated, but not invoiced, at the balance sheet date, which is correspondingly accrued on the balance sheet within prepayments and accrued income. A provision is made against accrued income for possible cancellations of placements prior to, or shortly after, the commencement of employment; and
- revenue from amounts billed to clients for expenses incurred on their behalf (principally advertisements) is recognised when the expense is incurred.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Cost of sales

Cost of sales consists of the salary cost of temporary staff and costs incurred on behalf of clients, principally advertising costs.

c) Gross profit

Gross profit represents revenue less cost of sales and consists of the total placement fees of permanent candidates, the margin earned on the placement of temporary candidates and the margin on advertising income.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the respective functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

1. Significant accounting policies (continued)

e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy h). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Computer software acquired by the Group is stated at cost less accumulated amortisation (see below).

(iii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill has an indefinite useful life. Computer software is amortised at 20% per annum.

The cumulative amount of goodwill written off directly to retained earnings in respect of acquisitions prior to 31 December 1997 is £311.7m (2006: £311.7m).

f) Property, plant and equipment

Property, plant and equipment are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

- Leasehold improvements 10% per annum or period of lease if shorter
- Furniture, fixtures and equipment 10-20% per annum
- Motor vehicles 25% per annum

g) Investments

Fixed asset investments are stated at cost less provision for impairment.

h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

1. Significant accounting policies (continued)

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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 recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

j) Pension costs

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charged to the income statement represent the contributions payable by the Group to the funds during each period.

k) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classed as operating leases. Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

l) Segment reporting

The consolidated entity operates in one business segment being that of recruitment services (primary segment). As a result no additional business segment information is required to be provided. The consolidated entity operates in four geographic segments (secondary segment), EMEA, the United Kingdom, Asia Pacific and the Americas.

1. Significant accounting policies (continued)

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

n) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. Their accounting treatments are described below:

(i) Share option schemes

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the estimate of the number of options that are expected to become exercisable is revised. The Group recognises the impact of the revision of original estimates, if any, in the income statement, and the corresponding adjustment to equity over the remaining vesting period.

(ii) Deferred Annual Bonus and Long Term Incentive Plans

Where deferred awards are made to Directors and senior executives under either the Incentive Share Plan or the Annual Bonus Scheme, to reflect that the awards are for services over a longer period, the value of the expected award is charged to the income statement on a straight-line basis over the vesting period to which the award relates.

o) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including any directly attributable costs, is recognised as a change in equity.

p) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

q) Borrowing costs

All borrowing costs are accrued in the income statement on a time basis.

r) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents includes cash-in-hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables are stated at cost. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The Group has no financial assets 'at fair value through profit or loss', 'held-to-maturity' investments or 'available for sale' financial assets under IFRS 7. Additionally, as the Group has no derivative contracts at the balance sheet date, the requirements of the recognition criteria under IAS 39 are also not relevant to the Group.

1. Significant accounting policies (continued)

s) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management anticipate that any estimates and judgements made do not have a material effect on the results.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1 – revenue recognition
- Note 17 – utilisation of tax losses
- Note 18 – measurement of share-based payments

2. Segment reporting

The consolidated entity operates in one business segment, being that of recruitment services, and this is the Group's primary segment. As a result, no additional business segment information is required to be provided. The Group's secondary segment is geography. The segment results by geography are shown below:

(a) Revenue, gross profit and operating profit by geographic region

	Revenue		Gross Profit		Operating Profit	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
EMEA	321,102	222,993	196,421	126,577	63,013	34,171
United Kingdom	360,395	312,408	186,024	155,811	59,412	44,270
Asia Pacific						
Australia	72,020	63,208	32,855	26,017	9,899	8,982
Other	25,741	20,370	24,366	18,944	10,922	8,077
Total	97,761	83,578	57,221	44,961	20,821	17,059
Americas	52,382	30,081	38,428	21,468	6,186	1,867
	831,640	649,060	478,094	348,817	149,432	97,367

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

The analysis below is of the carrying amount of segment assets, liabilities and capital expenditure. 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 geographic segments exclude income tax assets and liabilities. Capital expenditure comprises additions to property, plant and equipment, motor vehicles and computer hardware/software.

2. Segment reporting (continued)

(b) Segment assets, liabilities and capital expenditure by geographic region

	Total Assets		Total Liabilities		Capital Expenditure	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
EMEA	165,719	91,281	58,325	39,734	5,934	3,899
United Kingdom	89,679	88,364	114,622	73,228	5,043	3,113
Asia Pacific						
Australia	22,899	14,592	7,103	5,457	436	958
Other	15,672	10,165	2,738	2,251	303	386
Total	38,571	24,757	9,841	7,708	739	1,344
Americas	20,575	11,520	6,047	3,370	1,790	1,548
Segment assets/liabilities/capital expenditure	314,544	215,922	188,835	124,040	13,506	9,904
Income tax	–	213	17,859	11,704		
	314,544	216,135	206,694	135,744		

The above table is shown gross of the effect of the multi-currency notional cash pool. Were the cash pool to be shown on a net basis, this would reduce both the total liabilities in the UK and the total assets in EMEA by £29.5m each. Further information on the notional cash pool is provided in Note 21 on page 77.

(c) Revenue and gross profit by discipline

	Revenue		Gross Profit	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Finance and Accounting	496,506	408,250	258,667	202,542
Marketing, Sales and Retail	119,103	100,153	89,910	67,863
Legal, Technology, HR, Secretarial and Other	134,908	96,595	73,835	46,655
Engineering, Property & Construction, Procurement & Supply Chain	81,123	44,062	55,682	31,757
	831,640	649,060	478,094	348,817

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

	Revenue		Gross Profit	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Permanent	392,583	276,346	371,998	261,000
Temporary	439,057	372,714	106,096	87,817
	831,640	649,060	478,094	348,817

The above analyses in notes (a) operating profit by geographic region, (b) segment liabilities by geographic region, (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 have been included as additional disclosure over and above the requirements of IAS14 "Segment Reporting".

3. Profit for the year

	2007 £'000	2006 £'000
Profit for the year is stated after charging/(crediting):		
Employment costs (Note 4)	224,743	168,792
Exchange (gain)/loss*	(240)	124
Depreciation of property, plant and equipment - owned	6,726	5,630
Amortisation of computer software	934	815
Fees payable to the company's auditors for the audit of the company's annual accounts	69	63
Fees payable to the company's auditors and their associates for other services to the group:		
- The audit of the company's subsidiaries pursuant to legislation	477	362
Total audit fees	546	425
- Other services pursuant to legislation	26	27
- Tax services	162	245
- Other services	10	46
Total non-audit fees	198	318
Loss/(profit) on disposal of property, plant and equipment, and computer software	91	(48)
Operating lease rentals		
- land and buildings	16,416	13,543
- plant and machinery	3,774	2,505

*In 2007, this includes £502k of gains on foreign exchange swaps that economically hedge the fair value of loans with subsidiaries, but for which hedge accounting was not applied. This comprises a gain of £738k which is directly offset by foreign exchange losses on the underlying Euro intercompany loans, with an offsetting £236k charge relating to the Euro to Sterling interest differential.

4. Employee information

The average number of employees (including Executive Directors) during the year and total number of employees (including Executive Directors) at 31 December 2007 were as follows:

	2007 Average No.	2006 Average No.	2007 Total No.	2006 Total No.
Management	163	123	179	141
Client services	3,153	2,261	3,658	2,623
Administration	1,089	921	1,215	994
	4,405	3,305	5,052	3,758

Employment costs (including Directors' emoluments) comprised:

	2007 £'000	2006 £'000
Wages and salaries	186,873	140,806
Social security costs	24,096	18,366
Pension costs - defined contribution plans	7,017	5,141
Equity settled transactions	6,757	4,479
	224,743	168,792

Details of Directors' remuneration for the year are provided in the Directors' Remuneration Report on pages 43 to 49.

No staff are employed by the parent company (2006: nil) hence no remuneration has been disclosed.

5. Financial income/(expenses)

	2007 £'000	2006 £'000
Financial income		
Bank interest receivable	1,189	821
Financial expenses		
Bank interest payable	(3,180)	(1,229)

6. Taxation on profits on ordinary activities

The charge for taxation is based on the annual tax rate of 31.0% on profit before tax (2006: 32.5%).

Analysis of charge in year

	2007 £'000	2006 £'000
UK income tax at 30% for year	22,518	17,694
Adjustments in respect of prior periods	(1,141)	1,228
Overseas income tax	23,866	14,515
	45,243	33,437
Deferred tax expense		
Origination and reversal of temporary differences	(1,228)	(1,168)
Reduction in tax rate	(16)	31
Charge/(benefit) of tax losses recognised	1,708	(788)
Deferred tax expense	464	(1,925)
Total income tax expense in the income statement	45,707	31,512

Reconciliation of effective tax rate

	2007 £'000	%	2006 £'000	%
Profit before taxation	147,441		96,959	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	44,232	30.0	29,088	30.0
Effects of:				
Disallowable items and other permanent timing differences	715	0.5	594	0.6
Unrelieved overseas losses	416	0.3	361	0.4
Utilisation of losses not previously recognised	–	–	(191)	(0.2)
Recognition of further losses not previously recognised	–	–	(948)	(1.0)
Higher tax rates on overseas earnings	1,485	1.0	1,637	1.7
Adjustment to tax charge in respect of prior periods	(1,141)	(0.8)	971	1.0
Tax expense and effective rate for the year	45,707	31.0	31,512	32.5

	2007 £'000	2006 £'000
Tax recognised directly in equity		
Relating to equity settled transactions	833	(8,302)

7. Current tax assets and liabilities

The current tax asset of £nil (2006: £0.2m), and current tax liability of £17.9m (2006: £11.7m) for the Group, and current tax asset of £1.3m (2006: £0.5m) for the parent, represent the amount of income taxes recoverable and payable in respect of current and prior periods.

8. Dividends

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2006 of 4.2p per ordinary share (2005: 3.5p)	13,979	12,100
Interim dividend for the year ended 31 December 2007 of 2.4p per ordinary share (2006: 1.8p)	7,806	5,988
	21,785	18,088
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 December 2007 of 5.6p per ordinary share (2006: 4.2p)	17,984	13,859

The proposed final dividend had not been approved by shareholders at 31 December 2007 and therefore has not been included as a liability. The comparative final dividend at 31 December 2006 was also not recognised as a liability in the prior year.

The proposed final dividend of 5.6p (2006: 4.2p) per ordinary share will be paid on 9 June 2008 to shareholders on the register at the close of business on 9 May 2008, subject to approval by shareholders.

When the Company pays a dividend to shareholders, there may be income tax consequences. The impact will depend upon the individual circumstances of the shareholder.

9. Earnings per ordinary share

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

Earnings	2007	2006
Earnings for basic and diluted earnings per share (£'000)	101,734	65,447
Number of shares		
Weighted average number of shares used for basic earnings per share ('000)	327,528	334,744
Dilution effect of share plans ('000)	5,353	8,888
Diluted weighted average number of shares used for diluted earnings per share ('000)	332,881	343,632
Basic earnings per share (pence)	31.1	19.6
Diluted earnings per share (pence)	30.6	19.0

The above results relate to continuing operations.

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Employee Benefit Trust and held in the reserve.

9. Earnings per ordinary share (continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This calculation determines the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated in the basic earnings per share is then adjusted to reflect the number of shares deemed to be issued for nil consideration as a result of the potential exercise of existing share options.

The remaining share options that are currently not dilutive and hence excluded from the dilutive earnings per share calculation remain potentially dilutive until they are either exercised or they lapse.

Potential future ordinary share transactions

It remains the Company's intention to use surplus cash to repurchase and cancel its shares.

10. Property, plant and equipment

Group	2007				2006			
	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost								
At 1 January	17,085	30,442	2,241	49,768	15,953	27,639	2,125	45,717
Additions	4,519	6,206	1,202	11,927	3,217	4,953	997	9,167
Disposals	(1,520)	(3,445)	(919)	(5,884)	(1,763)	(1,453)	(855)	(4,071)
Effect of movements in foreign exchange	793	1,628	57	2,478	(322)	(697)	(26)	(1,045)
At 31 December	20,877	34,831	2,581	58,289	17,085	30,442	2,241	49,768
Depreciation								
At 1 January	8,614	18,817	787	28,218	7,824	17,505	722	26,051
Charge for the year	2,299	3,792	635	6,726	2,016	3,062	552	5,630
Disposals	(1,329)	(3,244)	(525)	(5,098)	(1,069)	(1,353)	(483)	(2,905)
Effect of movements in foreign exchange	360	907	27	1,294	(157)	(397)	(4)	(558)
At 31 December	9,944	20,272	924	31,140	8,614	18,817	787	28,218
Net book value								
At 31 December	10,933	14,559	1,657	27,149	8,471	11,625	1,454	21,550

11. Intangible assets

Group	2007			2006		
	Computer software £'000	Goodwill £'000	Total £'000	Computer software £'000	Goodwill £'000	Total £'000
Cost						
At 1 January	5,931	1,539	7,470	5,347	1,539	6,886
Additions	1,579	–	1,579	737	–	737
Disposals	(517)	–	(517)	(3)	–	(3)
Effect of movements in foreign exchange	347	–	347	(150)	–	(150)
At 31 December	7,340	1,539	8,879	5,931	1,539	7,470
Amortisation						
At 1 January	3,872	–	3,872	3,135	–	3,135
Charge for the year	934	–	934	815	–	815
Disposals	(470)	–	(470)	(2)	–	(2)
Effect of movements in foreign exchange	247	–	247	(76)	–	(76)
At 31 December	4,583	–	4,583	3,872	–	3,872
Net book value						
At 31 December	2,757	1,539	4,296	2,059	1,539	3,598

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation.

A summary of the goodwill allocation is presented below.

	2007 £'000	2006 £'000
UK	1,274	1,274
USA	214	214
Singapore	51	51
	1,539	1,539

In assessing value in use, the estimated future cash flows are calculated by preparing cash flow forecasts derived from the most recent financial budget and an assumed growth rate of 5%, which does not exceed the long-term average growth rate of the relevant markets. The terminal value of the cash flow is then calculated by discounting using the Group's weighted average cost of capital (8%). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. It is the opinion of the Directors that at 31 December 2007 there was no impairment of intangible assets.

12. Investments

Company	Subsidiary undertakings £'000	Total £'000
Cost		
At 1 January 2007	426,777	426,777
Derecognised on vesting of LTIP's and deferred bonus shares	(749)	(749)
At 31 December 2007	426,028	426,028

The derecognition of assets represents the decrease of the parent company's holding of own shares which have vested and transferred to beneficial holders.

12. Investments (continued)

The Company's principal subsidiary undertakings at 31 December 2007, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity
Michael Page Recruitment Group Limited	United Kingdom	Holding company
Michael Page Holdings Limited	United Kingdom	Support services
Michael Page International Recruitment Limited*	United Kingdom	Recruitment consultancy
Michael Page UK Limited	United Kingdom	Recruitment consultancy
Michael Page Limited	United Kingdom	Recruitment consultancy
Page Personnel (UK) Limited	United Kingdom	Recruitment consultancy
Michael Page International (Belgium) NV/SA	Belgium	Recruitment consultancy
Page Interim (Belgium) NV/SA	Belgium	Recruitment consultancy
Michael Page International (France) SAS	France	Recruitment consultancy
Page Personnel SAS	France	Recruitment consultancy
Michael Page International (Deutschland) GmbH	Germany	Recruitment consultancy
Michael Page International (Ireland) Limited	Ireland	Recruitment consultancy
Michael Page International Italia Srl	Italy	Recruitment consultancy
Page Personnel Italia SpA	Italy	Recruitment consultancy
Michael Page International (Luxembourg)	Luxembourg	Recruitment consultancy
Michael Page International (Nederland) BV	Netherlands	Recruitment consultancy
Page Interim BV	Netherlands	Recruitment consultancy
Michael Page International (Poland) Sp.Z.O.O	Poland	Recruitment consultancy
Michael Page International Empresa de Trabalho Temporário e Serviços de Consultadoria Lda	Portugal	Recruitment consultancy
LLC Michael Page International RU	Russia	Recruitment consultancy
Michael Page International (SA) (Pty) Limited	South Africa	Recruitment consultancy
Michael Page International (Espana) SA	Spain	Recruitment consultancy
Page Personnel (Espana) SA	Spain	Recruitment consultancy
Michael Page International (Sweden) AB	Sweden	Recruitment consultancy
Michael Page International (Switzerland) SA	Switzerland	Recruitment consultancy
Michael Page International (UAE) Limited	United Arab Emirates	Recruitment consultancy
Michael Page International (Australia) Pty Limited	Australia	Recruitment consultancy
Michael Page International (Hong Kong) Limited	Hong Kong	Recruitment consultancy
Michael Page International (Japan) K.K.	Japan	Recruitment consultancy
Michael Page International Pte Limited*	Singapore	Recruitment consultancy
Michael Page International Argentina SA	Argentina	Recruitment consultancy
Michael Page International (Brasil) SC Ltda	Brazil	Recruitment consultancy
Michael Page International Canada Limited	Canada	Recruitment consultancy
Michael Page International Mexico Reclutamiento Especializado, S.A. de C.V.	Mexico	Recruitment consultancy
Michael Page International Inc*	United States	Recruitment consultancy

*The equity of these subsidiary undertakings is held directly by Michael Page International plc. All companies have been included in the consolidation and operate principally in their country of incorporation.

The percentage of the issued share capital held is equivalent to the percentage of voting rights held. The Group holds 100% of all classes of issued share capital. The share capital of all the subsidiary undertakings comprise ordinary shares, with the exception of Michael Page International Recruitment Limited which comprises 1 ordinary share and 421,544,426 preference shares.

13. Trade and other receivables

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Current				
Trade receivables	164,605	121,515	–	–
Less provision for impairment of receivables	(3,733)	(3,270)	–	–
Net trade receivables	160,872	118,245	–	–
Amounts due from Group companies	–	–	73,516	–
Other receivables	4,632	4,497	–	307
Prepayments and accrued income	27,306	21,071	46	25
	192,810	143,813	73,562	332
Non-current				
Prepayments and accrued income	2,301	1,927	–	–

All non-current receivables are due within five years from the balance sheet date.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 22.

14. Trade and other payables

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Current				
Trade payables	7,217	5,630	–	–
Amounts owed to Group companies	–	–	302,242	191,574
Other tax and social security	37,122	28,690	–	–
Other payables	13,200	10,070	–	–
Accruals	57,209	38,556	460	21
Deferred income	657	579	–	–
	115,405	83,525	302,702	191,595
Non-current				
Deferred income	475	495	–	–
Other tax and social security	205	635	–	–
	680	1,130	–	–

The fair values of trade and other payables are not materially different to those disclosed above.

The total liability relating to other tax and social security includes a balance of £1.1m (2006: £2.5m) relating to social charges on share based payments.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 22.

15. Bank overdrafts and loans

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Bank overdrafts	47,433	43	47,433	–
Bank loans	25,300	39,150	25,300	39,150
	72,733	39,193	72,733	39,150

The borrowings stated above are repayable on demand or otherwise within one year.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Sterling £'000	US Dollar £'000	Total £'000
31 December 2007			
Bank overdrafts	47,433	–	47,433
Bank loans	25,300	–	25,300
	72,733	–	72,733
31 December 2006			
Bank overdrafts	–	43	43
Bank loans	39,150	–	39,150
	39,150	43	39,193

Bank overdrafts are repayable on demand.

At 31 December 2007, the Group had available £31.7m (2006: £10.2m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Group's exposure to interest rate, foreign currency and liquidity risk for financial assets and liabilities is disclosed in Note 22.

16. Provisions for liabilities

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
At 1 January	192	576	–	–
Utilised in year	(192)	(384)	–	–
At 31 December	–	192	–	–

17. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation £'000	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 1 January 2006	275	(6,260)	(2,621)	(502)	(9,108)
Recognised in equity for the year	–	1,318	–	–	1,318
Recognised in profit or loss for the year	13	(742)	(788)	(439)	(1,956)
Changes in rate	–	–	31	–	31
Exchange differences	–	(2)	264	6	268
At 1 January 2007	288	(5,686)	(3,114)	(935)	(9,447)
Recognised in equity for the year	–	3,652	–	–	3,652
Recognised in profit or loss for the year	(104)	87	1,708	(1,227)	464
Exchange differences	–	–	384	–	384
At 31 December 2007	184	(1,947)	(1,022)	(2,162)	(4,947)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2007 £'000	2006 £'000
Deferred tax assets	(4,998)	(9,447)
Deferred tax liabilities	17	–
	(4,981)	(9,447)

At 31 December 2007, unremitted earnings of overseas Group companies amounted to £78.6m (2006: £40.2m). Unremitted earnings may be liable to some overseas and UK tax (after allowing for double taxation relief) if they were to be distributed as dividends. However, no tax is expected to be payable due to the split of unremitted earnings between lower taxed jurisdictions and higher taxed jurisdictions.

Certain of the Group's overseas operations have current and prior year tax losses, the future utilisation of which is uncertain. Accordingly the Group has not recognised a deferred tax asset of £1.3m (2006: £0.8m) in respect of tax losses of overseas companies. These tax losses are available to offset future taxable profits in the respective jurisdictions.

All of the deferred tax asset for losses of £1.0m is dependent on generating future taxable profits. Of the recognised deferred tax asset, £nil is recognised within territories that were loss making in the current year.

18. Called-up share capital

	2007		2006	
	£'000	Number of shares	£'000	Number of shares
Authorised				
Ordinary shares of 1p each	5,713	571,250,000	5,713	571,250,000
Allotted, called-up and fully paid				
At 1 January	3,332	333,242,076	3,326	332,637,799
Shares issued	57	5,676,073	238	23,874,277
Cancellation of own shares	(115)	(11,524,415)	(232)	(23,270,000)
At 31 December	3,274	327,393,734	3,332	333,242,076

Executive Share Option Scheme (ESOS)

The Group has an Executive Share Option Scheme (ESOS) that entitles key management personnel and senior employees to receive shares in the entity. In accordance with these programmes, options are exercisable at the market price of the shares at the date of the grant.

Two grants under the ESOS were made before 7 November 2002. The recognition and measurement principles in IFRS 2 have been applied to all grants after 7 November 2002. They have not been applied to the two grants made prior to 7 November 2002 in accordance with the transitional provisions in IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IFRS 2 "Share-based Payment".

At 31 December 2007 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 1p under the Michael Page Executive Share Option Scheme. All options granted are settled by the physical delivery of shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Executive Share Option Scheme (ESOS)

Year of grant	Balance at 1 January 2007	Granted in year	Exercised in year	Lapsed in year	No. of shares outstanding at 31 December 2007	Base EPS	Exercise price per share	Exercise period
2001 (Note 1)	5,552,900	–	(2,578,787)	(191,415)	2,782,698	9.9	175p	March 2004 - March 2011
2002 (Note 2)*	197,500	–	(105,000)	–	92,500	10.6	186p	March 2005 - March 2012
2002 (Note 2)*	410,000	–	(185,000)	–	225,000	5.8	186p	March 2006 - March 2012
2003 (Note 2)*	1,817,300	–	(1,355,000)	–	462,300	5.8	81.5p-86.1p	April 2006 - April 2013
2004 (Note 2)	2,173,775	–	(1,349,803)	(25,619)	798,353	4.1	171p-190.3p	March 2007 - March 2014
2005 (Note 2)	2,305,800	–	(60,800)	(138,111)	2,106,889	7.5	190.75p-191.5p	March 2008 - March 2015
2006 (Note 2)	2,023,184	–	(41,684)	(116,688)	1,864,812	15.5	309.9p	March 2009 - March 2016
2007 (Note 2)	–	2,818,000	–	(59,611)	2,758,389	21.3	464.5p-494.1p	March 2010 - March 2017
Total 2007	14,480,459	2,818,000	(5,676,074)	(531,444)	11,090,941			
Weighted average exercise price 2007 (£)	1.84	4.66	1.53	2.41	2.69			
Total 2006	38,066,555	2,123,500	(23,447,721)	(2,261,875)	14,480,459			
Weighted average exercise price 2006 (£)	1.63	3.10	1.60	1.80	1.84			

*These options have fully vested

3,090,561 options were exercisable at the end of 2007 at a weighted average exercise price of £1.61 (2006: £1.51).

In 2007, options were granted on 2 March with the estimated fair values of the options granted on that day of £4.65. In 2006, options were granted on 7 March. The estimated fair values of the options granted on that date was £3.10.

18. Called-up share capital (continued)

Share options are granted under service and non-market performance conditions. These conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants other than those on the initial grant in 2001.

The options outstanding at 31 December 2007 have an exercise price in the range of 81.5 pence to 494.1 pence and a weighted average contractual life of 6.6 years. The fair values of options granted during the year were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Share Option Scheme		Incentive Share Scheme		Deferred Bonus Shares	
	2007	2006	2007	2006	2007	2006
Share price (£)	4.65	3.10	4.65	3.10	4.65	3.10
Average exercise price (£)	4.65	3.10	Nil	Nil	Nil	Nil
Weighted average fair value (£)	4.65	3.10	4.65	3.10	4.65	3.10
Expected volatility	30%	35%	30%	35%	30%	35%
Expected life	5 years	5 years	3 years	3 years	2 years	3 years
Risk free rate	5.00%	4.75%	5.00%	4.75%	5.00%	4.75%
Expected dividend yield	1.25%	1.5%	Nil	Nil	Nil	Nil

Expected volatility was determined by reference to historical volatility of the Company's share price since flotation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expectations of early exercise are incorporated into the Black-Scholes option pricing model.

The Group recognised total expenses of £6.8m (2006: £4.5m) related to equity-settled share-based payment transactions during the year.

Option plan details

Note 1 Pre flotation options

On flotation, options over 33,750,000 (9%) ordinary shares were granted to the Executive Directors and 427 employees. These options are subject to the following:

- 55.6% of an individual's option entitlement will normally only be exercisable to the extent that Earnings Per Share (EPS) targets have been satisfied over a period of 3 to 10 years. None of these options will vest unless EPS has grown in line with the UK Retail Prices Index (RPI) plus an average of 5% per annum. At that point one third of this portion of the options vest. If EPS growth is higher than this level, vesting increases on a sliding scale basis until 100% of this portion of the options vest where EPS growth matches RPI plus an average of 10% per annum. The base earnings per share is 9.9p. The results for the year ended 31 December 2005 met the EPS performance conditions for 85% of the outstanding options. The result for the year ended 31 December 2006 met the EPS performance conditions for the remaining 15% of the outstanding options, these vested on 1 March 2007.
- 44.4% of an individual's option entitlement will normally only be exercisable to the extent that share price growth targets have been satisfied over a period of at least 3 years. None of these options will vest unless the Company's share price has achieved 50% growth after 3 years and not later than 5 years. At that point one third of this portion of the options vest. Vesting then increases progressively for further share price growth until full vesting occurs where there is 200% growth after 3 years and not later than 5 years. These hurdles rise from the fifth anniversary of the date of grant at compound rates of growth of 8.45% and 24.57% respectively. At 31 December 2007, the performance conditions were met for 81.8% (2006: 62.4%) of the outstanding share price dependent options.

18. Called-up share capital (continued)

Note 2 Grants post flotation

The respective base earnings per share for each grant are shown in the table on page 74. For grants since 2004, the performance condition is tested on the third anniversary and no retesting will occur thereafter. These options were granted subject to a performance condition requiring that an option may only be exercised, in normal circumstances, if there has been an increase in base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index.

All future grants of options under this scheme will be subject to similar EPS performance conditions which is considered the best measure of the Group's performance and is designed to provide a direct link between the rewards for executives and the returns to shareholders, whilst at the same time ensuring that senior executives can measure the results of their efforts through the Company's share price.

Other share-based payment plans

The Company also operates an Incentive Share Plan for the Executive Directors and senior employees and an Annual Bonus Plan for the Executive Directors. Details of these schemes are disclosed on pages 43 and 44, and are settled by the physical delivery of shares, currently satisfied by shares held in the Employee Benefit Trust, to the extent that service and performance conditions are met.

19. Reserves

Share premium

The share premium account has been established to represent the excess of the exercise share price over the nominal value of the shares on the exercise of share options.

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the Company's own shares. The increase in the year represents the nominal value of the 11,524,415 shares cancelled during the year as shown in Note 18.

Reserve for shares held in the employee benefit trust

At 31 December 2007, the reserve for shares held in the employee benefit trust consisted of 7,950,330 ordinary shares (2006: 5,552,237 ordinary shares) held for the purpose of satisfying awards made under the Incentive Share Plan and deferred shares under the Annual Bonus Plan, representing 2.43% of the called-up share capital with a market value of £22.9m (2006: £14.7m).

A total of 1,845,091 shares have been allocated to satisfy share awards made under the Incentive Share Plan, and 487,001 deferred shares have been allocated under the Annual Bonus Plan. Dividends are paid on these shares and they are included in the EPS calculation.

A total of 1,321,303 shares have been allocated to satisfy share option awards made under the Incentive Share Plan, and 229,984 deferred share option have been allocated under the Annual Bonus Plan. Dividends on these shares are waived and are treated as non dilutive.

Following the allocation of awards made under the above mentioned plans, to date 4,066,951 ordinary shares remain unallocated in the reserve. Dividends on these shares are also waived and are treated as non dilutive.

Currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company.

20. Cash flows from operating activities

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Profit before tax	147,441	96,959	721	6,665
Depreciation and amortisation charges	7,660	6,445	749	568
Loss/(profit) on sale of property, plant and equipment, and computer software	91	(48)	–	–
Share scheme charges	6,757	4,168	–	–
Net finance cost	1,991	408	2,837	891
Operating cashflow before changes in working capital and provisions	163,940	107,932	4,307	8,124
Increase in receivables	(40,863)	(42,376)	(73,230)	(318)
Increase in payables	25,778	13,655	110,667	21,428
Decrease in provisions	(192)	(384)	–	–
Cash generated from operations	148,663	78,827	41,744	29,234

21. Cash and cash equivalents

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Cash at bank and in hand	75,647	23,355	–	–
Short-term deposits	7,343	12,232	–	–
Cash and cash equivalents	82,990	35,587	–	–
Bank overdrafts	(47,433)	(43)	(47,433)	–
Cash and cash equivalents in the statement of cash flows	35,557	35,544	(47,433)	–
Bank loans	(25,300)	(39,150)	(25,300)	(39,150)
Net funds/(debt)	10,257	(3,606)	(72,733)	(39,150)

The Group has set up a multi-currency notional cash pool in 2007. Currently the main Eurozone subsidiaries and the UK-based Group Treasury subsidiary participate in this cash pool, although it is the Group's intention to extend the scope of the participation to other Group companies going forward. The structure facilitates interest and balance compensation of cash and bank overdrafts. This notional pooling does not meet the strict set-off rules under IFRS and as a result the cash and bank overdraft balances must be reported 'gross' on the balance sheet. On a 'netted' pro forma basis, cash and cash equivalents and overdraft balances would have been £29.5m lower, resulting in £53.5m cash and cash equivalents and £18.0m bank overdraft balances.

22. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- (i) credit risk
- (ii) liquidity risk
- (iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

22. Financial risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients and investment securities. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Trade and other receivables

Total trade receivables (net of allowances) held by the Group at 31 December 2007 amounted to £160.9m (2006: £118.2m).

An initial credit period is made available on invoices. No interest is charged on trade receivables from the date of the invoice during this credit period. Thereafter, interest is charged on the outstanding balance. The Group has provided fully for all receivables over 150 days because historical experience is such that receivables past due beyond 150 days are generally not recoverable. Trade receivables below 150 days are provided for based on estimated irrecoverable amounts from the provision of our services, determined by reference to past default experience.

Included in the Group's trade receivable balance are debtors with a carrying amount of £77.7m (2006: £55.9m) that are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 54 days in excess of the initial credit period (2006: 51 days).

The aging of trade receivables at the reporting date was:

	Gross receivables 2007 £'000	Provision 2007 £'000	Gross receivables 2006 £'000	Provision 2006 £'000
Not past due	83,486	178	62,360	41
Past due 0-30 days	46,554	467	37,681	460
Past due 31-150 days	32,261	784	19,514	809
More than 150 days	2,304	2,304	1,960	1,960
	164,605	3,733	121,515	3,270

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Group's client base, including the country in which clients operate, also has an influence on credit risk. Less than 5% of the Group's revenue is attributable to sales transactions with a single client. The geographic diversification of the Group's revenue also reduces the concentration of credit risk.

The majority of the Group's clients have been transacting with the Group for several years, with losses rarely occurring. In monitoring client credit risk, clients are grouped according to their credit characteristics, including geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

22. Financial risk management (continued)

Movement in the allowance for doubtful debts

	2007 £'000	2006 £'000
Balance at beginning of the year	3,270	2,328
Impairment losses recognised on receivables	5,682	3,923
Amounts written off as uncollectable	(1,244)	(431)
Amounts recovered during the year	(1,638)	(1,177)
Impairment losses reversed	(2,337)	(1,373)
Balance at end of the year	3,733	3,270

The majority of the allowance for doubtful debts are individually impaired trade receivables with a balance of £1.1m (2006: £0.8m) which have been placed in litigation, as well as a further provision for debts of 150 days and over.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2007 £'000	2006 £'000
EMEA	84,324	53,964
United Kingdom	55,097	50,270
Asia Pacific	12,978	9,234
Americas	8,473	4,777
	160,872	118,245

22. Financial risk management (continued)

The maximum exposure to credit risk for accrued income at the reporting date by geographic region was:

	Carrying amount	
	2007 £'000	2006 £'000
EMEA	456	150
United Kingdom	14,195	12,108
Asia Pacific	4,729	3,387
Americas	1,963	852
	21,343	16,497

The entire accrued income balance is not past due. The fair values of trade and other receivables are not materially different to those disclosed above.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework that aims to ensure that the Group has sufficient cash or credit facilities at all times to meet all current and forecast liabilities as they fall due. 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 the net cash/debt position within a relatively narrow band.

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. Cash generated in excess of these requirements will be used to buy back the Company's shares. The Group also operates a multi-currency notional cash pool to facilitate interest and balance compensation of cash and bank overdrafts.

The following are the contractual maturities of financial liabilities.

	Carrying amount			
	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
2007				
Trade payables	5,030	970	1,067	150
Accruals and other payables	51,725	24,257	19,061	4,023
Bank overdraft	47,433	–	–	–

	Carrying amount			
	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
2006				
Trade payables	4,800	318	157	355
Accruals and other payables	40,065	7,118	21,177	2,815
Bank overdraft	43	–	–	–

(iii) Market risk and sensitivity analysis

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, but these risks are not deemed to be material. However, a sensitivity analysis showing hypothetical fluctuations in Pounds Sterling against the Group's main exposure currencies is shown on pages 81 and 82. There has been no material change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

For additional information on market risk, refer to 'Treasury management and currency risk' in the Financial Review.

22. Financial risk management (continued)

Interest rate risk management

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group does not consider this risk as significant. The benchmark rates for determining floating rate liabilities are based on relevant national LIBOR equivalents.

The average interest rates paid were as follows:

	2007	2006
Bank overdrafts	6.40%	4.26%
Bank loans	6.22%	5.40%

Currency rate risk

We publish our results in Pounds Sterling and conduct our business in many foreign currencies. As a result, we are subject to foreign currency exchange risk due to exchange rate movements. We are exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currencies of some of our subsidiaries and the translation of the results and underlying net assets of our foreign subsidiaries.

The main functional 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 although 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.

Sensitivity analysis - currency risk

A 10 percent strengthening of sterling against the following currencies at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown on page 82. This analysis is applied currency by currency in isolation, i.e. ignoring the impact of currency correlation, and assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2006.

The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results in the future may differ materially from those projected, due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the table below, which therefore should not be considered a projection of likely future events and losses.

22. Financial risk management (continued)

Sensitivity analysis - currency risk (continued)

	2007 Equity £'000	PBT £'000
Euro	(7,060)	(4,617)
Australian Dollar	(1,530)	(796)
Swiss Franc	(572)	(257)
Hong Kong Dollar	(523)	(324)
Brazilian Real	(509)	(442)
United States Dollar	(330)	3
Other	(945)	(245)

	2006 Equity £'000	PBT £'000
Euro	(3,049)	(2,168)
Australian Dollar	(756)	(424)
Swiss Franc	(174)	(107)
Hong Kong Dollar	(267)	(160)
Brazilian Real	(175)	(247)
United States Dollar	116	64
Other	(439)	(181)

A 10 percent weakening of sterling against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

23. Commitments

Operating lease commitments

At 31 December 2007 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Leases which expire:				
Within one year	2,562	1,034	449	284
Within two to five years	29,411	25,280	7,526	4,645
After five years	57,980	53,088	–	–
	89,953	79,402	7,975	4,929

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under operating lease agreements. The Group is required to give a varying notice for the termination of these agreements.

23. Commitments (continued)

Capital commitments

The Group had contractual capital commitments of £1.2m as at 31 December 2007 (2006: £0.6m) relating to property, plant and equipment. The Group had contractual capital commitments of £3.4m as at 31 December 2007 (2006: £0.2m) relating to computer software.

VAT group registration

As a result of group registration for VAT purposes, the Company is contingently liable for VAT liabilities arising in other companies within the VAT group which at 31 December 2007 amounted to £7.6m (2006: £6.3m).

24. Contingent liabilities

The Company has provided guarantees to other Group undertakings amounting to £9.7m (2006: £8.9m) in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

25. Events after the balance sheet date

Between 31 December 2007 and 3 March 2008 79,748 options were exercised, which has led to an increase of share capital of £797 and an increase in share premium of £188,386.

26. Related party transactions

Identity of related parties

The Group has a related party relationship with its Directors and members of the Executive Board, and subsidiaries (Note 12).

Transactions with key management personnel

Key management personnel are deemed to be the Directors and members of the Executive Board. The remuneration of Directors and members of the Executive Board is determined by the Remuneration Committee having regard to the performance of individuals and market trends. For transactions with Directors see the Remuneration Report on pages 43 to 49. Over and above these transactions, equity settled transactions for the year were £2.2m (2006: £1.3m). Transactions with the remaining members of the Executive Board are disclosed below:

	2007 £'000	2006 £'000
Short-term employee benefits	746	468
Pension costs - defined contribution plans	40	33
Equity settled transactions	340	-
Termination benefits	-	63

The increase in emoluments in the current year represents members being on the Executive Board for a full year and an increase in the bonus award, as well as awards made under the Michael Page Executive Share Option Scheme.

In addition to their salaries, the Group also provides non-cash benefits to members of the Executive Board, and contributes to a post-employment defined contribution pension plan on their behalf, details of which are given in Note 1.

Transactions between the Group and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the parent company and subsidiary undertakings are shown below.

	Dividends received		Amounts owed by related parties		Amounts owed to related parties	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
	4,283	8,140	73,516	38,067	302,241	229,641

Shareholder

INFORMATION AND ADVISERS

Annual General Meeting

To be held on 23 May 2008 at 12.00 noon at Page House, The Bourne Business Park, 1 Dashwood Lang Road, Addlestone, Weybridge, Surrey, KT15 2QW. Every shareholder is entitled to attend and vote at the meeting.

Final dividend for the year ended 31 December 2007

To be paid (if approved) on 9 June 2008 to shareholders on the register on 9 May 2008.

Company secretary

Kelvin Stagg

Company number

3310225

Registered office, domicile and legal form

The Company is a limited liability company incorporated and domiciled within the United Kingdom.

The address of its registered office is:

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

Tel: 01932 264144

Fax: 01932 264297

Auditors

Deloitte & Touche LLP
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Solicitors

Herbert Smith
Exchange House
Primrose Street
London EC2A 3TR

Registrars

Capita Registrars Ltd
Northern House
Woodstone Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Joint Corporate Brokers

Citigroup	Deutsche Bank
33 Canada Square	Winchester House
Canary Wharf	1 Great Winchester Street
London E14 5LB	London EC2N 2DB

Bankers

HSBC Bank plc	ABN AMRO Bank N.V.
West End Business	Corporate Clients
Banking Centre	De Entree 99
70 Pall Mall	1101 HE Amsterdam
London SW1Y 5GZ	The Netherlands

Key dates

Ex-Dividend date	7 May 2008
Record date	9 May 2008
Annual General Meeting	23 May 2008
Payment of proposed final ordinary dividend	9 June 2008
Interim results announcement	18 August 2008

Memorandum and Articles of Association

The following summarises certain provisions of the Company's Memorandum and Articles of Association and applicable English Law. The summary is qualified in its entirety by reference to the Companies Act 1985 of Great Britain ("the Act"), as amended, and the Company's Articles of Association.

Objects and purposes

The Company is incorporated under the name Michael Page International plc and is registered in England and Wales with registered number 3310225. The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company and to carry out the other objects more particularly set out in the Memorandum of Association of the Company.

Share capital

The authorised share capital of the Company currently consists of 571,250,000 ordinary shares of 1p each. As at 31 December 2007, 327,393,734 ordinary shares have been allotted, called-up and fully paid (see Note 18, Notes to the Accounts).

Alteration of capital

The Company may from time to time by ordinary resolution:

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the memorandum;
- (d) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others; and
- (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, in any way.

Purchase of own shares

Subject to the provisions of the Act, the Company may purchase its own shares, including redeemable shares. The Company proposes to renew its authority to purchase its own shares for another year in item 11 of the Annual General Meeting notice.

General meetings and voting rights

The Directors may call general meetings whenever and at whatever time and location they so determine. Subject to the provisions of the Act, an annual general meeting and an extraordinary general meeting called to pass a special resolution shall be called by at least 21 clear days' notice, and all other extraordinary general meetings shall be called by at least 14 days' notice. Two persons entitled to vote upon the business to be transacted shall be a quorum.

The Articles of Association provide that subject to any rights or restrictions attached to any shares, on a show of hands every member shall have one vote, and on a poll every member shall have one vote for every share of which he is a holder. On a poll,

votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative. No member shall be entitled to vote in respect of any share held by him if any call or other sum payable by him to the Company remains unpaid.

If a member or any person appearing to be interested in shares held by a member has been duly served with a notice under Section 793 of the Companies Act 2006 (previously Section 212 of the Act) and is in default for the prescribed period in supplying to the Company information thereby required, unless the Directors otherwise determine, the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general or class meeting of the Company or on any poll or to exercise any other right confirmed by membership in relation to such meeting or poll. In certain circumstances, any dividend due in respect of the default shares shall be withheld and certain certificated transfers may be refused.

A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy need not be a member. A member may appoint more than one proxy to attend on the same occasion. This does not preclude the member from attending and voting at the meeting or at any adjournment of it.

Limitations and non-resident or foreign shareholders

English law treats those persons who hold the shares and are neither UK residents nor nationals in the same way as UK residents or nationals. They are free to own, vote on and transfer any shares they hold.

Variation of rights

Subject to the Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class of may be varied either:

- (a) in such manner (if any) as may be provided by those rights; or
- (b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class

but not otherwise, and may be so varied either whilst the Company is a going concern or during, or in contemplation of, a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but at any adjourned meeting any holder of shares of the class present in or by proxy shall be a quorum). Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall be deemed not to be varied by the purchase by the Company of any of its own shares.

Dividend rights

Holders of the Company's ordinary shares may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. If, in the opinion of the Directors, the profits of the Company available for distribution justify such payments, the Directors may, from time to time, pay interim dividends on the shares of such amounts and on such dates and in respect of such periods as they think fit. The profits of the Company available for distribution and resolved to be distributed shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid. The members may, at a general meeting declaring a dividend upon the recommendation of the Directors, direct that it shall be satisfied wholly or fully by the distribution of assets.

No dividend shall be paid otherwise than out of profits available for distribution as specified under the provisions of the Act.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall, if the Directors so resolve, be forfeited and shall revert to the Company.

Calls on shares

Subject to the terms of allotment, the Directors may make calls upon members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall pay to the Company as required by the notice the amount called on his shares.

Transfer of shares

Any member may transfer all or any of his shares in certificated form by instrument of transfer in the usual common form or in any other form which the Directors may approve. The transfer instrument shall be signed by or on behalf of the transferor and, except in the case of fully-paid shares, by or on behalf of the transferee.

Where any class of share is for the time being a participating security, title to shares of that class which are recorded as being held in uncertificated form, may be transferred by the relevant system concerned.

The Directors may in their absolute discretion and without giving any reason refuse to register any transfer of shares (being shares which are not fully paid or on which the Company has a lien), provided that if the share is listed on the Official List of the UK Listing Authority such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of shares unless the transfer instrument:

- (a) is lodged at the registered office, or such other place as the Directors may appoint, accompanied by the relevant share certificate(s);
- (b) is in respect of only one class of share; and
- (c) is in favour of not more than four persons jointly.

The Directors of the Company may refuse to register the transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirements) under the Uncertificated Securities Regulations 2001 to register the transfer; and they may refuse to register any such transfer in favour of more than four transferees.

Subject to the Uncertificated Securities Regulations, the registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.

Directors

The Company's Articles of Association provide for a Board of Directors, consisting of (unless otherwise determined by the Company by ordinary resolution) not fewer than two Directors, who shall manage the business of the Company. The Directors may exercise all the powers of the Company, subject to the provisions of the Act, the Memorandum of Association, the Articles of Association and any directions given by special resolution. The quorum for meetings of the Directors is currently two Directors.

The Directors may delegate any of their powers to:

- (a) any managing director, any director holding any other executive office, or any other director;
- (b) any committee consisting of one or more directors and (if thought fit) one or more other persons, but a majority of members of the committee shall be directors and no resolution of the committee shall be effective unless a majority of those present when it is passed are directors; and
- (c) to any local board or agency for managing any of the affairs of the Company either in the United Kingdom or elsewhere, and such delegation may include authority to sub-delegate all or any of the powers delegated, may be subject to conditions and may be revoked or varied.

The Directors may also, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes and subject to such conditions as they think fit, and may delegate any of their powers to such an agent.

The Articles of Association place a general prohibition on a Director voting on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through the Company), unless his interest arises only because the case falls within one or more of the following:

- (a) the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) his interest arises by virtue of his being, or intending to become a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange;
- (d) the resolution relates to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
- (e) any arrangement for the benefit of the employees of the Company or any of its subsidiaries, including but without being limited to an employees' share scheme, which does not accord to him any privilege or advantage not generally accorded to employees to whom the arrangement relates;
- (f) any transaction or arrangement with any other company in which he is interested, directly or indirectly, provided that he is not the holder of or beneficially interested in at least one per cent of any class of shares of that company (or of any other company through which his interest is derived), and is not entitled to exercise at least one per cent of the voting rights available to members of the relevant company; and

(g) the purchase or maintenance for any Director or Directors of insurance against liability.

If a question arises at a Directors' meeting as to the right of a Director to vote, the question may be referred to the Chairman of the meeting (or if the Director concerned is the Chairman, to the other Directors at the meeting), and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the Chairman) shall be final and conclusive.

The Act requires a Director of a company who is in any way interested in a contract or a proposed contract with the company to declare the nature of his interest at a meeting of the Directors of the company. The definition of "interest" now includes the interests of spouses, children, companies and trusts. Further requirements regarding the Directors' duty to declare any interests relevant to the Company and its activities are the subject of item 12 at the Annual General Meeting, a description of which is provided in the section of the Annual Report entitled "AGM Notice of Meeting".

Borrowing powers of the Directors

The Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group), shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of:

- (a) the amount paid up on the share capital of the Company; and
- (b) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve, capital contribution reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidiary undertakings of the Company and deducting any debit balance on the profit and loss account, all as shown in the latest audited consolidated balance sheet and profit and loss account of the Group, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Company since the date of that balance sheet and further adjusted as may be necessary to reflect any change since that date in the companies comprising the Group.

Director's appointment and removal

At each AGM, there shall retire from office by rotation:

- (a) all Directors of the Company who held office at the time of the two preceding AGMs and who did not retire by rotation at either of them; and
- (b) such additional number of Directors as shall, when aggregated with the number of Directors retiring under paragraph (a) above, equal either one third of the number of Directors, in circumstances where the number of Directors is three or a multiple of three, or in all other circumstances, the whole number which is nearest to but does not exceed one-third of the number of Directors (the "Relevant Proportion") provided that:
 - (i) the provisions of this paragraph (b) shall only apply if the number of Directors retiring under paragraph (a) above is less than the Relevant Proportion; and
 - (ii) subject to the provisions of the Act and to the relevant provisions of these Articles of Association, the Directors to retire under this paragraph (b) shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless a resolution not to fill the vacancy or not to reappoint that Director is passed.

Subject to the Act, the Company may, by extraordinary resolution, remove a director before the expiration of his period of office (without prejudice to any claim for damages for breach of any contract of service between the director and the Company) and, subject to the Articles of Association, may by ordinary resolution, appoint another person instead of him. The newly appointed person shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed as a Director.

A Director shall be disqualified from holding office if:

- (a) he ceases to be a director under the provisions of the Act or he becomes prohibited by law from being a Director;
- (b) he becomes bankrupt or makes an arrangement or composition with his creditors generally;
- (c) he is, or may be suffering from mental disorder in certain circumstance;
- (d) he resigns his office by notice in writing to the Company;

- (e) in the case of an Executive Director, his appointment as such is terminated or expires and the Directors resolve that his office be vacated;
- (f) he is absent from Directors' meetings for more than six consecutive months and the Directors resolve that his office be vacated; or
- (g) he is requested in writing by all the other Directors to resign.

No person shall be disqualified from being appointed or re-appointed as a Director and no Director shall be requested to vacate that office by reason of his attaining the age of seventy or any other age.

There is no requirement of share ownership for a Director's qualification.

Amendments to the Articles of Association

Subject to the Act and the Memorandum of Association, the Articles of Association of the Company can be altered by special resolution of the members.

Winding-up

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by law:

- (a) divide among the members in kind the whole or any part of the assets of the Company and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out between the members; and
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is a liability.

Summary

5 YEAR SUMMARY INCOME STATEMENT

	UK GAAP	IFRS			
	2003 £'000	2004 £'000	2005 £'000	2006 £'000	2007 £'000
Revenue	372,616	433,731	523,810	649,060	831,640
Gross profit	178,485	210,641	267,581	348,817	478,094
Operating profit	21,783	38,858	66,519	97,367	149,432
Profit before tax	22,409	38,859	66,136	96,959	147,441
Profit attributable to equity holders	13,745	34,336	49,630	65,447	101,734
Conversion	12.2%	18.4%	24.9%	27.9%	31.3%
Basic earnings per share (pence)	3.8	9.8	14.8	19.6	31.1

The amounts disclosed for 2003 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS.

AGM

NOTICE OF MEETING

This Notice of Annual General Meeting is important and requires your immediate attention. If you have any doubts as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your ordinary shares in Michael Page International plc, please send this document, together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of the Company will be held at Page House, The Bourne Business Park, 1 Dashwood Lang Road, Addlestone, Weybridge, Surrey KT15 2QW on 23 May 2008 at 12.00 noon for the following purposes:

1. To receive and adopt the reports of the Directors and auditors and accounts for the year ended 31 December 2007.
2. To declare a final dividend on the ordinary share capital of the Company for the year ended 31 December 2007 of 5.6p per share.
3. To re-elect Steve Ingham as a director of the Company (Note 6)
4. To re-elect Dr Tim Miller as a director of the Company (Note 6)
5. To elect Ruby McGregor-Smith as a director of the Company (Note 6)
6. To propose the following ordinary resolution:

That the Directors' Remuneration Report for the year ended 31 December 2007 be received and approved.

7. To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors.
8. To propose the following ordinary resolution: That in accordance with section 366 and 367 of the Companies Act 2006 (the '2006 Act') the Company, and all companies that are subsidiaries of the Company at the date on which this resolution 8 is passed or during the period when this resolution 8 has effect, are authorised to:
 - a. make political donations to political parties (or independent election candidates), as defined in the 2006 Act, not exceeding £25,000 in total;
 - b. make political donations to political organisations other than political parties, as defined in the 2006 Act, not exceeding £25,000 in total; and
 - c. incur political expenditure, as defined in the 2006 Act, not exceeding £25,000 in total;

during the period commencing on the date of this resolution and ending on the date of the AGM of the Company in 2009 provided that the authorised sum referred to in paragraphs (a), (b) and (c) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day in which the Company enters into any contract or undertaking in relation to the same.

9. To propose the following ordinary resolution:

That the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80 (2) of the Act) up to an aggregate nominal amount of £1,080,399 to such persons upon such conditions as the Directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company save that the Company may

before such expiry make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such an offer or agreement as if the authority conferred hereby had not expired (Note 8).

10. To propose the following special resolution:

That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 9 above as if Section 89 (1) of the Act did not apply to such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue and so that for this purpose "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any overseas territory or requirements of any recognised regulatory authority or stock exchange in any country or any matter whatever, and
- (b) the allotment (other than within the authority conferred in sub paragraph (a) above) of equity securities for cash up to an aggregate nominal amount of £163,697,

and shall expire at the conclusion of the next Annual General Meeting of the Company when the general authority under Resolution 9 shall expire, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted in pursuance of such an offer or agreement as if the authority conferred hereby had not expired (Note 9).

11. To propose the following special resolution:

That pursuant to the Company's Articles of Association and Section 166 of the Companies Act 1985 (the "Act"), the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 1p each in the capital of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 49,076,321;
- (b) the minimum price which may be paid for each ordinary share is 1 pence;
- (c) the maximum price which may be paid for each ordinary share is in respect of an ordinary share contracted to be purchased on any day, an amount equal to 105% of the average of the mid-market quotations for an ordinary share of the company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the date of passing this resolution, unless such authority is renewed prior to such time; and
- (e) the Company may conclude a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be exercised wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract as if the authority hereby conferred had not expired (Note 10).

12. To propose the following special resolution:

That the Articles of Association, contained in the document produced at the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2008 Annual General Meeting (Note 12).

The directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of its shareholders as a whole and they recommend that you vote in favour of them.

By order of the Board



Kelvin Stagg

Company Secretary

Page House, 1 Dashwood Lang Road
Addlestone, Weybridge, Surrey, KT15 2QW

Registered in England No. 3310225

4 March 2008

Notes

1. A member entitled to attend and vote at the meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
4. In order to be valid an appointment of proxy must be returned (together with any authority under which it is executed) to the Company's Registrars not less than 48 hours before the time of the meeting.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – R1710) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. Steve Ingham and Dr Tim Miller will retire by rotation and are seeking reappointment at the Annual General Meeting. As Ruby McGregor-Smith was first appointed to the Board by the Directors, in accordance with Regulation 9A of The Company's Articles of Association, she is retiring and seeking re-appointment at the Annual General Meeting. Biographical information on each of the Directors is contained on pages 30 and 31 of the annual report and accounts.
7. For the purpose of this resolution, 'political donations', 'political organisations' and 'political expenditure' have the meanings given to them in Section 363-365 of the 2006 Act.

In accordance with its Business Principles, it is the Company's policy not to make contributions to political parties. There is no intention to change it. However, what constitutes a 'political party', a 'political organisation', 'political donations' or 'political expenditure' under the Companies Act 2006 is not easy to decide as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, among other things, may fall within this.

Therefore, notwithstanding that the Company has no intention of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the Board has decided to put forward Resolution 8 to grant the authority. This will allow the Company to continue to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, Resolution 8 has also been extended to cover any of these activities by the Company's subsidiaries.

8. This authority is in respect of 33% of the issued share capital of the Company and is in accordance with the recommendations of the Association of British Insurers ("ABI"). It is the Directors' intention to seek renewal of this authority annually. The Directors have no present intention of exercising this authority. There are currently no shares held as Treasury Shares.

9. This authority is in respect of 5% of the issued share capital of the Company and is in accordance with the recommendations of the ABI. It applies to both the issue of new shares and sales of shares out of treasury. It is the Directors' intention to seek renewal of this authority annually. The Directors have no present intention of exercising this authority.
10. This authority is in respect of 14.99% of the issued share capital of the Company and the power given by this resolution will only be exercised if the Directors are satisfied that any purchase will increase the Earnings per Share of the Ordinary Share Capital in issue after the purchase and accordingly, that the purchase is in the interests of shareholders. It is the intention that shares purchased under this authority be cancelled, but in order to respond properly to the Company's capital requirements and prevailing market conditions, the directors will need to reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so.
11. To have the right to attend and vote at the meeting or adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the register of members by no later than 6.00pm on 21 May 2008 (or if the meeting is adjourned, at 6.00pm on the date which is two days prior to the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
12. The Company proposes to adopt new articles of association. These incorporate amendments to the current articles of association to reflect the provisions of the Companies Act 2006 ("the 2006 Act") which relate to directors' conflicts of interest which will come into effect in October 2008. As the 2006 Act will not be fully in force until October 2009, and so it is not yet possible to fully reflect the 2006 Act changes, it is anticipated that shareholders will be asked to approve further changes to our articles of association at the 2009 AGM.

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a director has a statutory duty to avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts where appropriate, if the articles of association contain a provision to this effect. The 2006 Act also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty.

Article 100, which is the provision for dealing with conflicts in our current articles, allowing directors to be interested in transactions and to be an officer of or employed by or interested in a body corporate in which the company is interested, has been amended so that it confirms that such interests, offices or employment will not infringe the conflicts duty as codified in the 2006 Act.

New Article 101 gives the directors authority to approve conflict situations including other directorships held by the company's directors and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The proposed new Article 101 also contains provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

It is the board's intention to report annually on the Company's procedures for ensuring that the board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

13. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
14. As at 3 March 2008 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 327,473,482 ordinary shares. The Employee Benefit Trust holds 5,618,238 ordinary shares of the Company carrying no voting rights. No shares are held in treasury. Therefore the total voting rights in the Company are 321,855,244.
15. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
16. Copies of the directors' service contracts with the Company, and the terms and conditions of the non-executive directors are available for inspection at the registered office of the Company during usual business hours (Saturdays, Sundays and public holidays excepted) and will be available at the place of the meeting from 9.00am until its conclusion.

