2009 Annual Report & Accounts

Michael Page
INTERNATIONAL

Corporate Profile

CREATING A WORLD-LEADING CONSULTANCY, OUR WAY.

Michael Page International didn't become a world-leading specialist recruitment consultancy overnight. We've grown, step-by-step, entirely organically, rather than by mergers or acquisitions, so that today we have over 3,500 people operating in 136 offices in 28 countries worldwide.

We specialise across a broad range of sectors, with dedicated divisions serving our clients and candidates within each sector. In fact, specialisation has been key to our success, with each division acting autonomously, focusing solely on its particular sector. Over the last 30 years Michael Page has developed a clear brand strategy for the middle to senior management professional market. Today, we are a high profile FTSE 250 brand, globally recognised and respected, attracting the best consultants, candidates and clients the world over.

STICKING TO A STRATEGY THAT WORKS.

We make long-term investment decisions to expand organically, growing existing and new teams, offices, disciplines and countries with a consistent team culture. Our management is almost entirely home-grown; people steeped in our culture and ready to spread their influence and expertise around the Michael Page world. As we continue to expand in the UK and abroad, we will always draw on the skills and experiences of proven Michael Page management and ensure we have the best, most experienced people in each key position.

VALUES THAT MEAN SO MUCH.

Putting values that work at the heart of our business is key to everything we do. These values help us all maximise our potential to achieve individual, team and company success. We have identified five values that we believe are at the heart of our success. These are not hollow words, but the essence of our brand, rooted in each and every employee of Michael Page:

Take **Pride**

To take pride in what we do, of who we are and what we stand for. We are proud of our brand, our colleagues and our achievements.

Be **Passionate**

It's our passion to provide the very best service for our clients and candidates that drives us to triumph over our competition.

Never give up

We welcome a challenge; we show strength of character and resilience in our approach, we see difficulty as an opportunity to demonstrate ability.

Work as a **Team**

Working as a team makes us stronger, more efficient and adding value to our business and brand.

Make it **Fun**

We recognise that fun is a key factor within our working environment; we're very sociable and enjoy celebrating our successes.

Contents

2009 Performance

Revenue (£m)

716.7	2009
972.8	2008
831.6	2007
649.1	2006
523.8	2005

Gross Profit (£m)

351.7	2009
552.7	2008
478.1	2007
348.8	2006
267.6	2005

Profit Before Tax (£m)

21.1	2009
140.1	2008
147.4	2007
97.0	2006
66.1	2005

Basic Earnings Per Share (pence)

3.9	2009
30.3	2008
31.1	2007
19.6	2006
14.8	2005

Dividend Per Share (pence)

8.0	2009
8.0	2008
8.0	2007
6.0	2006
5.0	2005

Headcount At Year End

3,549	2009
4,943	2008
5,052	2007
3,758	2006
2,926	2005

- Profit before tax was £21.1m despite very challenging market conditions
- Group headcount at 31 December 2009 of 3,549, down by 1,394 since start of 2009, largely through natural attrition
- Targeted geographic and discipline diversification of business continued
- 68% of gross profits generated from outside the UK
- 50% of gross profit generated from non Finance and Accounting disciplines
- 29% of gross profit generated from temporary placements
- £114.8m† of cash generated from operations (2008: £185.2m)
- Strong balance sheet with net cash of £137.2m† (2008: £94.3m)
- Total dividend maintained at 8.0p

† Includes net cash received of £41m in respect of VAT claim.

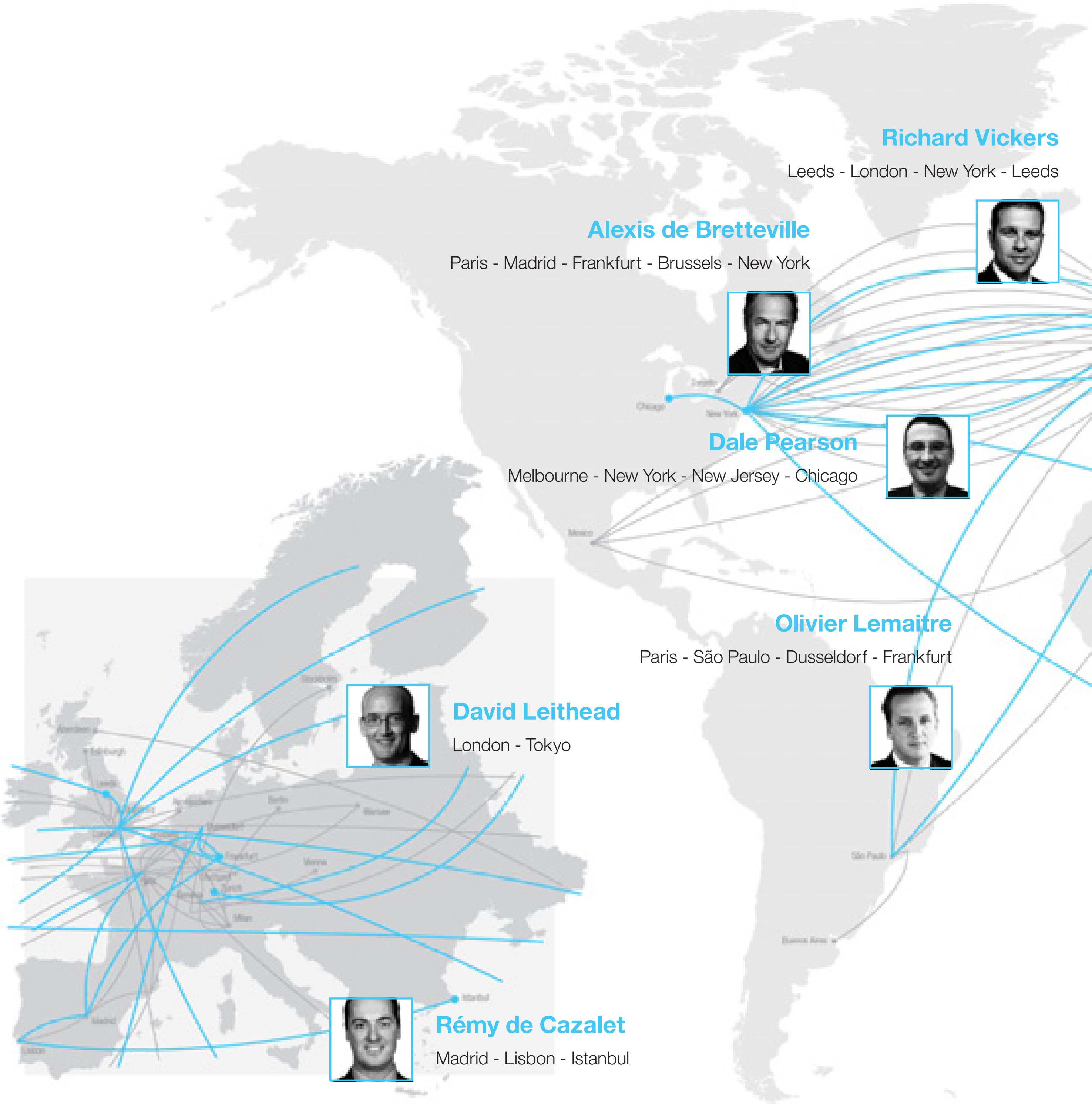
Steve Ingham

Chief Executive Officer

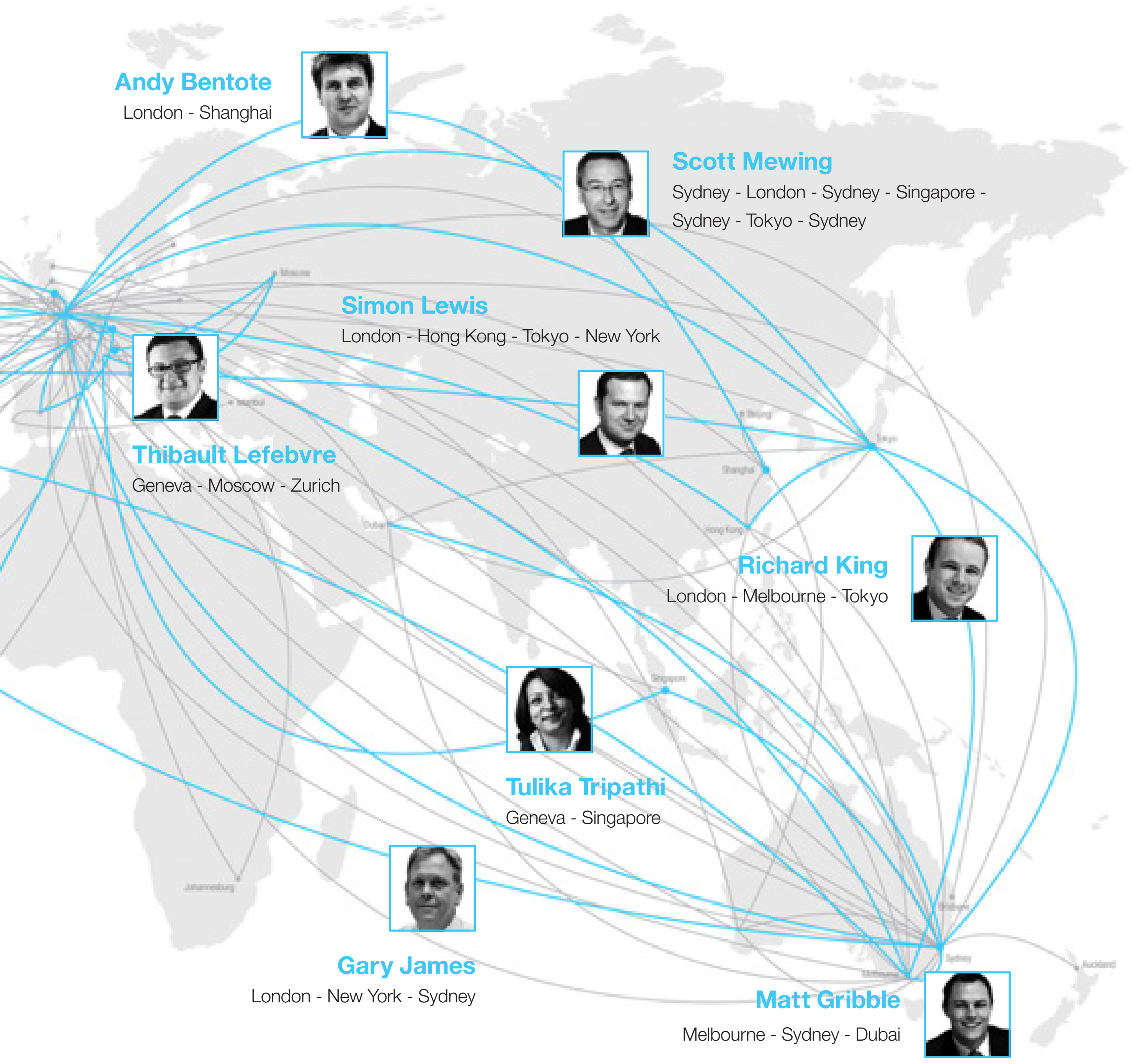
2009 was an extreme test of the Group's strategy and I am delighted that the business responded well to the challenge. We maintained our market presence across our network of offices, disciplines and countries, invested modestly in new businesses and maintained our track record of being profitable in every quarter.

We are encouraged by the 10% sequential growth in Group gross profits we recorded in the fourth quarter of 2009, with three of our four regions recording quarter-on-quarter improvement. We are now seeing a recovery in several markets and geographies and whilst the strength of this recovery is uncertain, we believe that, with a strong balance sheet position and spare capacity in the business, we are well positioned to improve significantly our performance in 2010.

Spreading Our Talent Across Our Global Network



We've always believed that the only way to grow is organically. Our global network has evolved steadily over the years, with offices opening only when local market conditions were favourable and we were ready to make our move. In much the same way, all our leading managers have grown within the company, progressing and earning promotions at the right time, leading to long and fruitful careers within Michael Page. These talented people are sent around the Michael Page world, tasked with spreading their influence and bringing the unique Michael Page culture and principles to every office, in every country we serve. The map below shows just some of the moves our management team have made to ensure we grow our business organically and consistently.



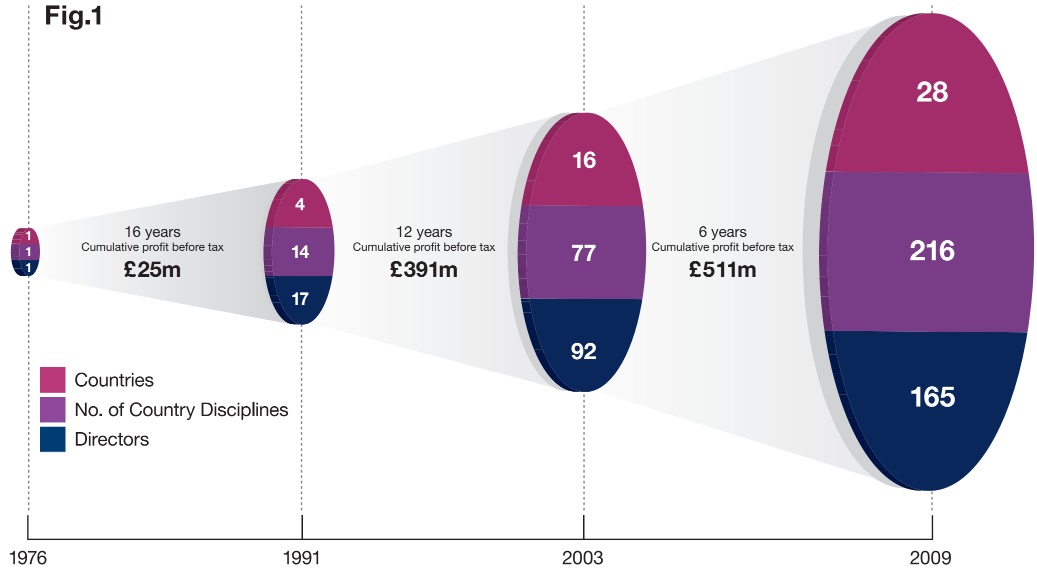
Strategy

Diversification

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

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

Fig.1



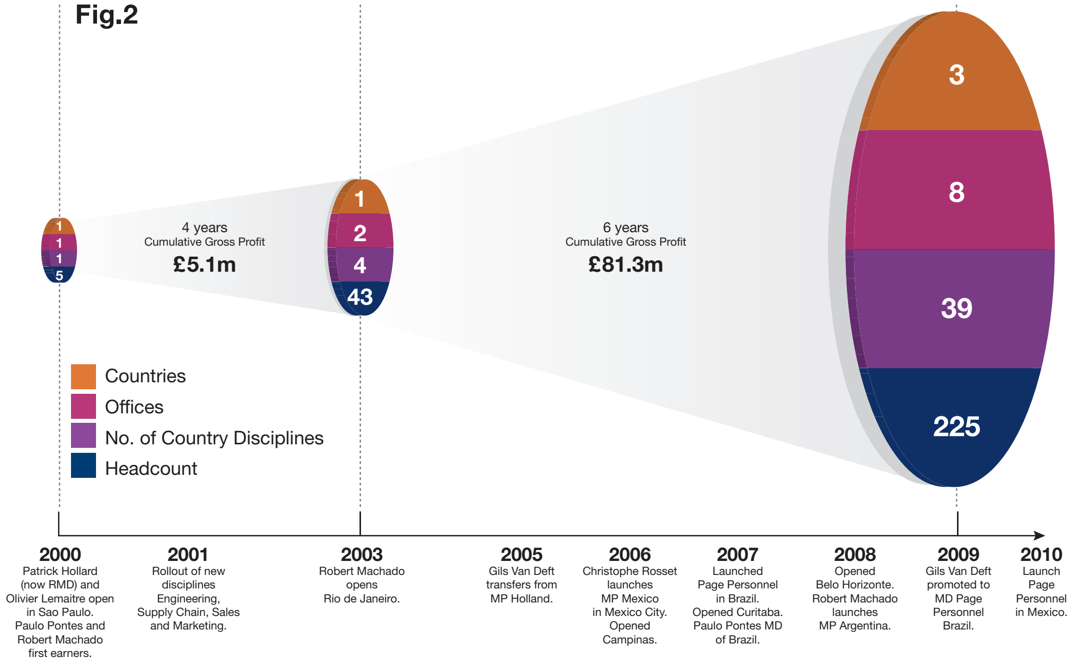
Our aim with these charts is to demonstrate the changing shape of the Group since entering into the last downturn, as well as showing the rapid growth we achieve through the organic growth of new businesses.

Fig 1 above represents the profit performance throughout the Group's history. During each economic cycle, the Group organically has created a larger business platform from which it grows a greater profit performance. By following this course of action, we typically gain market share during downturns and position our businesses for leading rates of growth when economic conditions improve. The increased size of the business platform at the end of a difficult 2009, demonstrates this commitment to maintaining our market presence and continuing our geographic and discipline roll-outs as part of our long-term strategy to gain market share.

Fig 2 below shows Latin America as a typical example of our organic growth strategy. We launched in Sao Paulo in Brazil in 2000. Our discipline roll-out commenced, with a second office opening, in Rio de Janeiro, in 2003.

Using our organic growth model, management experience and meritocratic culture, we now have a significant platform in Latin America, consisting of 8 offices in 3 countries, Brazil, Argentina and Mexico, which together have generated over £81m of gross profit since the last downturn.

Fig.2

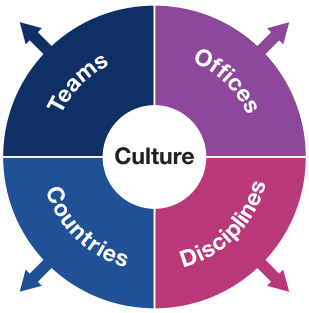


Strategy

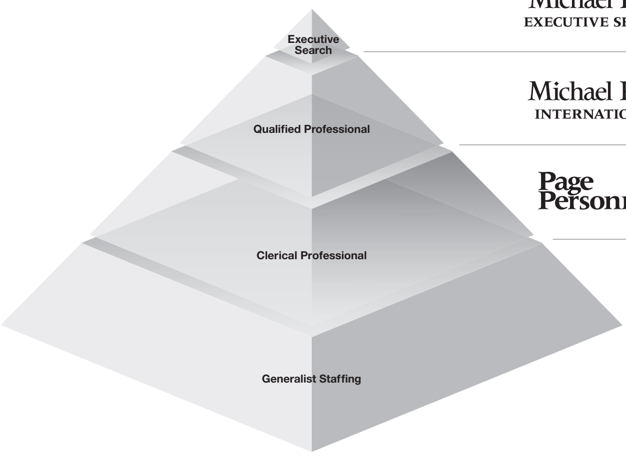
Consistency

Overall our strategy remains unchanged. We are **Clear on Brand**, with consistent recruitment, training and development of fee earners, no acquisitions and one remuneration strategy. Our senior operational management are **Deep in Experience**, and, with an average tenure of 11 years, have been through a number of upturns and downturns in the business. Our team-based culture also means we are **Flexible with Headcount**, with a manager having overall responsibility for the performance of a small team. This business model enables us to rapidly increase our headcount to achieve growth, or rapidly reduce through natural attrition when market conditions become difficult.

"To increase the diversification of Michael Page International by organically growing existing and new teams, offices, disciplines and countries with a consistent team and meritocratic culture and consistent client and candidate delivery.



Clear on Brand

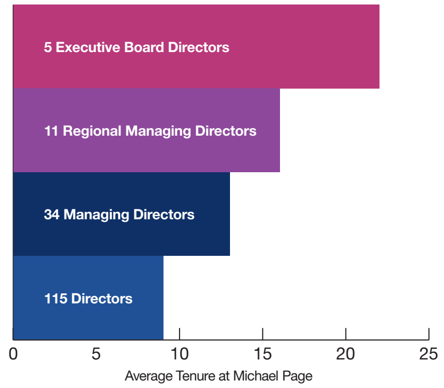


Michael Page EXECUTIVE SEARCH			
Michael Page INTERNATIONAL	**28** Countries	**104** Offices	**1,912** Fee Earners
Page Personnel	**11** Countries	**61** Offices	**603** Fee Earners

- 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/MDs run all disciplines/countries
- **Strategic and measured investment in downturns has maximised growth in upturns**

Deep in Experience

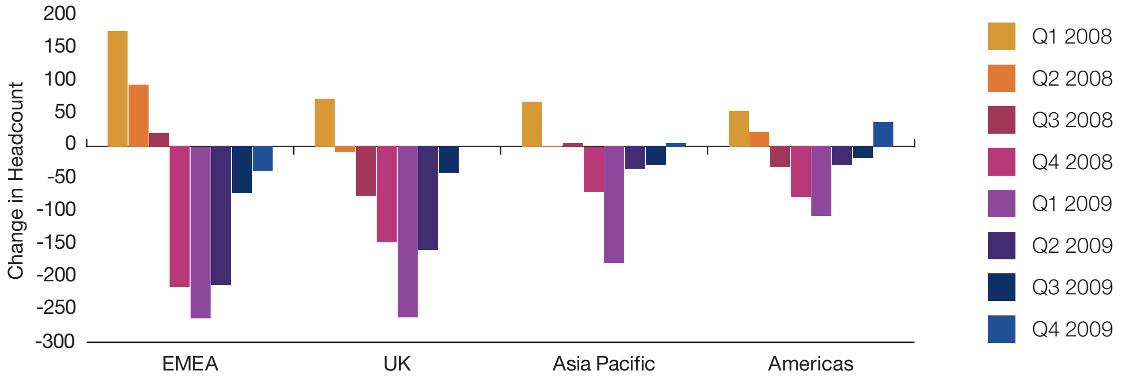
Senior Operational Management	No.	Average Tenure in Michael Page
Executive Board	5	22 years
Regional Managing Directors	11	16 years
Managing Directors	34	13 years
Directors	115	9 years
	165	Ave c.11 years



- 100% RMDs/Executive Directors joined before 2000
- 38% 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

Flexible with Headcount

- c900 teams worldwide, typically a Manager and three Consultants
- Manager has full P&L responsibility for team
- Significant share of profit each quarter allocated to team as bonus
- Individual bonuses allocated after performance appraisal, based on contribution and value to team
- New consultant hired, costs rise ~20%, consultant lost, costs fall ~20%
- Teams in bull market maximise potential from existing members before hiring after Director authority
- Teams in bear market ensure they reward, using bonus, to retain strongest/lose weakest



Business Review

To the members of Michael Page International plc

Under Section 417 of the Companies Act 2006, all companies, except companies that file small company accounts, are required to prepare a Business Review.

A Business Review is a fair review of the company's business within the reporting period. The Business Review of a quoted company must include a balanced and comprehensive analysis of the development and performance of the company, with a description of the principal risks. The content within the Business Review should be to the extent necessary for an understanding of the development, performance or position of the company's business.

The Business Review discusses the following areas:

Steve Ingham
Chief Executive

Stephen Puckett
Group Finance Director

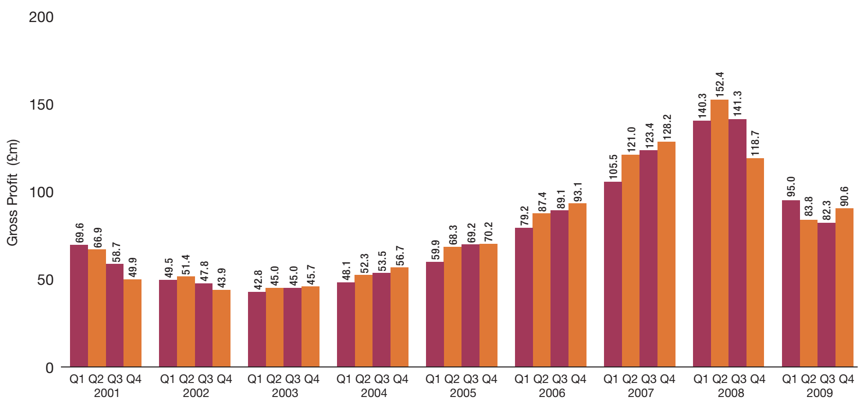
GROUP STRATEGY

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

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

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

Pursuing this approach does mean that in a downturn our profitability declines as, in addition to the lower productivity levels that come with a slowdown, we carry spare capacity. Adopting this strategy of "toughing out" economic slowdowns also drives our funding strategy and balance sheet position. In slowdowns, the business continues to produce strong cash flows, as working capital requirements reduce. With uncertainty around the length and depth of economic slowdowns, a strong balance sheet is essential to support the businesses through these tougher periods and, when conditions improve and the businesses start growing, to fund the increased working capital requirements.



Group Quarterly Gross Profit Trend: Q1 2001 to Q4 2009

REVIEW OF 2009

2009 has been one of the most challenging years in the Group's 33 year history, with every geographic region, discipline and industry sector in which we operate experiencing difficult trading conditions as a result of the global financial crisis. The objective of our strategy to achieve greater resilience through geographic and discipline diversification has been successful, with the Group remaining profitable throughout the global recession.

Revenue

Reported revenue for the year was 26.3% lower at £716.7m (2008: £972.8m), but benefited from the weakness of Sterling, as using constant rates of exchange, revenue was 31.5% lower. As in previous economic slowdowns, permanent placement activity was affected more than temporary. Revenue from temporary placements decreased by 13% to £456.6m (2008: £524.4m), representing 63.7% (2008: 53.9%) of Group revenue. Revenue from permanent placements was £260.2m (2008: £448.4m), a decrease of 42%.

Gross profit

Gross profit for the year was 36.4% lower at £351.7m (2008: £552.7m). The reported gross profit also benefited from Sterling's weakness, and using constant currencies, gross profit reduced by 41.2%. The Group's gross margin decreased to 49.1% (2008: 56.8%), primarily as a result of the shift in the mix of business between permanent and temporary placements and partly due to pressure on margins. Gross profit from temporary placements reduced by 19.5% to £102.3m (2008: £127.0m) and represented 29.1% (2008: 23.0%) of Group gross profit. The gross margin achieved on temporary placements was 22.4% (2008: 24.2%), reflecting the pricing pressure commonly experienced in an economic downturn. Gross profits from permanent placements were 41.4% lower at £249.4m (2008: £425.7m), with the gross margin increasing slightly to 95.9% (2008: 94.9%) as a result of lower numbers of advertised positions.

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 that is operationally geared. The majority of our cost base, around 75%, relates to our staff, with the other main components being property and information technology costs. With a strategy of organic growth, the Group incurs start-up costs and operating losses as investments are made to grow existing and new businesses, open new offices and launch new countries. Furthermore, in periods when headcount increases significantly, it takes time to train staff before they become fully productive. These characteristics of our growth strategy and the levels of investment impact on the conversion rates in any one reporting period.

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

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

	2009	2000
Gross profit	£351.7m	£238.3m
% of gross profit by Region		
EMEA	47%	36%
UK	31%	49%
Asia Pacific	12%	13%
Americas	10%	2%
% of gross profit from four largest countries		
UK	31%	49%
France	18%	25%
Netherlands	7%	6%
Australia	7%	9%
Top 4	63%	89%

	2009	2000
% of gross profit by Discipline		
Finance and Accounting	50%	66%
Marketing, Sales and Retail	18%	21%
Legal, Technology, HR, Secretarial and Other	17%	10%
Engineering, Property & Construction, Procurement & Supply Chain	15%	3%

to successfully placing a candidate tends to lengthen in a downturn, reducing productivity, and the risk of the candidate being rejected or the assignment being cancelled increases, thereby further reducing our earnings visibility. In a downturn, activity levels can slow quickly and revenue can decline even faster due to the contingent nature of a large proportion of our placements, jobs being cancelled, companies introducing hiring freezes and candidates becoming more cautious about moving jobs. The main opportunity for lowering our own cost base is to reduce headcount, but these reductions tend to lag the declines in revenue due to the shortening earnings visibility. The majority of the initial reductions in our headcount occur through natural attrition, without incurring significant costs. However, as greater cost reduction is required, some redundancies may become necessary. The costs associated with increasing and decreasing the headcount capacity in the business are considered to be part of normal trading expenses and are therefore not separately disclosed as restructuring charges.

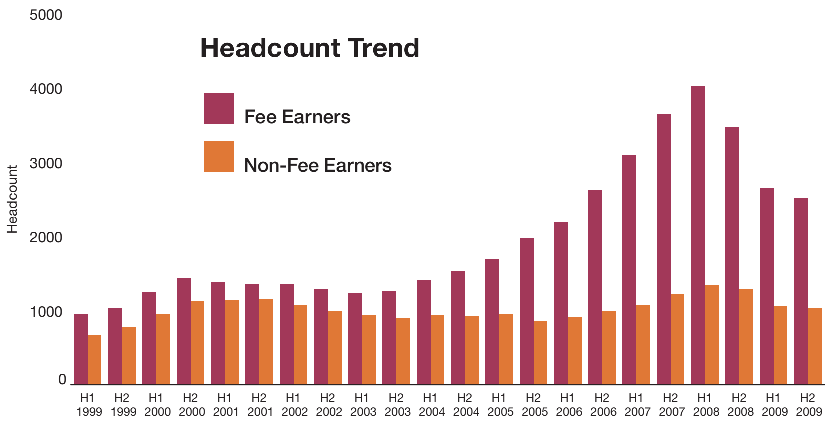
At the start of 2009, operating conditions were at their most severe. Our quarterly gross profit fell significantly during the first two quarters, stabilised in the third and grew sequentially by around 10% in the fourth. Having reduced our headcount by around 500 people in the fourth quarter of 2008, our headcount reduced by a further 1,241 people during the first half of 2009. In reaction to the market stabilising, our headcount reduced by around 150 people in the third quarter and was level during the fourth quarter.

Operating profit for 2009 was £20.2m (2008: £140.5m). The rapid decline in activity during the first half, with lower gross profits, together with a significant, but lagging, reduction in headcount, resulted in first half operating profits of £5.6m (H1 2008: £84.9m). As gross profit stabilised during the third quarter and started growing sequentially in the fourth quarter, operating profits in the second half grew to £14.6m (H2 2008: £55.6m).

This gearing effect reduced the Group's conversion rate for the year to 5.7% (2008: 25.4%). The movement in the conversion rates of our regions reflects the different timings and degrees of slowing, stabilisation and then sequential growth. Conversion rates in all regions improved in the second half, save the UK, where quarterly gross profits declined slightly during 2009 and, as a consequence, their conversion rate in the second half was 9.7% compared to 10.6% in the first half. In the Asia Pacific region, the second half conversion rate was over 26%.

Reported administrative expenses in the year reduced by 19.6% to £331.5m (2008: £412.2m), largely as a result of the reduction in headcount and lower profit-related bonus payments. With a strategy of maintaining our market presence and as the Group leases all of its office requirements, the opportunities to reduce property costs are restricted to situations where we have more than one office in a city and leases come to an end, or when break clauses can be exercised. A number of these opportunities were realised during the year hence, despite opening in a small number of new locations, the overall number of offices has reduced from 163 to 136.

Administrative expenses include £10.6m of share-based payment charges (2008: £6.9m) in respect of the Group's deferred annual bonus scheme, long-term incentive plans and executive share option schemes. The increase in these share-based payment charges is due to a combination of new awards and higher employers' social charges, as a consequence of the increase in the share price from 214.8p at the end of 2008, to 378.9p at the end of 2009 and amendments to assumptions on the likelihood of awards vesting.



	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
2008	74:26
2009	71:29

REGIONAL REVIEW OF 2009

Continental Europe, Middle East and Africa (EMEA)

EMEA, the Group's largest region, contributing 47% of the Group's gross profit, reported revenue 27.1% lower at £311.1m (2008: £426.4m) and gross profit 36.7% lower at £163.7m (2008: £258.8m). The reported results benefited from Sterling's weakness, as in constant currency, revenue reduced by 35.4% and gross profit by 43.9%.

In Continental Europe, which was generally slightly later into the downturn, quarterly gross profit began to decline in the third quarter of 2008 and continued to decline in the first two quarters of 2009, until early signs of stabilisation became apparent during the third quarter of 2009. While the third quarter is seasonally somewhat slower, it is encouraging that in the fourth quarter, gross profit increased sequentially by 20% in constant currency.

Headcount in the region at the start of the year was 2,155 and reduced to 1,572 by the end of the year, with the majority of the reduction taking place in the first half of 2009. With the benefit of a lower cost base and the sequential improvement in fourth quarter gross profits, the region generated an operating profit for the full year of £1.1m (2008: £66.3m).

In France (38% of EMEA), where we have our second largest and most established business after the UK, we have weathered the downturn well and in the fourth quarter of 2009 achieved strong sequential growth, with a noticeable increase in the number of permanent placements. While the general pattern of decline, stabilisation and sequential growth is apparent in the region, the extent of that pattern varies. In the Netherlands (14% of EMEA) and Germany (13% of EMEA), while the rate of decline and signs of stabilisation were similar to other countries in the region, significant sequential growth was not achieved in the fourth quarter of 2009. Italy (8% of EMEA) and Spain (8% of EMEA) both delivered double digit sequential growth in the fourth quarter and have traded profitably every month throughout 2009. Despite the difficult conditions, we continue to invest, rolling-out disciplines and starting Page Personnel in Germany.

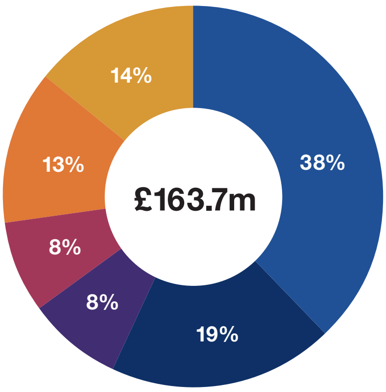
The other 12 countries in the EMEA region, representing 19% of the region, combined to produce 12% sequential growth in the fourth quarter. In certain of these countries, such as Ireland and Dubai, economic conditions were particularly challenging, but our teams reacted well by reducing costs and in the Middle East, further developing revenue streams in Abu Dhabi and Qatar.

United Kingdom

The UK contributed 32% of the Group's gross profits in 2009. Revenue was 24.9% lower at £274.6m (2008: £365.6m) and gross profit was 37.3% lower at £110.8m (2008: £176.7m). The larger reduction in gross profit is primarily due to a shift in mix, as gross profit from permanent placements declined faster than those from temporary placements. While the UK has stabilised to a large degree, quarterly gross profit continued to decline throughout 2009, albeit at a much reduced rate, with a sequential decrease of only 2.8% in Q4 over Q3.

Headcount has been reduced from 1,640 at the start of the year to 1,179 at the end of December, with the majority of the headcount reductions taking place in the first half of 2009. With headcount reductions lagging the reduction in gross profits and productivity generally being lower because of tough market conditions, operating profits reduced to £11.3m (2008: £46.6m), representing a conversion rate of 10.2% (2008: 26.4%).

The global financial crisis of 2008 first affected the banking sector and then spread across the wider economy, affecting all disciplines and locations. While conditions remain difficult in all areas, towards the end of 2009 both our banking and sales businesses started to show signs of improvement.



EMEA Gross Profit 2009

- France
- Belgium, South Africa, UAE, Sweden, Switzerland, Poland, Portugal, Russia, Ireland, Luxembourg
- Italy
- Spain
- Germany
- Holland

Asia Pacific

In the Asia Pacific region, revenue was 28.7% lower at £79.4m (2008: £111.4m), gross profit was 36.8% lower at £42.2m (2008: £66.8m) and operating profit reduced to £8.1m (2008: £22.4m), representing a conversion rate of 19.2% (2008: 33.5%). The reported results benefited from Sterling's weakness, as in constant rates of exchange, revenue reduced by 36.5% and gross profit by 44.3%. Headcount in the region has reduced from 638 at the start, to 403 at the end of the year.

In the region, market conditions weakened rapidly in the fourth quarter of 2008 and the first quarter of 2009. However, since the first quarter, which is seasonally quieter, the region sequentially grew gross profits each quarter during the remainder of 2009.

In Australia, which flattened in Q2 and returned to sequential growth in Q4, up 6% in local currency, we have launched Page Personnel to develop further our share of the clerical specialist market. In Asia, where we have a greater dependence on the banking sector and our placements are almost all permanent rather than temporary, it has been a difficult year. However, as the financial markets stabilised, confidence returned and activity levels improved. As a result, revenues grew and with the benefit of lower costs, profits in the region have started to recover, generating £6m of operating profit in the second half of 2009, compared to £2m in the first half.

The Americas

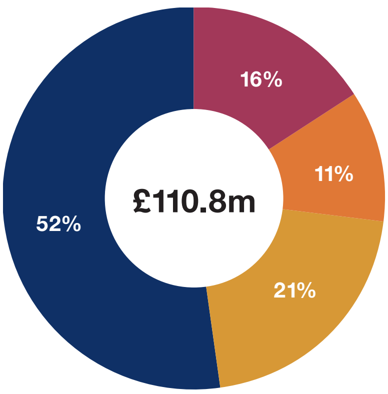
Revenue for the region was 25.5% lower at £51.6m (2008: £69.3m) and gross profit was 30.7% lower at £35.0m (2008: £50.5m). The reported results benefited from Sterling's weakness as, at constant rates of exchange, revenue reduced by 33.8% and gross profit by 37.1%. Headcount in the region reduced from 510 at the start, to 395 at the end of the year, with 37 additions during the fourth quarter. As a result of the slowing in activity levels and our desire to maintain our platform, the region recorded an operating loss of £0.2m for the year (2008: profit £5.3m). Market conditions also stabilised during 2009 and the region recorded sequential growth in gross profit in quarters three and four which, combined with a lower cost base, produced a second half operating profit of £0.7m.

In North America, while we have diversified, we still have a significant reliance on the financial services sector. While this sector was clearly the most affected in the crisis, there are now signs of conditions improving. In Latin America, we continue to make good progress in developing our businesses in Mexico and Argentina. In Brazil, we have a strong business and Page Personnel, launched in 2008 to develop the clerical specialist market, continues to grow strongly.

Discipline development

Placing people in Finance and Accounting roles, the large majority of which are professionally qualified accountants into industry and commerce, generated around half of the Group's gross profits. Revenue from Finance and Accounting placements was 24.5% lower at £409.0m (2008: £542.0m) and gross profit reduced by 35.6% to £175.7m (2008: £273.0m). Using constant rates of exchange, revenue decreased by 29.7% and gross profit reduced by 40.5%.

Placing Marketing, Sales and Retail professionals generates around 17% of the Group's gross profit. Revenue from these disciplines was 34.7% lower at £91.8m (2008: £140.6m) and gross profit reduced by 40.9% to £61.4m (2008: £103.9m). Using constant rates of exchange, revenue decreased by 38.3% and gross profit decreased by 44.8%.



UK Gross Profit 2009

- Finance & Accounting
- Marketing, Sales and Retail
- Legal, HR, Technology, Secretarial and Other
- Engineering, Property & Construction, Procurement & Supply Chain

Legal, Technology, Human Resources, Secretarial and Other disciplines generate around 17% of Group gross profit. Revenue from these disciplines was 25.6% lower at £125.2m (2008: £168.2m) and gross profit reduced by 34.3% to £61.2m (2008: £93.2m). Using constant rates of exchange, revenue decreased by 31.1% and gross profit decreased by 39.6%.

Engineering, Property & Construction and Procurement & Supply Chain account for around 15% of Group gross profit. Revenue from these disciplines was 25.6% lower at £90.8m (2008: £122.0m) and gross profit reduced by 35.4% to £53.3m (2008: £82.6m). Using constant rates of exchange, revenue decreased by 31.8% and gross profit decreased by 41.0%.

Net interest

The Group has a net interest income for the year of £0.9m (2008: expense £0.4m). As the financial crisis deepened and the economic outlook deteriorated, we adopted an increasingly cautious approach to the Group's funding position. The net interest income reflects the strengthening of the Group's financial position.

Taxation

Tax on profits was £8.6m (2008: £42.7m), representing an effective tax rate of 41.0% (2008: 30.5%). The rate is higher than the effective UK Corporation Tax rate for the year of 28%, due to disallowable items of expenditure and profits being generated in countries where the corporate tax rates are higher than in the UK. The effective rate was higher than in 2008, due to an increase in the level of overseas losses on which deferred tax is not recognised, which was partially offset by prior year adjustments.

Share repurchases and share options

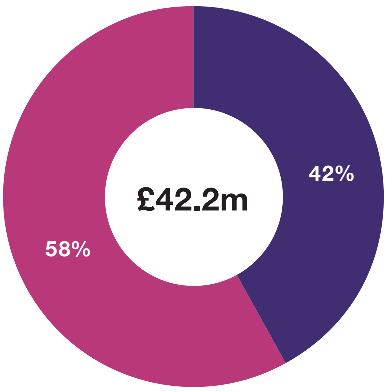
While it is the Group's intention to continue to use share repurchases to return surplus cash to shareholders, reflecting the more cautious approach to the Group's funding position, adopted since the beginning of the crisis, we did not purchase and cancel any shares during the year (2008: 6.7m shares cancelled). To satisfy awards under the Group's incentive share plan and deferred annual bonus plan, the employee benefit trust purchased approximately 1.0m shares at a cost of £1.9m (2008: £0.9m).

At the beginning of 2009, the Group had 12.2m share options outstanding, of which 4.0m had vested. In March 2009, 7.2m share options were granted, this award was larger than the usual annual grants of share options in order to retain, motivate and reward staff below Board level. During the course of the year, options were exercised over 1.4m shares, generating £2.7m in cash and 1.4m share options lapsed. At the end of 2009, 16.6m share options remained outstanding, of which 4.2m had vested but had not been exercised.

Earnings per share and dividends

In 2009, basic earnings per share were 3.9p (2008: 30.3p) and diluted earnings per share were 3.8p (2008: 29.9p). The weighted average number of shares for the year was 321.6m (2008: 321.5m).

A final dividend of 5.12p (2008: 5.12p) per ordinary share is proposed which, together with the interim dividend of 2.88p (2008: 2.88p) per ordinary share, makes an unchanged total dividend for the year of 8.0p per ordinary share. The proposed final dividend, which amounts to £16.5m, will be paid on 7 June 2010 to those shareholders on the register as at 7 May 2010.



Asia Pacific Gross Profit 2009

- Australia and New Zealand
- Asia

BALANCE SHEET

The Group had net assets of £197.0m at 31 December 2009 (2008: £210.7m). The decrease in net assets comprises profit for the year of £12.4m, credits relating to share schemes of £10.9m and cash received from the exercise of share options of £2.7m, offset by share repurchases of £1.9m, currency movements of £12.0m and dividends paid of £25.9m.

Our capital expenditure is driven primarily by two main factors being headcount, in terms of office accommodation and infrastructure, and the development and maintenance of our IT systems. The project to replace our current IT recruitment system with the next generation continues to progress and we anticipate that the first full implementations will take place later this year, with the roll-out continuing throughout 2011 in order to mitigate the implementation risks. Capital expenditure, net of disposal proceeds, reduced to £11.3m (2008: £26.4m) reflecting the investment in new systems and the absence of expenditure due to headcount reducing in the year.

The most significant item in the balance sheet is trade receivables, which were £100.2m at 31 December 2009 (2008: £168.4m). The reduction in trade receivables reflects both the reduced activity and an improvement in debtor days to 45 (2008: 56 days).

CASH FLOW

At the start of the year, the Group had net cash, being cash and cash equivalents less bank overdrafts and loans, of £94.3m. During the year, the Group generated net cash from operating activities of £114.8m (includes net cash received in respect of the VAT claim) (2008: £185.2m), being £31.9m (2008: £151.4m) of EBITDA, £8.5m (2008: £6.7m) of share scheme non-cash charges and a reduction in working capital requirements of £74.4m (2008: increase of £27.1m). The movement in working capital includes a cash inflow of £41.0m net in respect of monies received from HMRC in respect of a claim for over-paid VAT and interest. Without the VAT claim, underlying net cash received from operating activities was £73.8m.

The principal payments were:

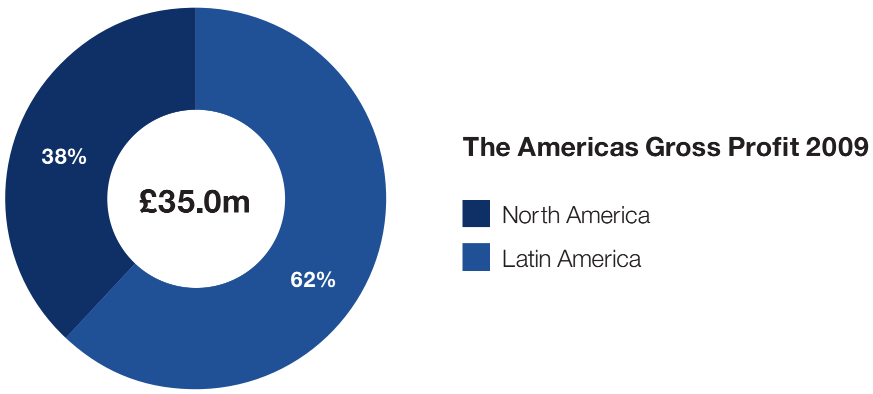
- £11.3m (2008: £26.4m) of capital expenditure, net of disposal proceeds, on property, infrastructure, information systems and motor vehicles;
- taxes on profits of £28.2m (2008: £53.4m);
- dividends of £25.9m (2008: £27.3m); and
- share repurchases of £1.9m (2008: £16.8m).

Other movements included £2.7m (2008: £2.2m) received in the year from the issue of new shares to satisfy share option exercises and an exchange loss of £8.2m (2008: exchange gain £21.4m).

Net cash and Group borrowing facilities

At 31 December 2009, the Group had net cash of £137.2m (2008: £94.3m) including £41.0m relating to the VAT refund. The net cash position comprised gross cash deposits of £137.2m with 12 separate banks.

The Group has a three year £50m multi-currency committed borrowing facility that expires in July 2012.



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	2009	2008	Definition, method of calculation and analysis
Gross margin	49.1%	56.8%	Gross profit as a percentage of revenue. Gross margin reduced from last year as a result of the mix of permanent and temporary placements. Source: Consolidated income statement in the financial statements.
Conversion	5.7%	25.4%	Operating profit as a percentage of gross profit showing the Group's effectiveness at controlling the costs and expenses associated with its normal business operations and the level of investment for the future. Conversion declined compared to last year reflecting the impact of the economic slowdown on demand for the Group's services, lower productivity and the lag in headcount reductions. Source: Consolidated income statement in the financial statements.
Productivity (gross profit per fee earner)	£124.0k	£136.2k	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. The reduction in productivity this year is as a result of the general deterioration in market conditions. Source: Consolidated financial statements.
Fee earner: support staff ratio	71:29	74:26	Represents the balance between operational and non-operational staff. The ratio of fee earners to support staff at the end of 2009 has reduced from the level at the end of 2008. This ratio improves when the Group grows and headcount increases, but tends to decline when Group headcount reduces as the infrastructure staff to support a higher number of teams, offices and countries cannot be flexed as quickly as fee generating staff. Source: Internal data.
Debtor days	45	56	Represents the length of time taken for the Group to receive payments from its debtors. Calculated by comparing how many days' billings it takes to cover the debtor balance. The decrease compared to last year relates to the shift towards temporary recruitment activity from permanent in a downturn. Temporary recruitment activity tends to have lower debtor days. Source: Internal data.

The movements in KPIs are in line with expectations set out in the discussions in the business review.

GOING CONCERN

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

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements, principal risks and uncertainties and undrawn borrowing facilities are set out in this Business Review. In addition, note 21 to the financial statements includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to liquidity risk and credit risk.

In the year to 31 December 2009, the Group generated a profit of £12.4m, with cash generated from operating activities of £86.6m. As at 31 December 2009, the Group balance sheet was in a net asset position of £197.0m with net cash of £137.2m.

For this reason, the going concern basis continues to be appropriate in preparing the financial statements and has been prepared in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council.

FOREIGN EXCHANGE

The Group operates in 28 countries around the world and carries out transactions that are recorded in seventeen local currencies. The Group reports its Income Statement and Cash Flow Statement results in Pounds Sterling, using the average exchange rate for each month to translate the local currency amounts into Sterling. The Balance Sheet is translated using the exchange rates at the Balance Sheet date.

As a service company, most of the Group's transactions are within the territory in which the local business operates and consequently there are few cross-border transactions between Group companies. However, royalties are charged for the use of the Group's trademarks and management fees are charged for Group and regional functions that provide services to other Group subsidiary companies. Foreign exchange gains and losses are recognised in accordance with IFRS on the settlement of these transactions where the cash received, when converted into Sterling, differs from the amounts previously recorded in the Income Statement. These exchange gains and losses are included within operating profit.

The table below shows the relative movements of the Group's main trading currencies against Pounds Sterling during 2009, when compared to those prevalent during 2008. In all cases, for profit and loss retranslation, Sterling has weakened against these main trading currencies.

Currency	Movement in the average exchange rate used for Income Statement translation between 2008 and 2009	Movement in the year end exchange rate used for Balance Sheet translation between 2008 and 2009
Euro	-11%	9%
Swiss Franc	-16%	9%
Brazilian Real	-6%	-16%
US Dollar	-16%	12%
Australian Dollar	-9%	-13%
Hong Kong Dollar	-17%	12%
Singapore Dollar	-13%	9%
Japanese Yen	-25%	15%

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 a strong balance sheet position. In a generally benign economic environment, this equates to maintaining the Group's net cash/debt position within a relatively narrow band, with cash generated in excess of these requirements being used to buy back the Group's shares. In an economic downturn a more cautious funding position is adopted, with the Group being managed in a net cash position.

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

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 Group's strategy are subject to a number of risks. The following section comprises a summary of the main risks Michael Page International plc believes 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 and share plans 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 that 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 reduces further during periods of economic downturn as is currently being experienced.

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 due to changes in legislation, increasing job mobility and the difficulty internal resources face in sourcing suitably qualified candidates and managing compliance.

If the Group does not continue to compete in its markets effectively, by hiring new staff, opening and expanding offices and continuing the discipline roll-outs, there is a risk that competitors may beat us to key strategic opportunities, which may result in lost business and a reduction in market share. This risk is mitigated by meetings of the 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 that 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.

Requirement to prepare a Business Review

The Directors, in preparing this Business Review, have complied with s417 of the Companies Act 2006. They have also sought to comply with the guidance set out in the Accounting Standards Board's Reporting Statement: Operating and Financial Review.

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

Update on VAT reclaims

In 2003 Michael Page submitted an initial claim to HMRC for overpaid VAT which was rejected. Michael Page appealed and subsequently filed amended claims for £26.5m, net of fees, covering the period from 1980 to 2004. In March 2009, Michael Page filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT covering the same period.

In June 2009 Michael Page received a payment from HMRC of £26.5m, net of fees, as part settlement of these claims and in July 2009 received £10.9m, net of fees, of statutory interest.

On 25 September 2009, Michael Page received a letter from HMRC which stated that, 'HMRC have reviewed the recent payment and are now of the view that the claim in whole or in part should not have been paid'.

A number of discussions and meetings with HMRC have since taken place and in respect of the initial claim, subject to legal contract, an agreement has now been reached in principle for Michael Page to retain £28.5 million (net of fees) of the £37.4 million it received. However, given the background to the initial receipt and the subsequent review and reversal of its decision by HMRC, the Group has not recognised any amount in the Income Statement due to the remaining uncertainty pending formal contractual agreement.

In respect of the amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT there have been no discussions or meetings with HMRC and Michael Page will continue to pursue the claim.

SUMMARY AND OUTLOOK

Having made significant investments since the previous downturn, organically diversifying our business, geographically and by discipline, this diversification has undoubtedly benefited the Group's performance as every economy around the world suffered as a result of the global financial crisis. The vast majority of those people who left the business during 2009 were our least experienced people. In line with our long-term strategy and despite the large headcount reductions, we maintained our market presence across our network of offices and countries. Furthermore, we invested by continuing the roll-out of disciplines, opening offices in Bologna, Abu Dhabi and Monaco and launching Page Personnel in Germany, Australia and, at the start of 2010, in the USA. We believe these actions mean that we have increased our market share and are well positioned for profitable growth as markets recover.

This longer-term approach, however, meant that our profits reduced at a faster rate than the reduction in gross profit, as we retained our more experienced and therefore more expensive people, maintained our office network and market presence, as well as continuing to invest. The Group experienced similar large reductions in profits during the downturns of the early 1990s and in 2002/03. Following these downturns, the Group grew strongly as markets recovered and produced record levels of profit. It is our expectation that having maintained our business platform during this economic downturn, we will be able to deliver strong growth in profits again when markets recover. We have an exceptional pool of ambitious and talented people in the Group, particularly at the senior management levels, who have experience of managing these businesses through periods of economic slowdown and recession, while preparing them 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.

We are encouraged by the 10% sequential growth in Group gross profits we recorded in the fourth quarter of 2009, with three of our four regions recording quarter on quarter improvement. We are now seeing a recovery in several markets and geographies and whilst the strength of this recovery is uncertain, we believe that, with a strong balance sheet and spare capacity in the business, we are well positioned to improve significantly our performance in 2010. We will next update the market on our first quarter trading in an announcement on 9 April 2010.

Steve Ingham
Chief Executive

Stephen Puckett
Group Finance Director

5 March 2010

Board of Directors

Sir Adrian Montague CBE (62)
Chairman

Sir Adrian Montague is Chairman of Anglian Water Group Limited and of CellMark AB, the international forest products marketing group based in Gothenburg. 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, Chairman of Cross London Rail Links Limited from 2004 to 2005, Chairman of British Energy from 2002 to 2009 and Chairman of Friends Provident plc from 2005 to 2009. He spent his early career as a solicitor with Linklaters & Paines before joining Kleinwort Benson in1994. Sir Adrian is also a Non-Executive Director of London First, 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. He is also a member of the Housing Finance Group of the Housing and Communities Agency and Chairman of the Advisory Board of Reform.

Steve Ingham (47)
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. Steve is also a member of the Great Ormond Street Hospital's Corporate Partnership Board.

Charles-Henri Dumon (51)
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 (47)
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 Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Dr Tim Miller (52)
Independent Non-Executive Director

Tim Miller was appointed a Director of Standard Chartered Bank in December 2004. Tim is responsible for the Corporate Real Estate, Corporate Secretariat, Legal, Compliance & Assurance, Internal Audit and Global Research functions. Tim is also Chairman of Standard Chartered Korea and Chairman of the Bank's Environment Committee. Outside the Bank, Tim is a Vice President, Organisation and Resourcing, at the Chartered Institute of Personnel and Development ("CIPD"), Chairman of the Governing Body, School of Oriental & African Studies ("SOAS"), and a Member of the School Advisory Board, and a Special Professor of Strategy, at Nottingham University Business School, where, in 2007, he completed a Doctorate in Business Administration. Tim was appointed to the Board of Michael Page International plc on 15 August 2005 and is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

Stephen Puckett (48)
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 (69)
Independent Non-Executive Director
Senior Independent 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), Gary James (Regional Managing Director - Asia Pacific) and Andrew Wayland (Chief Information Officer).

Alexis de Bretteville (47)
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 Americas, based in New York, having responsibility for Michael Page in USA, Canada, Brazil, Mexico and most recently Argentina.

Gary James (48)
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 (43)
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

The Directors present their annual report on the affairs of the Group, together with the Financial Statements and Auditors' Report for the year ended 31 December 2009.

PRINCIPAL ACTIVITY

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 53 to 86.

BUSINESS REVIEW

The Company is required by the Companies Act to include a business review in their report. The information that fulfils the requirements of the business review can be found on pages 10 to 21 which are incorporated in this report by reference.

CORPORATE GOVERNANCE

The Company and the Group are committed to high standards of corporate governance, details of which are provided in the Corporate Governance Report on pages 32 to 39 and Remuneration Report on pages 40 to 49.

SIGNIFICANT AGREEMENTS

There are certain agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Details of the significant agreements of this kind are as follows:

- a £50m revolving credit facility that terminates on a change of control, with outstanding amounts becoming payable with interest; and
- provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

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‡ (resigned 22 May 2009)
- Charles-Henri Dumon
- Ruby McGregor-Smith‡
- Dr Tim Miller‡
- Stephen Puckett
- Hubert Reid‡*

‡ Non-Executive Directors

* Senior Independent Director

Stephen Box, the Senior Independent Director, retired on 22 May 2009 having served on the Board since flotation in March 2001. The Group would like to extend its appreciation and warmest thanks to Stephen for his contribution. Following Stephen's retirement, Hubert Reid has been appointed to the role of Senior Independent Director.

In accordance with the Company's Articles of Association, Sir Adrian Montague and Charles-Henri Dumon 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 22 and 23.

The beneficial interests of Directors in office at 31 December 2009 in the shares of the Company at 31 December 2009 and at 5 March 2010 are set out in the Remuneration Report on pages 40 to 49.

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

The Company has 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, were in force throughout the year and are currently in force.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £12.4m (2008: £97.3m).

A final dividend for 2008 of 5.12 pence per ordinary share was paid on 8 June 2009. An interim dividend for 2009 of 2.88 pence per ordinary share was paid on 9 October 2009. The Directors recommend the payment of a final dividend for the year ended 31 December 2009 of 5.12 pence per ordinary share on 7 June 2010 to shareholders on the register on 7 May 2010 which, if approved at the Annual General Meeting, will result in a total dividend for the year of 8.0 pence per ordinary share (2008: 8.0 pence).

CREDITOR DAYS

The Company acts as a holding Company for the Group. Creditor days for the Company were nil (2008: nil) as the Company does not undertake any transactions with suppliers. The Group's creditor days at the year end were 29 (2008: 38 days).

SHARE CAPITAL

The authorised and issued share capital of the Company are shown in Note 17 to the financial statements.

At the Annual General Meeting held on 22 May 2009, the Company renewed its authority to make market purchases of its own ordinary shares up to an increased maximum of 14.99% of the issued share capital. At the forthcoming AGM, it is proposed to reduce this maximum back down to 10%.

During the year, the employee benefit trust purchased approximately 1.0m shares, held to satisfy share scheme awards. The total nominal value of shares repurchased was £10k and represented 0.3% of the issued share capital. The shares were purchased for a consideration of £1.9m, including expenses. 1.4m shares were also issued to satisfy share options exercised during the year.

SUBSTANTIAL SHAREHOLDINGS

As at 4 March 2010, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following voting rights by shareholders of the Company as shown below.

Holder	Number of ordinary shares	% of issued share capital
Capital International Limited	31,307,869	9.68%
Sleep, Zakaria & Co	17,021,321	5.26%
Standard Life Investments	16,084,626	4.97%
Lloyds Banking Group	16,071,702	4.97%
Fidelity	15,886,847	4.91%
Legal & General	12,367,334	3.82%

CORPORATE RESPONSIBILITY (CR)

At Michael Page International, Corporate Responsibility (CR) is not just an obligation, it's a commitment to causes and practices we believe firmly in.

Our approach to all CR activities is to engage closely with our stakeholders and to understand their needs and issues. We work hard to deliver real value to all our stakeholders whether they are shareholders, clients, investors, staff or members of the wider community. Ethical and responsible practices and a commitment to minimise our impact on the environment are key motivators behind our strategy.

Diversity

During 2009, we undertook a comprehensive review of our diversity strategy covering three key areas: monitoring (our own staff and candidate population), creating a diverse and inclusive workforce ourselves, and assisting clients in fulfilling their own diversity agenda by introducing candidates from the widest possible talent pool. We have a Diversity Steering Committee which is chaired by a dedicated Head of Resourcing & Diversity and Regional Managing Directors throughout the business. The committee meets quarterly to agree new strategies, developments and initiatives and works towards engendering an increasingly diverse workforce both for us and our clients. We share experience and best practice on a global forum to ensure we are in a position to take advantage of our many diverse cultures.

Know it

Our diversity proposition forms part of our long-term global plans for growth. It is an integral part of our desire to consistently offer quality services to our stakeholders.

Embrace it

Our activities involve every single person working within the Michael Page world. It is part of our everyday life, in every office, every country and in everything we do.

Encourage it

We not only practice what we preach, but continually encourage our staff to offer ideas on how we could operate more responsibly or implement our current policies more effectively.

For each key group our diversity strategy is:

Diversity: For ourselves

We offer a level playing field. We check to make sure it stays that way.

Diversity: For our clients

We use the widest pipelines to seek your future talent. Building unique approaches to give you the diverse shortlist you need. We network with the right people.

Diversity: For our candidates

Show us your skills and you can trust us to do all we can to create job opportunities for you.

Corporate Memberships

To ensure our business is in the best possible position to work with and advise our clients and candidates on diversity, Michael Page is a member of the following organisations.

- Race for Opportunity – an organisation committed to improving employment opportunities for ethnic minorities across the UK;
- Opportunity Now – a membership organisation for employers who are committed to creating an inclusive workplace for women;
- Employers Forum for Disability – the world's leading employers' organisation focused on disability as it affects business; and
- Employers Forum on Age – an independent network of leading employers, who recognise the need to attract and retain valuable employees, whatever their age.

Our senior staff are actively involved with these bodies and through work-streams and joint initiatives, ensure we are constantly learning from their experience and indeed use our own resources to share best practice and ideas.

OUR PEOPLE

Employee Engagement

Maximising Potential is the vision we have created to ensure each of our employees has the opportunity to succeed and be fulfilled to their own desired level. We've always encouraged teamwork and camaraderie. As such we are a very sociable company with regular team building days, quarterly events and high profile and exclusive trips for our 'High Flyers' – rewarding those who have performed exceptionally well.

Hiring the best

Sourcing and retaining the highest calibre employees from a wide range of backgrounds is key to our success. The service we provide to all our customers is only as good as the people who represent our brand. Our strategy to grow organically by promoting from within, presents enormous opportunities to employees who range from graduates to people changing careers – often from the disciplines we recruit for. It's also extremely important to us to recognise that when we recruit, that we are hiring our managers, directors and indeed Managing Directors of the future.

Learning and Development - our future

Every member of staff is given the support and opportunity to grow and develop. A dedicated in-house team of learning and development specialists with extensive industry experience provide a robust personal development framework from induction and IT training through advanced skills, presentations and competency based advancement. Managers undertake a broad management development and succession planning programme, involving such areas as coaching and people management, often using 360 degree feedback to progress through director development and beyond. Quarterly appraisals underpin the individual ownership of our development programmes and our mentoring scheme provides employees with the opportunity to draw upon the wealth of talent and experience available within the organisation.

95% of our Directors started as trainees within the company and have been promoted internally, which is testament to our commitment to individual development and organic growth.

Retaining the most talented people

Retaining our best people is key to our long-term success and continuity. A strong commitment to internal promotion and employee empowerment, has continually helped us retain our very best people. At the highest level, we want people who are immersed thoroughly in our company culture and understand the intricacies of our business. It means that today, 95% of our Directors have grown within the company and been promoted internally.

Keeping in touch

- Regular 'state of the nation' broadcasts to our staff from our CEO
- "More" – our internal intranet site offers discounts on a wide range of brands
- Monthly newsletters and global updates
- Quarterly team building events
- High Flyers events – premium international trips for high performing consultants and managers

CHARITY AND COMMUNITY

The Group made charitable donations of £189,586 during the year (2008: £153,366).

Giving something back

Our in-house "MoreGiving" scheme allows every Michael Page employee one day per year out of the office to help make a difference in their Community, the Environment or to a Charity. That's a significant time commitment we are making available to our employees and something else to feel passionate about.

It's an opportunity many take up. Michael Page staff have visited retirement homes, wildlife projects, community centres and homes of the elderly, offering voluntary help. Nearly all of them return with stories to tell, proud, enriched by the experience and firmly bonded to their team. Since 2008, more than 400 days have been spent getting involved first hand with the community.

Helping young people prepare for employment

In schools too, we have people giving talks to young people, helping them prepare for employment with career guidance and CV advice.

Each year, we give work placements to under-graduates through the City of London Business Traineeship programme. The aim is to give individuals from London's inner-city boroughs a real taste of working in business, learning skills, taking on responsibility, and developing their confidence in the workplace. Since 2008, we have welcomed a number of people into our offices to experience the working environment. Many of our staff have given up their time to mentor them on life and practices within the workplace.

Charity partnerships around the world

Around the world, Michael Page makes substantial donations to both global charities and local projects.

In **Switzerland**, Michael Page participated in the Course de L'Escalade, in support of the Red Cross. In **Germany**, we introduced a candidate donation programme in aid of Aktion Mensch, a disability charity.

Michael Page in **France** has also been working with several charities for a number of years: 'Sport Dans la Ville' helps young people develop confidence and social skills; 'La Fondation de la 2éme Chance' and 'Cadraxion 78' provide

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Our Core Values

We have five values that we believe contribute to our success. These attributes are not only the essence of our brand, but are rooted in each and every employee of Michael Page International.

Take Pride

To take pride in what we do, of who we are and what we stand for. We are proud of our brand, our colleagues and our achievements.

Be Passionate

It's our passion to provide the very best service for our clients and candidates that drives us to triumph over our competition.

employment opportunities for older people; and Hanploi.com champions the employment of people with disabilities.

In the Americas, Michael Page **Brazil** has been involved in a number of charity events, sponsoring a charity auction in aid of 'Boys and Girls Hope Worldwide'; sponsorship of the 'Projeto Guri' in São Paolo, which brings music and culture to poor areas of the city; and providing ongoing support to 'Gotas de Flor com Amor', an institution that promotes the education of children.

In **Australia**, Michael Page provided sponsorship to children via the World Vision Charity and held events in support of the Breast Cancer Foundation, Juvenile Diabetes Foundation and Ronald McDonald House Children's Charity.

In the **UK**, we operate a 'Give As You Earn' scheme, matching any charitable donations made by an employee within that scheme. Cancer Research UK was our charity for 2007 and we raised more than £110,000 on their behalf. In 2008, our chosen charity was The British Heart Foundation and we raised c £90,000, which provided 60 life-saving defibrillators across various UK locations. Our chosen charity for 2009 was Great Ormond Street Hospital Children's Charity (GOSHCC) and, against a grey economic backdrop, we set an initial target of £50,000 for the first 12 months of our two-year partnership.

In 2009, we raised a remarkable £115,000 through sponsored events and other fundraising activities across our network. The figure reached was way over our initial target, quite an achievement considering what a difficult year 2009 was for everyone.

Here are some of the activities we've carried out as part of our fundraising drive:

- 100+ Michael Page staff took part in the Three Peaks challenge in Yorkshire, walking 39.2km and climbing 1586m in under 12 hours.
- Our staff also joined GOSHCC fundraisers on high profile prestigious events, whereby people from Michael Page donned GOSHCC t-shirts and helped collect cash contributions from people attending Royal Ascot, the British Grand Prix and London Christmas Celebrations.
- Numerous office-based activities such as dress-down days and tuck shops.

Seeing our efforts come to life

The money we raised for GOSCHCC will go towards funding an adolescent recreation and dining room in the Neurosciences ward of the New Clinical Building. Due for completion in 2012, the total cost of the room will be £120,000 and we expect to pay for it fully.

ENVIRONMENT

Taking responsibility for our environment

Michael Page is a typical office-based businesses. As such, our main environmental impacts come from the running of our businesses around the world, generating carbon emissions though the consumption of gas and electricity, transport activities and commuting, as well as office-based waste such as paper and toners.

As a company, we are acutely aware of our responsibility and work hard to minimise our impact on the environment. In a number of areas, we strive to make a difference and act responsibly in terms of recycling, conservation and usage.

Along with a number of policies on how to use our resources responsibly around the offices, we also have our own in-house "MoreGreen" scheme, which offers staff the opportunity to purchase 'green' products at reduced prices.

Never Give Up

We welcome a challenge; we show strength of character and resilience in our approach, we see difficulty as an opportunity to demonstrate ability.

Work As A Team

Working as a team makes us stronger, more efficient and adding value to our business and brand.

Make It Fun

We recognise that fun is a key factor within our working environment; we're very sociable and enjoy celebrating our successes.

Reducing our carbon footprint

Michael Page International does not cause significant pollution, however we fully recognise our responsibilities. The Board is committed to improving the way in which our activities affect the environment by:

- Minimising the extent of the environmental impacts of operations within the Company's sphere of influence;
- Striving to minimise any emissions of effluents in our properties, that may cause environmental damage;
- Conserving energy through minimising consumption and maximising efficiency;
- Promoting efficient purchasing, which will both minimise waste and allow materials to be recycled where appropriate;
- Employing sound waste management practices;
- Putting in place procedures and supporting information that enables compliance with the law, regulation and code of practice relating to environmental issues;
- Monitoring environmental performance and making improvements where possible

HEALTH & SAFETY

We recognise that Health and Safety is an integral part of our workforce. The day-to-day services we provide do not pose great risk to either our employees or our clients. However Michael Page endeavours to maintain a safe and active environment.

Each office is responsible for its own fire risk assessment and emergency procedures and has an allocated Facilities and Health and Safety Representative.

The above is only a summary of the many CR activities in which we are involved and the impact the Group has on its environment.

Further details of our CR activities and impacts are shown in our main CR report, a copy of which can be downloaded from our website at:

http://investors.michaelpage.co.uk/corporate_governance

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.

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 Statement (Directors);
- Remuneration Report (annual bonus plan);
- Remuneration Report (Directors' interests and share ownership requirements);
- Notes to the Accounts (Note 17: Called-up share capital); and
- 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.

136,260 kg of paper recycled

555 fluorescent tubes recycled
(Equivalent to = 33,300 light bulbs)

682 reduced
cubic metres by landfill

2,318
trees saved

40,880 kw of energy conserved

Special business

The following resolutions have been classed as special business at the forthcoming Annual General Meeting on 21 May 2010:

- Resolution 8: To amend the Memorandum and Articles of Association;
- Resolution 10: To authorise Directors to allot shares;
- Resolution 11: To authorise the Company to purchase its own shares; and
- Resolution 12: Length of notice to convene General Meetings.

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 s418 of the Companies Act 2006.

AUDITORS

Deloitte 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 21 May 2010, together with explanatory notes, appear in a separate Notice of Meeting that has been posted to all shareholders and is available on our website at http://investors.michaelpage.co.uk.

By order of the Board

Kelvin Stagg

Company Secretary
5 March 2010

Corporate Governance

The Board of Directors has a strong commitment to high standards of corporate governance and has applied the main and supporting principles of corporate governance as recommended in Section 1 of the Combined Code on Corporate Governance, adopted by the Financial Reporting Council in June 2008 (the Code), for the year ended 31 December 2009.

The Directors also seek to comply with guidelines issued by institutional investors and their representative bodies where it is practical to do so.

Compliance with the 2009 FRC Code

The Directors consider that the Company has complied with all the Code provisions set out in Section 1 of the Code throughout the year ended 31 December 2009.

DIRECTORS

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.

The Board currently comprises the Chairman, who is deemed to be independent and has no operational responsibilities, three Executive Directors and three independent Non-Executive Directors. Collectively, they have a broad balance of skills and experience. The composition of the Board complies with Code Provision A.3.2. The Board annually reviews the composition of the Board and considers that there is an appropriate balance of Executive and Non-Executive Directors on the Board.

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 2009.

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 in this report.

The Executive Board, a Committee of the 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.

These activities are performed at a regional level by four Regional Boards, Committees of the Board, for the UK, EMEA, Asia Pacific and the Americas. Each Regional Board meets at least four times a year.

Chairman

The Chairman's role is part time. The Chairman, Sir Adrian Montague, is responsible for the leadership and efficient operation of the Board, setting its agenda and ensuring all directors provide an effective contribution. The Chairman is also responsible for ensuring the provision of accurate and timely information to the Board and effective communications with shareholders.

It is the Group's policy that the roles of Chairman and Chief Executive are separate.

In 2009, Sir Adrian Montague became Director of Anglian Water Group (AWG) Limited and AWG Companies Osprey Acquisitions Limited, Osprey Holdings Limited and AWG Plc. He also became a member of the Housing Finance Group.

Senior Independent Director

The Senior Independent Director is available to shareholders when they may have issues or concerns where contact through the normal channels of Chairman, Chief Executive or Finance Director has either failed to resolve concerns, or contact is deemed inappropriate.

The Senior Independent Director at the beginning of the year was Stephen Box, who retired from the Board on 22 May 2009. Following Stephen's retirement, Hubert Reid was appointed to the role of Senior Independent Director.

Re-election of 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. Subject to the Board being satisfied with the effectiveness, independence and commitment of a Non-Executive Director, there is no defined limit regarding the number of terms a Director may serve. It is the Board's view that the comparatively long tenure of some of the Directors has been key to the Board's in-depth understanding of the Group and its operation. 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 Code.

Sir Adrian Montague and Charles-Henri Dumon will retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting on 21 May 2010. 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.

Company Secretary

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.

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 recommendations are subsequently made to the Board.

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, the balance between Executive and Non-Executive Directors appointed to the Board and reviewing any conflicts of interest. The terms of reference of the Nomination Committee can be found on our website.

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 Chairman met with the individual 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.

Hubert Reid, 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.

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 business 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.

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 below.

Conf icts of interest

The Company has implemented robust procedures, in line with the Companies Act 2006, requiring Directors to seek appropriate authorisation prior to entering into any outside business interests.

In all cases where a potential conflict is identified, it is Board policy that the Director in question is not involved in any discussion of the area or issue giving rise to the conflict.

During the course of the year, the Board reviewed and authorised, in accordance with the Company's Articles of Association, a small number of external directorships

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

	Board
Total meetings	**12**
Meetings attended	
Executive	
Steve Ingham	12
Charles-Henri Dumon	12
Stephen Puckett	12

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	**12**	**9**	**4**	**2**
Meetings attended				
Non-Executive				
Sir Adrian Montague CBE	12	N/A	N/A	2
Stephen Box (retired 22 May 2009)*	5	5	2	1
Ruby McGregor-Smith	10	8	3	2
Dr Tim Miller	12	9	4	2
Hubert Reid	12	9	4	2

*Stephen Box attended all meetings prior to his retirement.

and other business interests held by individual directors. However, none were regarded as being of such significance as to give rise to a conflict of interest.

All directors are aware of their continuing obligation to report any new interests or changes in existing interests that might amount to a possible conflict of interest in order that these may be considered by the Board and appropriate authorisations given.

REMUNERATION

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.

The Report of the Remuneration Committee can be found on pages 40 to 49 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee comprises the independent Non-Executive Directors and is chaired by Ruby McGregor-Smith. The Committee members have broad experience and knowledge of financial reporting. Their relevant qualifications and experience are shown in their biographies on the Board of Directors pages 22 and 23. The Board believes that Ruby McGregor-Smith and Hubert Reid have recent and relevant financial experience. The other member of the Audit Committee, Dr Tim Miller, has gained wide experience in regulatory and risk issues.

The Committee met nine times in 2009 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 2009, the Audit Committee discharged its responsibilities as set out in the terms of reference, which can be found on our website, www.investors.michaelpage.co.uk. Its principal tasks are to ensure the integrity of the Company's Financial Reporting process, review the effectiveness of the Group's internal controls, internal audit and risk management function, 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, as well as ensuring the independence of the external auditor and the provision of additional services to the Company.

Objectivity and independence of external auditors

Deloitte 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 in a senior management position; and

d. monitoring the external auditors' compliance with applicable UK ethical guidance on the rotation of audit partners.

It is also the Committee's policy to consider whether there should be an audit tender process and whether using auditors from one audit network continues to enhance the quality of the audit. The Committee reviews the past service of the auditors who were first appointed in 1997.

The Committee has also considered the likelihood of a withdrawal of the auditor from the market and noted that there are no contractual obligations to restrict the choice of external auditors.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the arrangements for ensuring the external auditors' independence and objectivity;
- the external auditors' fulfilment of the agreed audit plan and any variations from the plan;
- the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements; and
- the content of the external auditor's reporting on internal control.

Following the above, the Audit Committee has recommended to the Board that Deloitte LLP is re-appointed.

Internal control

The responsibilities of the Directors in respect of internal control are defined by the Financial Services Authority's Listing Rules that 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 2009 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 2009 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 reserved strictly 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;

- 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;

- 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;

- Audit Committee.

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

- financial and operational controls.

  Individual operations complete an annual controls self assessment and certification statement. Each operational manager, in addition to the finance function for that operation, confirms the adequacy of their systems of internal control and compliance with Group policies. The statement also requires the reporting of any significant control issues, including suspected or reported fraud, that have emerged so that areas of Group concern can be identified and investigated as required;

- 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).

  The audit committee has reviewed arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action; and

- internal audit activities.

  The internal audit function is an independent, dedicated Internal Audit team, comprising the Head of Internal Audit and an Internal Auditor. Businesses are visited on a risk- based and rotational basis to assess the effectiveness of controls in mitigating specific risks. In addition, risks are regularly reviewed 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 monitored and reviewed the effectiveness of the internal audit activities.

  The Board has applied principle C.2 of the Combined Code and 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.

RELATIONS WITH SHAREHOLDERS

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 with an investor section (http://investors.michaelpage.co.uk) 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 Business Review provides 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 on page 94. A statement by the auditors about their reporting responsibilities is shown in the Independent Auditors' Report on pages 50 and 51.

Remuneration Report

This report has been prepared in accordance with Schedule 8 to The Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

Scope and membership of Remuneration Committee

The Remuneration Committee, which meets not less than three times 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 strongly 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, annual bonus and long-term incentives and other benefits. It receives advice from independent remuneration consultants, Deloitte and Hewitt New Bridge Street, and makes comparisons with similar organisations. Deloitte are also the Group's auditors and have provided remuneration services in compliance with the Ethical Standards of the Auditing Practices Board. Both Deloitte and the Group are comfortable that appropriate measures and controls are in place to ensure that there is no conflict arising by providing both these services. 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 strategic 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 three year term 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 page 49.

The remuneration agreed by the Committee for the Executive Directors contains the following elements: a base salary and benefits, an annual bonus, share plan awards and pension benefits. The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not receive any other benefits, other than out-of pocket expenses, from the Group, nor do they participate in any of the bonus or share schemes.

The following sections provide details of the Company's remuneration policy during 2009 and key changes to the policy for 2010.

Base salary and benefits

The Committee establishes salaries and benefits by reference to those prevailing in the employment market generally for Executive Directors of companies 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. The Group operates a policy of providing below median salaries, with the balance of the package provided through incentives aligned with Group performance and shareholder value to ensure a total remuneration package geared to performance.

In light of the global economic downturn and a desire to maintain base salaries below the median, no increases to base salary and benefits have been awarded since the start of 2008. Having completed a review, the Committee has decided to increase the Executive Directors' base salaries by 2.5% with effect from 1 January 2010, which is broadly in line with staff across the wider Group. Following the increase, the base salaries remain significantly below the market median. The following table shows the base salaries of each director for 2009 and going forward for 2010, in the currency in which they are paid.

Director	Currency	2009 '000s	% Change	2010 '000s
Steve Ingham	Sterling	371	2.5%	380
Steve Puckett	Sterling	283	2.5%	290
Charles-Henri Dumon	Swiss Francs	603	2.5%	618

The Remuneration Committee reviewed the level of company pension contribution and recognising that base salaries of the Executive Directors are below the median for companies of comparable size and complexity, has decided to increase the company contribution to 25% of base salary from the start of 2010.

Annual bonus plan

Annual bonuses for the Executive Directors are based on the division of a pool of profits earned during the financial year. In 2009, the bonus pool for Executive Directors was equal to 3.85% of profits earned above a threshold equal to half of targeted profits for the year. If profits exceed 1.1 times the targeted level, then an additional 1.3% of profits earned above the targeted level is added to the bonus pool. The Remuneration Committee retains the discretion to review this arrangement and set different rates and thresholds as it deems appropriate for the business.

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 calculation is not entirely formulaic as the Committee has the ability to vary the pool both up and down, by up to 10%, to reflect its view of the performance of the Company relative to its directly comparable peers.

Unlike all other employees who receive their annual bonuses in cash, the Executive Directors' cash element of their annual bonus is restricted to a multiple of salary. In the event that the Executive Director's annual bonus entitlement is greater than 150% of salary, only an amount equal to 150% of the executive's salary is paid in cash. To reward service over a longer period, any amount of the bonus pool above 150% of 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. 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 Income Statement for the year carries a charge for the Directors' annual bonus paid in cash while the deferred amount is charged in subsequent years until the shares vest.

Due to the highly uncertain economic environment, limited earnings visibility and the wide range of market estimates of earnings, the Committee agreed that setting a target level of profit for 2009 at the start of the year would have risked over or under rewarding management for the performance of the business. Instead, the Remuneration Committee reviewed the Group's performance throughout 2009 with reference to both internal and external expectations as well as the performance of competitors.

During 2009 the Company significantly reduced its cost base, maintained the existing platform of business disciplines in established countries and cities, remained profitable and secured a very robust financial position. The consensus feedback from shareholders is that the Executive Directors have performed strongly in very challenging market conditions. As a result, whilst profit in 2009 was lower than the previous year, the Company's total shareholder return over 2009 was over 80% - representing an increase in shareholder value of over £550m over the 12 month period.

In light of this the Remuneration Committee determined that it was appropriate for the normal bonus formula to be used as in previous years, with the targeted level of adjusted profits set equal to the original base budget for 2009 of £19.7m. The Committee also determined that there would be no discretionary adjustment to the 2009 bonus pool.

Based on the 2009 results the bonus pool amounted to £1.0m (2008: £2.3m). This is a significant reduction in the pool compared to recent years. As no individual Executive Director's bonus was in excess of 1.5 times their respective base salaries, the entire bonus pool has been paid in cash.

The intention is that the Annual Bonus Plan will operate as normal in 2010. The target has been set for 2010 by reference to market expectations and internal forecasts and will be disclosed in next year's Remuneration Report.

Long term incentives

The Company currently operates two forms of long term incentive for Executive Directors and senior management:

Executive Share Option Scheme (ESOS)

This was established on flotation in 2001. Vesting of share option awards made under the scheme is subject to growth in earnings per share of at least 3% per annum above the growth in the UK Retail Price Index (RPI), over the three year performance period. The Executive Directors and senior employees are eligible to participate in the ESOS. No payment is required on the grant of an option and no share options are granted at a discount. Benefits received under the ESOS are not pensionable. Retesting after the initial vesting period is not permitted for any grants awarded in 2004 and subsequent years. No options were granted to Executive Directors during 2009.

The performance criteria on the options awarded under the Executive Share Option Scheme in 2007 was tested at the end of 2009 and did not meet the EPS growth criteria. As no retesting after the initial vesting period is permitted, these awards have now lapsed in full.

Incentive Share Plan (ISP)

The ISP, which was approved by shareholders in 2003, is funded with a percentage, currently 6%, of Group profits. Not more than 30% of this amount is available for awards to the Executive Directors, the balance being available for awards to senior employees. Awards vest after a three year period, with vesting of one-third of the award subject to achievement of additional performance conditions. 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. Awards under the ISP are satisfied in shares of the Company, which are market purchased and held by the employee benefit trust.

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

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 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 vests 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. If awards do not vest after three years, they automatically lapse.

The performance criteria on the Performance shares and Performance share options awarded under the Incentive Share Plan in 2007 was tested at the end of 2009 and did not meet the EPS growth criteria. As no retesting after the initial vesting period is permitted, these awards have now lapsed in full.

Having reviewed the appropriateness of these arrangements and recognising that recruitment is a cyclical industry, at the start of 2009, the Remuneration Committee reviewed the ISP with regards to the Company's current operations and prospects. Given the highly uncertain outlook, the Remuneration Committee concluded that performance shares awarded in March 2009 would continue to be subject to existing EPS growth targets, except they vest over a four year period and use the EPS of 2009 as the base from which growth will be measured. In light of business performance and share price growth during 2009, the Remuneration Committee has determined that no awards will be made under the ISP in 2010. Instead the Committee intends to make grants of share options under the Executive Share Option Scheme, subject to stretching performance conditions.

As set out above, previous option awards have been exercisable in full for EPS growth in excess of RPI +3% p.a. However, recognising that the Group delivered lower profits in 2009, the Committee will make vesting of the share options awarded to Executive Directors in 2010 dependent on significantly greater growth in profit, as follows:

- Half of the awards will vest if Profit Before Tax (PBT) reported in 2012 is at least £48m. This represents an increase in PBT of 128% over the performance period;
- Full vesting of the awards will only occur if PBT is in excess of £66m. This represents an increase in PBT of 213% over the performance period;
- Vesting will be calculated on straight line basis between these points.

In addition to the requirement to achieve significant profit growth, the use of share options ensures that if the share price does not increase, participants will not receive any value from the 2010 long-term incentive awards. The use of options therefore represents a fair balance of interests between executives and shareholders, particularly as the Company has seen considerable share price growth over the last 12 months: the share price in January 2010 averaged £4.00 compared with an average in January 2009 of £2.10.

The intention of the Remuneration Committee is to make awards of options over 400,000 shares to each of the Executive Directors in March 2010. At the prevailing share price of around £3.80 the expected present value of these awards is c£465,000.

Although this is around one-third lower than the expected present value of recent ISP awards, the Committee considers the award sizes are appropriate in light of the continuing business environment, and will maintain the remuneration philosophy that provides below median base salaries with the total package being geared to performance.

Overall, the Committee believes that the structure and quantum of these awards will meet our objectives of retaining participants and incentivising them to deliver stretching financial targets that result in the growth of shareholder value.

2010 Executive Share Option Scheme

As outlined above, the current ESOS was established on flotation in 2001 and therefore expires in March 2011. Accordingly, the Board will propose a replacement ESOS at the Annual General Meeting scheduled for May 2010.

It is intended that the ISP will remain the primary long-term incentive vehicle for Executive Directors. However, the Committee retains the discretion to make future awards to Executive Directors under the 2010 ESOS, in appropriate circumstances.

The normal limit under the plan rules is for maximum awards of 200% of salary. This has been reduced from the previous limit of 200% of 'Total Remuneration'. If awards are made in excess of 200% of salary, this will be in exceptional circumstances and within the overall limit of 400% of salary.

Vesting of any awards made under the Scheme will be subject to performance conditions measured over three years:

- It is currently intended that if future awards of share options are made to Executive Directors, then Profit Before Tax will be the sole performance measure used. PBT targets set will be no less challenging than those previously described for the proposed 2010 awards, in light of internal and external forecasts and the point in the economic cycle at the time that the awards are made;
- If the Remuneration Committee considers that alternative performance measures are appropriate, then the targets set will be no less challenging than the PBT targets that would otherwise have been set;
- Vesting will occur on a phased basis, with 30% of the award vesting for threshold performance, increasing on a straight line basis to 100% of the award for maximum performance.
- The intention is that the performance target for participants below the Board will be a requirement for EPS growth of at least 6% per annum, in order for awards to vest.

Emoluments

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

2009	Salary and fees £'000	Benefits (Note 3) £'000	Annual Bonus £'000	Deferred Annual Bonus £'000	Incentive Share Plan £'000	Total £'000
Executive						
Steve Ingham (Note 1)	371	27	413	–	–	811
Charles-Henri Dumon (Note 2)	357	67	315	–	–	739
Stephen Puckett	283	22	315	–	–	620
Non-Executive						
Sir Adrian Montague CBE	110	–	–	–	–	110
Stephen Box	18	–	–	–	–	18
Ruby McGregor-Smith	47	–	–	–	–	47
Dr Tim Miller	43	–	–	–	–	43
Hubert Reid	43	–	–	–	–	43
Total	1,272	116	1,043	–	–	2,431

2008	Salary and fees £'000	Benefits (Note 3) £'000	Annual Bonus £'000	Deferred Annual Bonus £'000	Incentive Share Plan (Note 4) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	371	23	371	537	681	1,983
Charles-Henri Dumon (Note 2)	299	61	283	427	681	1,751
Stephen Puckett	283	22	283	427	681	1,696
Non-Executive						
Sir Adrian Montague CBE	110	–	–	–	–	110
Stephen Box	45	–	–	–	–	45
Ruby McGregor-Smith	45	–	–	–	–	45
Dr Tim Miller	43	–	–	–	–	43
Hubert Reid	43	–	–	–	–	43
Total	1,239	106	937	1,391	2,043	5,716

Notes to the emoluments:

1. Steve Ingham is the highest paid director
2. Charles-Henri Dumon's salary and benefits are paid in Swiss Francs. In line with the other Executive Directors, he received no increase in salary due in 2009 and therefore the entire change in reported salary is due to movements in foreign exchange.
3. Benefits include, inter alia, items such as company car or cash alternative, fuel and medical insurance.
4. Represents the non-performance proportion of the Incentive Share plan awarded in March 2009 and the performance vesting proportion of the March 2006 award.

Pension benefits

Executive Directors are eligible to participate in the Group pension plan which is a defined contribution scheme. In 2009, each Executive Director received a pension contribution equal to 20% of their base salary or a cash alternative.

Pension contributions	2009 £'000	2008 £'000
Steve Ingham	74	74
Charles-Henri Dumon (note 1)	66	56
Stephen Puckett	57	57

1. The movements in Charles-Henri Dumon's pension benefits varied across 2008 and 2009 due to local currency movements.

Directors' interests and share ownership requirements

It is Michael Page policy that 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 2009, all Executive Directors complied 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 2009 to 4 March 2010.

	Ordinary shares of 1p	At 1 January 2009	Transferred in year	Disposal in year	At year end or date of resignation
Steve Ingham	Direct Holding	1,305,199	250,240	–	1,555,439
Charles-Henri Dumon	Direct Holding	1,202,997	337,110	(310,000)	1,230,107
Stephen Puckett	Direct Holding	502,200	217,816	–	720,016
Stephen Box ‡	Direct Holding	15,000	–	–	15,000

‡ Non-Executive Director

1. Steve Ingham transferred 60,001 shares from the Incentive Share Plan and 190,239 from the Deferred Annual Bonus to his Direct Holding in the year.
2. Charles-Henri Dumon transferred 194,496 shares from the Incentive Share Plan and 142,164 from the Deferred Annual Bonus to his Direct Holding in the year.
3. Stephen Puckett transferred 60,001 shares from the Incentive Share Plan and 157,815 from the Deferred Annual Bonus to his Direct Holding in the year.
4. Stephen Box retired on 22 May 2009.

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 2009 are as follows:

	Total award at 1 January 2009			Awarded during the year			Vested in year	Total award at 31 December 2009		
	Performance shares	Non-performance shares	Total shares	Performance shares	Non-performance shares	Total shares		Performance shares	Non-performance shares	Total shares
Steve Ingham	186,480	372,957	559,437	153,785	307,569	461,354	(102,200)	306,198	612,393	918,591
Charles-Henri Dumon (Note 4)	186,480	372,957	559,437	153,785	307,569	461,354	(102,200)	306,198	612,393	918,591
Stephen Puckett	186,480	372,957	559,437	153,785	307,569	461,354	(102,200)	306,198	612,393	918,591

1. The value of the award made under the Michael Page Incentive Share Plan in 2009 is £865,038 for each individual Director and is based on the purchase price of the Company's ordinary shares on 9 March 2009 of 187.5p. The market value of the shares vested in the year at the date of award was 309.9p
2. The total value of awards at 31 December 2009 for each individual Director in office at the balance sheet date is £3,480,541 and is calculated using the closing market price of the Company's ordinary shares at 31 December 2009 of 378.9p.
3. For awards made in 2009, the performance shares vest over four years and have a base EPS for the performance criteria of 6.64p.
4. Charles-Henri Dumon was granted deferred share options to acquire 307,569 ordinary shares and performance share options to acquire 153,785 ordinary shares under the Michael Page Incentive Share Plan. These options have a nil exercise price and do not accrue dividends. These are granted in lieu of deferred shares.
5. Both the Performance shares and the Performance options awarded under the Michael Page Incentive Share Plan in 2007 did not meet their vesting criteria and have lapsed as at the end of 2009.

Deferred Annual Bonus

As described on page 42, in the event that the Executive Directors' bonus entitlement is greater than 150% (2008: 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. Bonus entitlements in respect of 2009 did not exceed 150% of salary.

Details of awards made under the deferred Annual Bonus Plan that remain outstanding at 31 December 2009 are as follows:

	Total award at 1 January 2009 (shares)	Awarded during the year (shares)	Vested in year (shares)	Total award at 31 December 2009 (shares)
Steve Ingham	529,865	286,231	(324,018)	492,078
Charles-Henri Dumon	429,143	227,529	(266,963)	389,709
Stephen Puckett	430,973	227,529	(268,793)	389,709

The average market value of the shares vested in the year at the date of award was 328.0p.

Beneficial interests

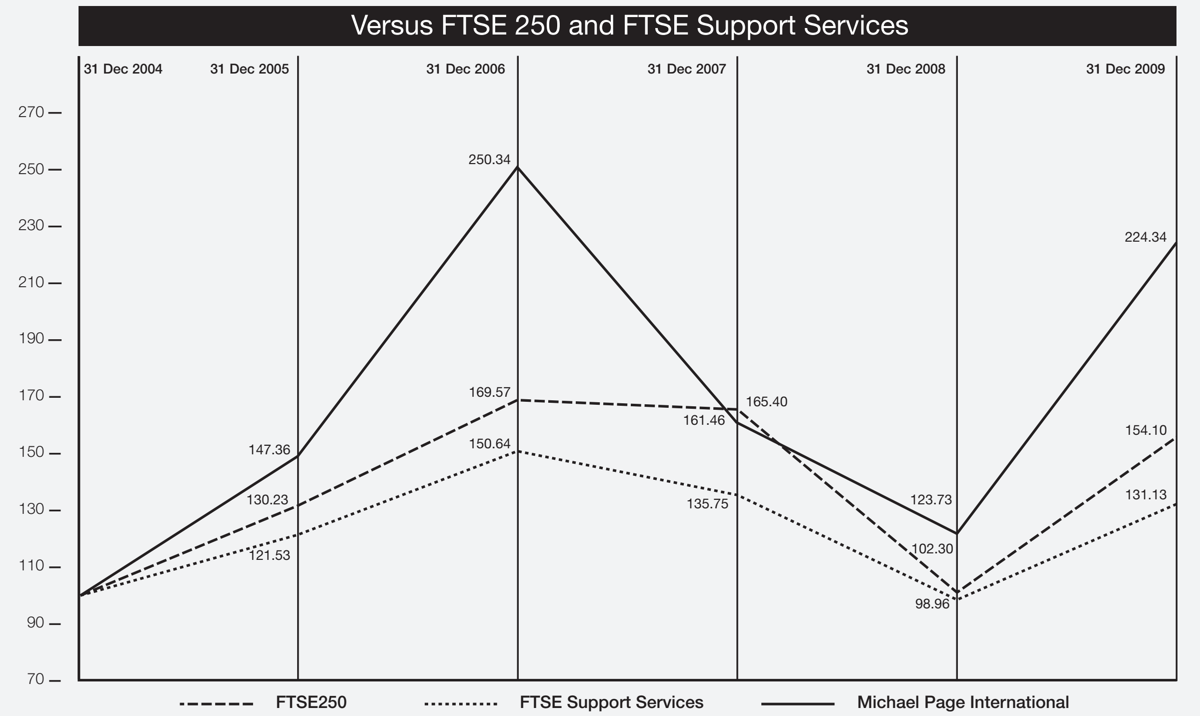
The beneficial interests of the Executive Directors who served during the year and their families in share options of the Michael Page International plc Executive Share Option Scheme at 31 December 2009 were as follows:

	Date of Grant	At 1 January 2009 (shares)	Exercised in year (shares)	At 31 December 2009 (shares)	Market price at date of exercise (pence)	Gains made on exercise (pounds)	Exercise price (pence)	Period of exercise
Steve Ingham	2001	93,471	–	93,471	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Charles-Henri Dumon	2001	140,209	–	140,209	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Stephen Puckett	2001	93,471	–	93,471	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015

The market price of the shares at 31 December 2009 was 378.9p with a range during the year of 174.75p to 384.3p.

Total Shareholder Return (TSR)

The graph below shows Total Shareholder Return (TSR) relative to a base index of 100 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.



Outside appointments

The Remuneration Committee recognises that Non-Executive Directorships have 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 executives are 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, including mitigation, as appropriate.

	Contract date	Unexpired term at 31 December 2009	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 (Note 1)	27/02/07	2 months	None	None	None
Ruby McGregor-Smith	23/05/07	5 months	None	None	None
Dr Tim Miller	13/08/08	20 months	None	None	None
Hubert Reid	25/02/09	26 months	None	None	None

1. Sir Adrian Montague's contract was renewed for a further three year term on 26 February 2010.

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 5) on 21 May 2010.

Audit requirement

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 45 to 48 inclusive, are audited. All other sections of the Remuneration Report are unaudited.

Dr Tim Miller

Chairman – Remuneration Committee
5 March 2010

Auditors' Report

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

We have audited the financial statements of Michael Page International plc for the year ended 31 December 2009 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

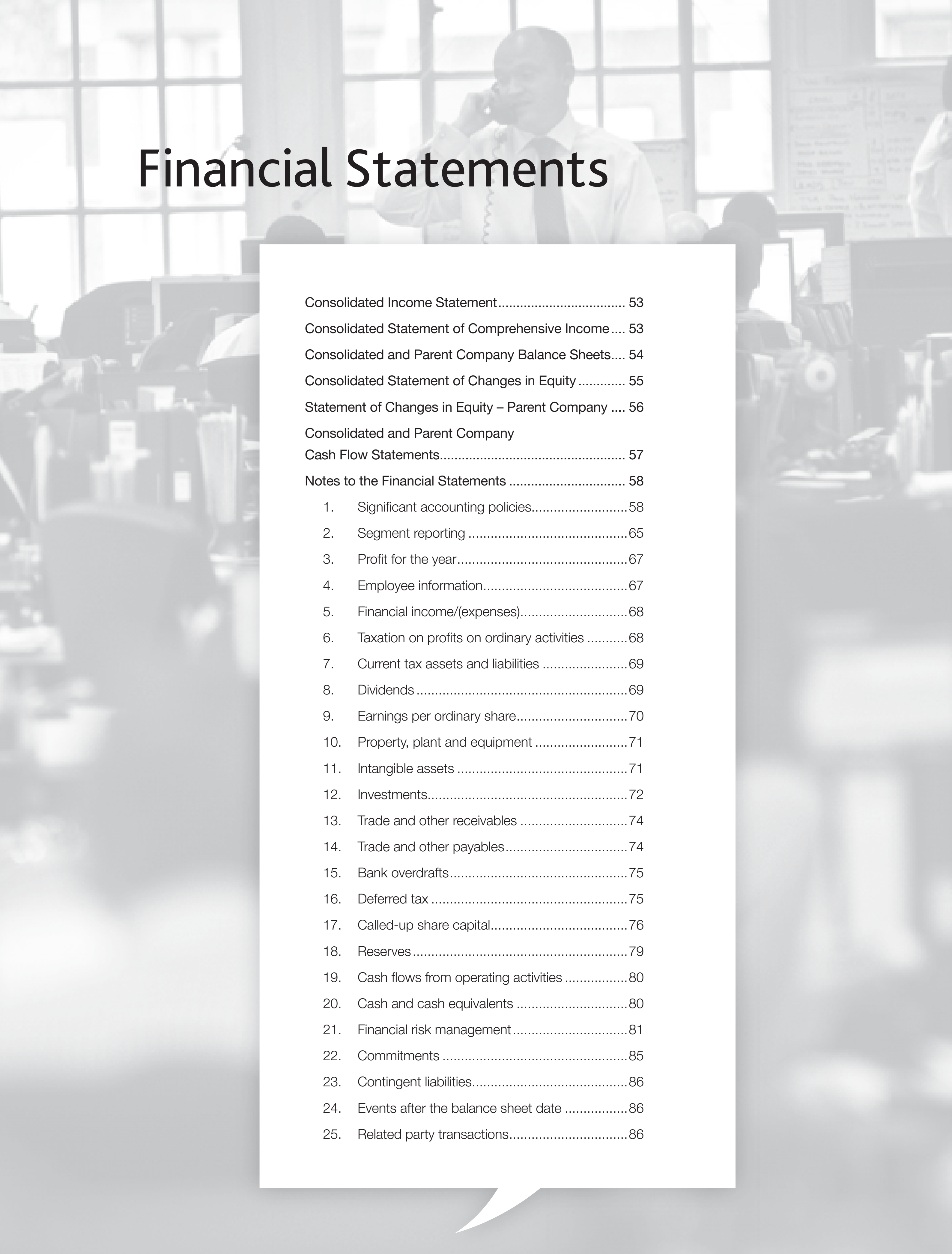
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the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

Under the Listing Rules we are required to review:

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

Nigel Mercer (Senior Statutory Auditor)

for and on behalf of **Deloitte LLP**
Chartered Accountants and Statutory Auditors
London, United Kingdom
5 March 2010



Financial Statements

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £'000	2008 £'000
Revenue	2	**716,722**	972,782
Cost of sales		**(365,028)**	(420,080)
Gross profit	2	**351,694**	552,702
Administrative expenses		**(331,491)**	(412,201)
Operating profit	2	**20,203**	140,501
Financial income	5	**2,027**	3,878
Financial expenses	5	**(1,162)**	(4,323)
Profit before tax		**21,068**	140,056
Income tax expense	6	**(8,638)**	(42,717)
Profit for the year	3	**12,430**	97,339
Attributable to:			
Equity holders of the parent		**12,430**	97,339
Earnings per share			
Basic earnings per share (pence)	9	**3.9**	30.3
Diluted earnings per share (pence)	9	**3.8**	29.9

The above results relate to continuing operations.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £'000	2008 £'000
Profit for the year	**12,430**	97,339
Other comprehensive income for the year		
Currency translation differences	**(11,978)**	40,064
Total comprehensive income for the year	**452**	137,403
Attributed to:		
Owners of the parent	**452**	137,403

Consolidated and Parent Company Balance Sheets

AS AT 31 DECEMBER 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Non-current assets					
Property, plant and equipment	2, 10	**31,432**	39,097	**–**	–
Intangible assets	2, 11	**20,051**	13,855	**–**	–
Investments	12	**–**	–	**422,577**	424,649
Deferred tax assets	16	**10,179**	6,496	**–**	–
Other receivables	13	**2,021**	1,955	**–**	–
		63,683	61,403	**422,577**	424,649
Current assets					
Trade and other receivables	13	**133,402**	203,813	**481,679**	381,812
Current tax receivable	7	**14,174**	5,358	**1,305**	1,306
Cash and cash equivalents	20	**137,228**	156,980	**–**	–
		284,804	366,151	**482,984**	383,118
Total assets	2	**348,487**	427,554	**905,561**	807,767
Current liabilities					
Trade and other payables	14	**(142,750)**	(137,021)	**(450,492)**	(340,505)
Bank overdrafts	15	**(43)**	(62,697)	**(43)**	(62,697)
Current tax payable	7	**(5,470)**	(14,938)	**–**	–
		(148,263)	(214,656)	**(450,535)**	(403,202)
Net current assets		**136,541**	151,495	**32,449**	(20,084)
Non-current liabilities					
Other payables	14	**(2,881)**	(1,337)	**–**	–
Deferred tax liabilities	16	**(327)**	(897)	**–**	–
		(3,208)	(2,234)	**–**	–
Total liabilities	2	**(151,471)**	(216,890)	**(450,535)**	(403,202)
Net assets		**197,016**	210,664	**455,026**	404,565
Capital and reserves					
Called-up share capital	17	**3,234**	3,220	**3,234**	3,220
Share premium	18	**51,589**	48,856	**51,589**	48,856
Capital redemption reserve	18	**838**	838	**838**	838
Reserve for shares held in the employee benefit trust	18	**(19,409)**	(21,078)	**–**	–
Currency translation reserve	18	**33,401**	45,379	**–**	–
Retained earnings		**127,363**	133,449	**399,365**	351,651
Total equity		**197,016**	210,664	**455,026**	404,565

These financial statements of Michael Page International plc, Company Number 3310225, were approved by the Board of Directors and authorised for issue on 5 March 2010. On behalf of the Board of Directors.

S Ingham
Chief Executive

S R Puckett
Group Finance Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

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 2008		**3,274**	**46,635**	**771**	**(22,740)**	**5,315**	**74,595**	**107,850**
Currency translation differences		–	–	–	–	40,064	–	40,064
Net income recognised directly in equity		–	–	–	–	40,064	–	40,064
Profit for the year		–	–	–	–	–	97,339	97,339
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**40,064**	**97,339**	**137,403**
Purchase of own shares for cancellation		(67)	–	67	–	–	(15,985)	(15,985)
Purchase of shares held in the employee benefit trust		–	–	–	(854)	–	–	(854)
Issue of share capital		13	2,221	–	–	–	–	2,234
Transfer to reserve for shares held in the employee benefit trust		–	–	–	2,516	–	(2,516)	–
Credit in respect of share schemes		–	–	–	–	–	6,667	6,667
Credit in respect of tax on share schemes		–	–	–	–	–	612	612
Dividends	8	–	–	–	–	–	(27,263)	(27,263)
		(54)	2,221	67	1,662	–	(38,485)	(34,589)
Balance at 31 December 2008 and 1 January 2009		**3,220**	**48,856**	**838**	**(21,078)**	**45,379**	**133,449**	**210,664**
Currency translation differences		–	–	–	–	(11,978)	–	(11,978)
Net expense recognised directly in equity		–	–	–	–	(11,978)	–	(11,978)
Profit for the year		–	–	–	–	–	12,430	12,430
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**(11,978)**	**12,430**	**452**
Purchase of shares held in the employee benefit trust		–	–	–	(1,903)	–	–	(1,903)
Issue of share capital		14	2,733	–	–	–	–	2,747
Transfer to reserve for shares held in the employee benefit trust		–	–	–	3,572	–	(3,572)	–
Credit in respect of share schemes		–	–	–	–	–	8,491	8,491
Credit in respect of tax on share schemes		–	–	–	–	–	2,418	2,418
Dividends	8	–	–	–	–	–	(25,853)	(25,853)
		14	2,733	–	1,669	–	(18,516)	(14,100)
Balance at 31 December 2009		**3,234**	**51,589**	**838**	**(19,409)**	**33,401**	**127,363**	**197,016**

Statement of Changes in Equity – Parent Company

FOR THE YEAR ENDED 31 DECEMBER 2009

Company	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2008		**3,274**	**46,635**	**771**	**74,808**	**125,488**
Profit for the year		–	–	–	320,091	320,091
Total comprehensive income for the year		**–**	**–**	**–**	**320,091**	**320,091**
Purchase of own shares for cancellation		(67)	–	67	(15,985)	(15,985)
Issue of share capital		13	2,221	–	–	2,234
Dividends	8	–	–	–	(27,263)	(27,263)
		(54)	2,221	67	(43,248)	(41,014)
Balance at 31 December 2008 and 1 January 2009		**3,220**	**48,856**	**838**	**351,651**	**404,565**
Profit for the year		–	–	–	73,567	73,567
Total comprehensive income for the year		**–**	**–**	**–**	**73,567**	**73,567**
Issue of share capital		14	2,733	–	–	2,747
Dividends	8	–	–	–	(25,853)	(25,853)
		14	2,733	–	(25,853)	(23,106)
Balance at 31 December 2009		**3,234**	**51,589**	**838**	**399,365**	**455,026**

Consolidated and Parent Company Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

		Group		Company	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash generated from underlying operations	19	**73,759**	185,206	**45,074**	55,281
Net cash received in respect of VAT claim		**41,018**	–	**41,018**	–
Cash generated from operations	19	**114,777**	185,206	**86,092**	55,281
Income tax (paid)/received		**(28,196)**	(53,409)	**–**	28
Net cash from operating activities		**86,581**	131,797	**86,092**	55,309
Cash flows from investing activities					
Purchases of property, plant and equipment		**(5,757)**	(17,173)	**–**	–
Purchases of computer software		**(7,645)**	(10,260)	**–**	–
Proceeds from the sale of property, plant and equipment, and computer software		**2,061**	1,009	**–**	–
Interest received		**2,027**	3,878	**448**	297
Net cash (used in)/received from investing activities		**(9,314)**	(22,546)	**448**	297
Cash flows from financing activities					
Dividends paid		**(25,853)**	(27,263)	**(25,853)**	(27,263)
Interest paid		**(1,160)**	(4,782)	**(780)**	(4,556)
Repayment of bank loan		**–**	(25,300)	**–**	(25,300)
Issue of own shares for the exercise of options		**2,747**	2,234	**2,747**	2,234
Purchase of own shares for cancellation		**–**	(15,985)	**–**	(15,985)
Purchase of shares held in the employee benefit trust		**(1,903)**	(854)	**–**	–
Net cash used in financing activities		**(26,169)**	(71,950)	**(23,886)**	(70,870)
Net increase/(decrease) in cash and cash equivalents		**51,098**	37,301	**62,654**	(15,264)
Cash and cash equivalents at the beginning of the year		**94,283**	35,557	**(62,697)**	(47,433)
Exchange (loss)/gains on cash and cash equivalents		**(8,196)**	21,425	**–**	–
Cash and cash equivalents at the end of the year	20	**137,185**	94,283	**(43)**	(62,697)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Michael Page International plc is a company incorporated in the United Kingdom under the Companies Act. 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 408 of the Companies Act 2006, the profit and loss account of the Company has not been included as part of these financial statements. The Company's profit for the financial year amounted to £73.6m (2008: £320.1m). The decrease in the Company's profit this year is as a result of decreased dividend income. The financial statements have been prepared on a going concern basis. Refer to page 18 for further details.

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

The accounting policies applied by the Group in these Consolidated Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008 except as described below.

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

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

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on regions and, as such, the implementation of IFRS 8 resulted in no significant changes, as disclosures over and above those required by IAS 14 were previously made.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations (continued)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations has been amended to clarify the definition of vesting conditions. The concept of 'non-vesting' conditions has been introduced and the accounting treatment for cancellations was clarified. These amendments have not resulted in significant changes.

Below is a summary of other new and revised Standards and Interpretations that have been adopted in the current year, where their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements.

Amendment to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest to be treated as a government grant. This accounting treatment was not permitted prior to this amendment.

IAS 23 (revised 2007) Borrowing Costs

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement)

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' (FVTPL) category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement (see above).

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

IFRIC 18 Transfers of Assets from Customers (adopted for transfers of assets from customers received on or after 1 July 2009)

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes what item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer, with the credit recognised in accordance with IAS 18 Revenue.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations (continued)

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 (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 3 (revised 2008)	Business Combinations
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 28 (revised 2008)	Investments in Associates
IFRIC 17	Distributions of Non-cash Assets to Owners
Improvements to IFRSs (April 2009)	

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 2010.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Business Review on page 18.

a) Revenue and income recognition

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the Group from 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Foreign currency translation (continued)

(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.

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). Included with computer software, are assets under construction which are amortised from the point they go live.

(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 (2008: £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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the income statement.

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 the income statement, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the income statement.

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

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Information provided to the Chief Executive is focused on regions and as a result, reportable segments are on a regional basis.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 derivative contracts at the balance sheet date that have been valued at fair value through the income statement.

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**

In making its judgement, management considered the detailed criteria for the recognition of revenue from permanent placements where a position has been accepted by a candidate, a start date agreed, but employment has not yet commenced. A provision is made by management, based on past historical experience, for the proportion of those placements where the candidate is expected to reverse their acceptance prior to the start date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Critical accounting estimates and judgements (continued)

- **Note 13 – trade and other receivables**

In the current economic climate, there is increased uncertainty regarding customers who may not be able to pay as their invoices fall due. In reviewing the appropriateness of the provisions in respect of recoverability of trade receivables, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current economic conditions.

- **Note 14 – trade and other payables**

In 2003 Michael Page submitted an initial claim to HMRC for overpaid VAT which was rejected. Michael Page appealed and subsequently filed amended claims for £26.5m, net of fees, covering the period from 1980 to 2004. In March 2009, Michael Page filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT covering the same period. In June 2009 Michael Page received a payment from HMRC of £26.5m, net of fees, as part settlement of these claims and in July 2009 received £10.9m, net of fees, of statutory interest. On 25 September, Michael Page received a letter from HMRC which stated that, 'HMRC have reviewed the recent payment and are now of the view that the claim in whole or in part should not have been paid'.

A number of discussions and meetings with HMRC have since taken place and in respect of the initial claim, subject to legal contract, an agreement has now been reached in principle for Michael Page to retain £28.5 million (net of fees) of the £37.4 million it received. However, given the background to the initial receipt and the subsequent review and reversal of its decision by HMRC, the Group has not recognised any amount in the Income Statement due to the remaining uncertainty pending formal contractual agreement.

- **Note 16 – deferred tax**

Management has estimated the likely value of deferred tax assets in respect of trading losses carried forward.

- **Note 17 – called-up share capital**

The Group's policy for share-based payments is stated in note 1 (n). The fair value of equity settled share-based payments is partly derived from estimates of factors such as lapse rates and achievement of performance criteria. It is also derived from assumptions such as the future volatility of the Company's share price, expected dividend yields and risk-free interest rates.

2. SEGMENT REPORTING

All revenues disclosed are derived from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment operating profit represents the profit earned by each segment without allocation of central administration costs and certain recharges. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

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

		Revenue		Gross Profit		Operating Profit	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
EMEA		**311,070**	426,436	**163,729**	258,772	**1,055**	66,271
United Kingdom		**274,599**	365,602	**110,784**	176,685	**11,275**	46,557
Asia Pacific	Australia and New Zealand	**59,108**	83,643	**23,881**	40,521	**4,287**	12,760
	Other	**20,301**	27,800	**18,329**	26,254	**3,798**	9,591
	Total	**79,409**	111,443	**42,210**	66,775	**8,085**	22,351
Americas		**51,644**	69,301	**34,971**	50,470	**(212)**	5,322
		716,722	972,782	**351,694**	552,702	**20,203**	140,501

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

2. SEGMENT REPORTING (CONTINUED)

The analysis below is of the carrying amount of reportable segment assets, liabilities and non-current assets. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The individual reportable segments exclude income tax assets and liabilities. Non-current assets include property, plant and equipment, computer software and goodwill.

(b) Segment assets, liabilities and non-current assets by reportable segment

		Total Assets		Total Liabilities	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
EMEA		**117,863**	212,004	**49,504**	79,517
United Kingdom		**161,653**	128,338	**83,341**	104,697
Asia Pacific	Australia and New Zealand	**18,025**	28,129	**6,622**	6,943
	Other	**13,025**	24,473	**2,322**	2,680
	Total	**31,050**	52,602	**8,944**	9,623
Americas		**23,747**	29,252	**4,212**	8,115
Segment assets/liabilities		**334,313**	422,196	**146,001**	201,952
Income tax		**14,174**	5,358	**5,470**	14,938
		348,487	427,554	**151,471**	216,890

		Property, Plant and Equipment		Intangible Assets	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
EMEA		**13,016**	16,778	**1,166**	1,321
United Kingdom		**9,985**	12,472	**17,933**	11,614
Asia Pacific	Australia and New Zealand	**2,411**	2,546	**258**	379
	Other	**708**	1,291	**310**	66
	Total	**3,119**	3,837	**568**	445
Americas		**5,312**	6,010	**384**	475
		31,432	39,097	**20,051**	13,855

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

(c) Revenue and gross profit by discipline

	Revenue		Gross Profit	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Finance and Accounting	**408,951**	541,984	**175,743**	273,017
Marketing, Sales and Retail	**91,811**	140,599	**61,404**	103,907
Legal, Technology, HR, Secretarial and Other	**125,199**	168,167	**61,217**	93,193
Engineering, Property & Construction, Procurement & Supply Chain	**90,761**	122,032	**53,330**	82,585
	716,722	972,782	**351,694**	552,702

2. SEGMENT REPORTING (CONTINUED)

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

	Revenue		Gross Profit	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Permanent	**260,161**	448,403	**249,387**	425,655
Temporary	**456,561**	524,379	**102,307**	127,047
	716,722	972,782	**351,694**	552,702

3. PROFIT FOR THE YEAR

		2009 £'000	2008 £'000
Profit for the year is stated after charging/(crediting):			
Employment costs (Note 4)		**226,692**	308,421
Net exchange losses/(gains)*		**144**	(4,766)
Depreciation of property, plant and equipment - owned		**9,926**	9,144
Amortisation of computer software		**1,342**	1,173
Loss on sale of property, plant and equipment and computer software		**383**	596
Fees payable to the company's auditors for the audit of the company's annual accounts		**65**	65
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	**466**	459
Total audit fees		**531**	524
	- Other services pursuant to legislation	**22**	32
	- Tax services	**114**	110
	- Other services	**78**	20
Total non-audit fees		**214**	162
Total fees		**745**	686
Operating lease rentals	- land and buildings	**25,794**	20,198
	- plant and machinery	**5,785**	4,294

*This includes £80k of losses (2008: gains of £987k) 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 £82k (2008: £1,040k), which is directly offset by foreign exchange losses on the underlying intercompany loans, with an offsetting £2k (2008: £53k) charge relating to interest differentials.

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 2009 were as follows:

	2009 Average No.	2008 Average No.	2009 No.	2008 No.
Management	**172**	182	**165**	183
Client services	**2,664**	3,877	**2,351**	3,471
Administration	**1,099**	1,303	**1,033**	1,289
	3,935	5,362	**3,549**	4,943

4. EMPLOYEE INFORMATION (CONTINUED)

Employment costs (including Directors' emoluments) comprised:

	2009 £'000	2008 £'000
Wages and salaries	**182,656**	259,734
Social security costs	**27,007**	33,332
Pension costs - defined contribution plans	**8,538**	8,688
Equity settled transactions	**8,491**	6,667
	226,692	308,421

Details of Directors' remuneration for the year are provided in the Directors' Remuneration Report on pages 40 to 49.

No staff are employed by the parent company (2008: nil) hence no remuneration has been disclosed.

5. FINANCIAL INCOME/(EXPENSES)

	2009 £'000	2008 £'000
Financial income		
Bank interest receivable	**2,027**	3,878
Financial expenses		
Bank interest payable	**(1,162)**	(4,323)

6. TAXATION ON PROFITS ON ORDINARY ACTIVITIES

The charge for taxation is based on the annual tax rate of 41.0% on profit before tax (2008: 30.5%).

Analysis of charge in the year

	2009 £'000	2008 £'000
UK income tax at 28% (2008: 28.5%) for year	**8,556**	19,636
Adjustments in respect of prior periods	**(2,536)**	(364)
Overseas income tax	**4,589**	24,073
	10,609	43,345
Deferred tax expense		
Origination and reversal of temporary differences	**(1,639)**	946
Benefit of tax losses recognised	**(332)**	(1,574)
Deferred tax benefit	**(1,971)**	(628)
Total income tax expense in the income statement	**8,638**	42,717

6. TAXATION ON PROFITS ON ORDINARY ACTIVITIES (CONTINUED)

Reconciliation of effective tax rate

	2009 £'000	%	2008 £'000	%
Profit before taxation	**21,068**		140,056	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	**5,899**	**28.0**	39,916	28.5
Effects of:				
Disallowable items and other permanent timing differences	**894**	**4.2**	893	0.5
Unrelieved overseas losses	**2,051**	**9.7**	716	0.5
Utilisation of losses not previously recognised	**–**	**–**	(146)	(0.1)
Derecognition of overseas losses	**2,256**	**10.7**	–	–
Recognition of further losses not previously recognised	**–**	**–**	730	0.5
Higher tax rates on overseas earnings	**74**	**0.4**	972	0.8
Adjustment to tax charge in respect of prior periods	**(2,536)**	**(12.0)**	(364)	(0.2)
Tax expense and effective rate for the year	**8,638**	**41.0**	42,717	30.5

Tax recognised directly in equity	2009 £'000	2008 £'000
Relating to equity settled transactions	**2,418**	612

7. CURRENT TAX ASSETS AND LIABILITIES

The current tax asset of £14.2m (2008: £5.4m), and current tax liability of £5.5m (2008: £14.9m) for the Group, and current tax asset of £1.3m (2008: £1.3m) for the parent company, represent the amount of income taxes recoverable and payable in respect of current and prior periods.

8. DIVIDENDS

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2008 of 5.12p per ordinary share (2007: 5.6p)	**16,487**	17,934
Interim dividend for the year ended 31 December 2009 of 2.88p per ordinary share (2008: 2.88p)	**9,366**	9,329
	25,853	27,263
Amounts proposed as distributions to equity holders:		
Proposed final dividend for the year ended 31 December 2009 of 5.12p per ordinary share (2008: 5.12p)	**16,535**	16,316

The proposed final dividend had not been approved by shareholders at 31 December 2009 and therefore has not been included as a liability. The comparative final dividend at 31 December 2008 was also not recognised as a liability in the prior year.

The proposed final dividend of 5.12p per ordinary share will be paid on 7 June 2010 to shareholders on the register at the close of business on 7 May 2010, 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	2009	2008
Earnings for basic and diluted earnings per share (£'000)	**12,430**	97,339
Number of shares		
Weighted average number of shares used for basic earnings per share ('000)	**321,643**	321,475
Dilution effect of share plans ('000)	**7,412**	4,178
Diluted weighted average number of shares used for diluted earnings per share ('000)	**329,055**	325,653
Basic earnings per share (pence)	**3.9**	30.3
Diluted earnings per share (pence)	**3.8**	29.9

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.

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	2009 Leasehold improvements £'000	2009 Furniture, fixtures and equipment £'000	2009 Motor vehicles £'000	2009 Total £'000	2008 Leasehold improvements £'000	2008 Furniture, fixtures and equipment £'000	2008 Motor vehicles £'000	2008 Total £'000
Cost								
At 1 January	**29,184**	**45,895**	**3,108**	**78,187**	20,877	34,831	2,581	58,289
Additions	**1,346**	**3,859**	**552**	**5,757**	7,068	8,693	1,412	17,173
Disposals	**(1,765)**	**(3,846)**	**(1,319)**	**(6,930)**	(2,890)	(4,415)	(1,037)	(8,342)
Effect of movements in foreign exchange	**(990)**	**(1,622)**	**(9)**	**(2,621)**	4,129	6,786	152	11,067
At 31 December	**27,775**	**44,286**	**2,332**	**74,393**	29,184	45,895	3,108	78,187
Depreciation								
At 1 January	**13,099**	**24,823**	**1,168**	**39,090**	9,944	20,272	924	31,140
Charge for the year	**3,781**	**5,496**	**649**	**9,926**	3,235	5,163	746	9,144
Disposals	**(1,182)**	**(2,587)**	**(780)**	**(4,549)**	(2,052)	(4,147)	(589)	(6,788)
Effect of movements in foreign exchange	**(820)**	**(682)**	**(4)**	**(1,506)**	1,972	3,535	87	5,594
At 31 December	**14,878**	**27,050**	**1,033**	**42,961**	13,099	24,823	1,168	39,090
Net book value								
At 31 December	**12,897**	**17,236**	**1,299**	**31,432**	16,085	21,072	1,940	39,097

11. INTANGIBLE ASSETS

Group	2009 Computer software £'000	2009 Computer software, assets under construction £'000	2009 Goodwill £'000	2009 Total £'000	2008 Computer software £'000	2008 Computer software, assets under construction £'000	2008 Goodwill £'000	2008 Total £'000
Cost								
At 1 January	**9,518**	**9,131**	**1,539**	**20,188**	6,694	646	1,539	8,879
Additions	**902**	**6,743**	**–**	**7,645**	1,522	8,738	–	10,260
Disposals	**(253)**	**–**	**–**	**(253)**	(381)	–	–	(381)
Effect of movements in foreign exchange	**(190)**	**(7)**	**–**	**(197)**	1,683	(253)	–	1,430
At 31 December	**9,977**	**15,867**	**1,539**	**27,383**	9,518	9,131	1,539	20,188
Amortisation								
At 1 January	**6,333**	**–**	**–**	**6,333**	4,583	–	–	4,583
Charge for the year	**1,342**	**–**	**–**	**1,342**	1,173	–	–	1,173
Disposals	**(190)**	**–**	**–**	**(190)**	(330)	–	–	(330)
Effect of movements in foreign exchange	**(153)**	**–**	**–**	**(153)**	907	–	–	907
At 31 December	**7,332**	**–**	**–**	**7,332**	6,333	–	–	6,333
Net book value								
At 31 December	**2,645**	**15,867**	**1,539**	**20,051**	3,185	9,131	1,539	13,855

11. INTANGIBLE ASSETS (CONTINUED)

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.

	2009 £'000	2008 £'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, management projections for five years, followed by an assumed growth rate of 3%, which does not exceed the long-term average growth rate of the relevant markets and reflects long-term wage inflation fee growth. Management applied a discount rate of 10% to the estimated future cash flows to calculate the terminal value of those cash flows. 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 2009 there was no impairment of intangible assets.

12. INVESTMENTS

Company	Subsidiary undertakings £'000
Cost	
At 1 January 2009	424,649
Derecognised on vesting of LTIPs and deferred bonus shares	(2,072)
At 31 December 2009	**422,577**

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 2009, 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 GmbH	Austria	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
Page Personnel (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 Austria GmbH	Austria	Recruitment consultancy
Michael Page International Empressa de Trabalho Temporário e Serviços de Consultadoria Lda	Portugal	Recruitment consultancy
Michael Page International RU LLC	Russia	Recruitment consultancy
Michael Page International (SA) (Pty) Limited	South Africa	Recruitment consultancy
Michael Page International (Espana) SA	Spain	Recruitment consultancy
Page Personnel Seleccion España SA	Spain	Recruitment consultancy
Michael Page International (Sweden) AB	Sweden	Recruitment consultancy
Michael Page International (Switzerland) SA	Switzerland	Recruitment consultancy
Michael Page International NEM Istihdam Danismanligi Limited Sirketi	Turkey	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 (Beijing) Recruitment Co. Ltd	China	Recruitment consultancy
Michael Page (Shanghai) Recruitment Co. Ltd	China	Recruitment consultancy
Michael Page International (Shanghai) Consulting Ltd	China	Recruitment consultancy
Michael Page International (Japan) K.K.	Japan	Recruitment consultancy
Michael Page International (NZ) Limited.	New Zealand	Recruitment consultancy
Michael Page International Pte Limited*	Singapore	Recruitment consultancy
Michael Page International Argentina SA	Argentina	Recruitment consultancy
Michael Page Do International (Brasil) Recrutamento Especializado Ltda	Brazil	Recruitment consultancy
Page Personnel Do Recruit. Especializ. E Servs. Corpor. 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

Current	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade receivables	**107,156**	176,077	**–**	–
Less provision for impairment of receivables	**(6,959)**	(7,708)	**–**	–
Net trade receivables	**100,197**	168,369	**–**	–
Amounts due from Group companies	**–**	–	**472,676**	381,457
Other receivables	**13,102**	6,888	**8,972**	–
Prepayments and accrued income	**20,103**	28,556	**31**	355
	133,402	203,813	**481,679**	381,812
Non-current				
Prepayments and accrued income	**2,021**	1,955	**–**	–

Within other receivables is a balance of £9.0m for fees paid in respect of the VAT refund by HMRC (see note 14).

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 21.

14. TRADE AND OTHER PAYABLES

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Current				
Trade payables	**7,304**	9,780	**–**	–
Amounts owed to Group companies	**–**	–	**400,476**	340,505
Other tax and social security	**75,262**	40,332	**49,990**	–
Other payables	**18,583**	18,742	**–**	–
Accruals	**40,223**	67,872	**26**	–
Deferred income	**1,378**	295	**–**	–
	142,750	137,021	**450,492**	340,505
Non-current				
Deferred income	**2,334**	1,192	**–**	–
Other tax and social security	**547**	145	**–**	–
	2,881	1,337	**–**	–

Within other tax and social security is a balance of £50.0m relating to VAT repaid by HMRC.

In 2003 Michael Page submitted an initial claim to HMRC for overpaid VAT which was rejected. Michael Page appealed and subsequently filed amended claims for £26.5m, net of fees, covering the period from 1980 to 2004. In March 2009, Michael Page filed amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT covering the same period.

In June 2009 Michael Page received a payment from HMRC of £26.5m, net of fees, as part settlement of these claims and in July 2009 received £10.9m, net of fees, of statutory interest.

On 25 September, Michael Page received a letter from HMRC which stated that, 'HMRC have reviewed the recent payment and are now of the view that the claim in whole or in part should not have been paid'.

A number of discussions and meetings with HMRC have since taken place and in respect of the initial claim, subject to legal contract, an agreement has now been reached in principle for Michael Page to retain £28.5 million (net of fees) of the £37.4 million it received. However, given the background to the initial receipt and the subsequent review and reversal of its decision by HMRC, the Group has not recognised any amount in the Income Statement due to the remaining uncertainty pending formal contractual agreement.

14. TRADE AND OTHER PAYABLES (CONTINUED)

In respect of the amended claims for a further refund of an additional £80m, net of fees, of overpaid VAT there have been no discussions or meetings and Michael Page will continue to pursue the claim.

The fair values of trade and other payables are not materially different to those disclosed above. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

The total liability relating to other tax and social security includes a balance of £2.5m (2008: £0.8m) 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 21.

15. BANK OVERDRAFTS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank overdrafts	**43**	62,697	**43**	62,697

The carrying amounts of the Group's borrowings are all denominated in sterling.

Bank overdrafts are repayable on demand.

At 31 December 2009, the Group had available £50.0m (2008: £50.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The bank overdraft of £43k (2008: £62.7m) arose as a result of disclosing our notional pooling on a "gross" basis. On a net basis the bank overdraft balance is £nil as disclosed in note 20.

The Group's exposure to interest rate, foreign currency and liquidity risk for financial assets and liabilities is disclosed in Note 21.

16. DEFERRED TAX

The following are the major deferred tax assets and liabilities 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 2008	184	(1,947)	(1,022)	(2,196)	(4,981)
Recognised in equity for the year	–	24	–	–	24
Recognised in profit or loss for the year	–	508	(1,624)	474	(642)
Exchange differences	–	–	–	–	–
At 1 January 2009	**184**	**(1,415)**	**(2,646)**	**(1,722)**	**(5,599)**
Recognised in equity for the year	**–**	**(2,283)**	**–**	**–**	**(2,283)**
Recognised in profit or loss for the year	**–**	**(740)**	**(331)**	**(899)**	**(1,970)**
Exchange differences	**–**	**–**	**–**	**–**	**–**
At 31 December 2009	**184**	**(4,438)**	**(2,977)**	**(2,621)**	**(9,852)**

16. DEFERRED TAX (CONTINUED)

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:

	2009 £'000	2008 £'000
Deferred tax assets	(10,179)	(6,496)
Deferred tax liabilities	327	897
	(9,852)	(5,599)

At 31 December 2009, unremitted earnings of overseas Group companies amounted to £52.2m (2008: £104.6m). Unremitted earnings may be liable to some overseas tax, but should not be liable to UK tax if they were to be distributed as dividends.

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 £5.5m (2008: £1.4m) 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 £3.0m is dependent on generating future taxable profits. Of the recognised deferred tax asset, £2.3m is recognised within territories that were loss making in the current year.

17. CALLED-UP SHARE CAPITAL

	2009		2008	
	£'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	3,220	321,990,067	3,274	327,393,734
Shares issued	14	1,434,808	13	1,276,768
Cancellation of own shares	-	-	(67)	(6,680,435)
At 31 December	3,234	323,424,875	3,220	321,990,067

17. CALLED-UP SHARE CAPITAL (CONTINUED)

Share Option Plans

The Group currently has share option awards outstanding under an Executive share option scheme (ESOS) and a share option scheme (SOS). These plans are described below.

At 31 December 2009 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 1p under both the Michael Page Executive Share Option Scheme and the 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.

Year of grant	Balance at 1 January 2009	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding at 31 December 2009	Base EPS	Exercise price per share	Exercise period
2001 (Note 1)	2,224,052	–	(457,258)	(96,777)	1,670,017	n/a	175p	March 2004 - March 2011
2002 (Note 2)*	150,000	–	(35,000)	–	115,000	10.6	186p	March 2005 - March 2012
2002 (Note 2)*	142,500	–	(35,000)	–	107,500	5.8	186p	March 2006 - March 2012
2003 (Note 2)*	362,300	–	(127,300)	–	235,000	5.8	81.5p-86.1p	April 2006 - April 2013
2004 (Note 2)*	572,000	–	(133,000)	–	439,000	4.1	171p-190.3p	March 2007 - March 2014
2005 (Note 2)	1,544,889	–	(439,250)	(25,639)	1,080,000	7.5	190.75p-191.5p	March 2008 - March 2015
2006 (Note 2)	1,695,312	–	(208,000)	(231,000)	1,256,312	15.5	309.9p	March 2009 - March 2016
2007 (Note 2)	2,530,389	–	–	(348,500)	2,181,889	21.3	464.5p-494.1p	March 2010 - March 2017
2008 (Note 2)	2,979,500	–	–	(357,000)	2,622,500	30.4	255.94-285p	March 2011 - March 2018
2009 (Note 3)	–	7,205,000	–	(295,000)	6,910,000	n/a	187.5-211.84p	March 2012 - March 2019
Total 2009	12,200,942	7,205,000	(1,434,808)	(1,353,916)	16,617,218			
Weighted average exercise price 2009 (£)	2.79	1.91	1.91	3.04	2.46			
Total 2008	11,090,941	3,141,000	(1,276,768)	(754,231)	12,200,942			
Weighted average exercise price 2008 (£)	2.69	2.80	1.75	3.15	2.79			

*These options have fully vested

4,232,333 options were exercisable at the end of 2009 at a weighted average exercise price of £2.14 (2008: £1.74).

Executive Share Option Scheme (ESOS)

Using the ESOS, awards of share options can be made to key management personnel and senior employees to receive shares in the entity. Share 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".

No awards were made under the ESOS scheme in 2009.

17. CALLED-UP SHARE CAPITAL (CONTINUED)

ESOS 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.

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 2009, the performance conditions were met for 81.8% (2008: 81.8%) of the outstanding share price dependent options.

At 31 December 2009, 18.2% of the options remained unvested (2008: 18.2%). In order for these remaining options to have vested by 31 December 2009 a share price of £10.96 (2008: £9.64) would have been required.

At this stage it is not expected that the remaining 18.2% of options will vest prior to the awards lapsing on 30 March 2011.

Note 2 Grants post flotation

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. The respective base earnings per share for each grant are shown in the table on page 77.

Share Option Scheme (SOS)

Note 3

Executive Directors of the Company are not eligible to participate in this scheme. Any exercises of awards made under this plan must be settled by market purchased shares.

This new scheme was created in 2009 to provide an effective plan under which to grant awards in 2009. It was the Board's view that grants made under the existing ESOS plan, which would have required an increase over the 2008 base earnings per share of at least 3% per annum above the growth in the UK Retail Price Index by 2011, would be achievable due to the impact of the global downturn on the Group's EPS and thus would not provide the required retention incentive.

The 2009 grant made under the SOS plan is subject to a performance condition that will be tested, initially, three years after the date of grant and then annually until either the entire grant has vested, or ten years from the date of the award have elapsed, in which case any awards outstanding under the grant will lapse. The performance condition is directly linked to the Group's Operating Profit. If Operating Profit is £30m then 30% of the award would vest. For every £1m of Operating Profit over £30m, a further 1% would vest. 100% of the award would vest if Operating Profit was £100m.

17. CALLED-UP SHARE CAPITAL (CONTINUED)

Share Option valuation and measurement

In 2009, options were granted on 9 March with the estimated fair values of the options granted on that day of £0.76. In 2008, options were granted on 6 March. The estimated fair values of the options granted on that date was £1.17.

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 2009 have an exercise price in the range of 81.5 pence to 494.1 pence and a weighted average contractual life of 6.2 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 Plans		Incentive Share Scheme		Deferred Bonus Shares	
	2009	2008	2009	2008	2009	2008
Share price (£)	1.88	2.85	1.88	2.85	1.88	2.85
Average exercise price (£)	1.91	2.85	Nil	Nil	Nil	Nil
Weighted average fair value (£)	0.76	1.17	1.88	2.80	1.88	2.80
Expected volatility	63%	52%	63%	52%	63%	52%
Expected life	5 years	5 years	3 years	3 years	2 years	2 years
Risk free rate	2.19%	5.25%	2.04%	5.25%	1.46%	5.25%
Expected dividend yield	4.27%	2.81%	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 £8.5m (2008: £6.7m) related to equity-settled share-based payment transactions during the year.

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 42 to 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.

18. 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. There was no movement in the year as any shares repurchased were purchased into the employee benefit trust rather than cancelled.

Reserve for shares held in the employee benefit trust

At 31 December 2009, the reserve for shares held in the employee benefit trust consisted of 5,925,597 ordinary shares (2008: 7,010,335 ordinary shares) held for the purpose of satisfying awards made under the Incentive Share Plan and deferred shares under the Annual Bonus Plan, representing 1.8% of the called-up share capital with a market value of £22.5m (2008: £15.1m).

18. RESERVES (CONTINUED)

Reserve for shares held in the employee benefit trust (continued)

A total of 4,370,402 shares have been allocated to satisfy share awards made under the Incentive Share Plan, and 881,787 deferred shares have been allocated under the Annual Bonus Plan. Dividends are paid on these shares and they are included in the EPS calculation.

Following the allocation of awards made under the above mentioned plans, to date 673,408 ordinary shares remain unallocated in the reserve. Dividends on these shares are 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.

19. CASH FLOWS FROM OPERATING ACTIVITIES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Profit before tax	21,068	140,056	73,567	320,091
Depreciation and amortisation charges	11,268	10,317	–	–
Loss on sale of property, plant and equipment, and computer software	383	596	–	–
Share scheme charges	8,491	6,667	–	–
Net finance (income)/expense	(865)	445	332	3,800
Operating cash flow before changes in working capital	40,345	158,081	73,899	323,891
Decrease/(increase) in receivables	70,911	24,963	(90,895)	(263)
(Decrease)/increase in payables	(37,497)	2,162	62,070	(268,347)
Cash generated from underlying operations	73,759	185,206	45,074	55,281
Increase in VAT claim related receivables	(8,972)	–	(8,972)	–
Increase in VAT claim related payables	49,990	–	49,990	–
Cash generated from operations	114,777	185,206	86,092	55,281

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash at bank and in hand	127,293	133,467	–	–
Short-term deposits	9,935	23,513	–	–
Cash and cash equivalents	137,228	156,980	–	–
Bank overdrafts	(43)	(62,697)	(43)	(62,697)
Cash and cash equivalents in the statement of cash flows	137,185	94,283	(43)	(62,697)
Net funds/(debt)	137,185	94,283	(43)	(62,697)

The Group operates a multi-currency notional cash pool. 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 have been reported 'gross' on the balance sheet. On a 'netted' pro forma basis, cash and cash equivalents and overdraft balances would have been £43k lower, resulting in £137.2m cash and cash equivalents and £nil bank overdraft balances.

Within cash generated from operations is a net balance of £41.0m relating to a VAT refund by HMRC (see note 14).

21. 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.

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 2009 amounted to £100.2m (2008: £168.4m).

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 receivables balance are debtors with a carrying amount of £37.4m (2008: £77.0m) 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 40 days in excess of the initial credit period (2008: 56 days).

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other receivables (continued)

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2009 £'000	Provision 2009 £'000	Gross trade receivables 2008 £'000	Provision 2008 £'000
Not past due	62,942	167	91,600	272
Past due 0-30 days	27,880	85	48,883	233
Past due 31-150 days	11,466	1,839	30,414	2,023
More than 150 days	4,868	4,868	5,180	5,180
	107,156	6,959	176,077	7,708

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 2% 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, ageing profile, maturity and existence of previous financial difficulties.

Movement in the allowance for doubtful debts

	2009 £'000	2008 £'000
Balance at beginning of the year	7,708	3,733
Impairment losses recognised on receivables	8,665	13,017
Amounts written off as uncollectable	(1,932)	(602)
Amounts recovered during the year	(4,131)	(2,738)
Impairment losses reversed	(3,351)	(5,702)
Balance at end of the year	6,959	7,708

The majority of the allowance for doubtful debts are individually impaired trade receivables with a balance of £3.4m (2008: £2.6m) 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	
	2009 £'000	2008 £'000
EMEA	55,783	97,445
United Kingdom	28,705	49,619
Asia Pacific	9,384	11,860
Americas	6,325	9,445
	100,197	168,369

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk (continued)

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

	Carrying amount	
	2009 £'000	2008 £'000
EMEA	586	778
United Kingdom	5,830	9,321
Asia Pacific	3,577	4,354
Americas	1,183	2,106
	11,176	16,559

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 and in note 13. There is no material effect on pre-tax profit if the instruments are accounted for at fair value or amortised cost.

(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.

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			
2009	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	5,360	1,728	216	–
Accruals and other payables	26,849	71,327	13,425	2,881
Bank overdraft	43	–	–	–

	Carrying amount			
2008	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	7,920	501	1,359	–
Accruals and other payables	45,540	34,350	24,923	1,337
Bank overdraft	62,697	–	–	–

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 page 85. 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 Business Review.

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 rate paid on bank overdrafts was 2.4% (2008: 6.0%).

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.

All derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through the income statement. The group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are undertaken to manage the risks arising from underlying business activities.

Information on the fair value of derivative financial instruments held at the balance sheet date is shown in the table below.

	Contract amounts		Derivatives at fair value	
Derivatives Financial Instruments	**2009 £m**	**2008 £m**	**2009 £m**	**2008 £m**
Derivative Assets	**10.0**	15.1	**10.0**	**16.1**
Derivative Liabilities	**(10.0)**	(15.1)	**(10.1)**	**(15.6)**

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 85. 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 2008.

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.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis - currency risk (continued)

	2009 Equity £'000	PBT £'000
Euro	(3,915)	5,167
Australian Dollar	(1,342)	1,317
Swiss Franc	(706)	486
Hong Kong Dollar	(492)	711
Brazilian Real	(1,035)	25
United States Dollar	169	641
Other	(783)	950

	2008 Equity £'000	PBT £'000
Euro	(9,811)	(1,798)
Australian Dollar	(2,892)	(1,465)
Hong Kong Dollar	(1,520)	(694)
Swiss Franc	(1,317)	(490)
Brazilian Real	(838)	(568)
United States Dollar	(299)	320
Other	(1,913)	(415)

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.

22. COMMITMENTS

Operating lease commitments

At 31 December 2009 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Leases which expire:				
Within one year	1,677	4,681	316	2,412
Within two to five years	38,034	41,749	4,901	9,354
After five years	55,386	65,034	–	–
	95,097	111,464	5,217	11,766

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.

Capital commitments

The Group had contractual capital commitments of £0.1m as at 31 December 2009 (2008: £0.2m) relating to property, plant and equipment. The Group had contractual capital commitments of £1.6m as at 31 December 2009 (2008: £0.1m) relating to computer software.

23. CONTINGENT LIABILITIES

The Company has provided guarantees to other Group undertakings amounting to £2.3m (2008: £2.3m) in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

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 2009 amounted to £2.6m (2008: £5.0m).

24. EVENTS AFTER THE BALANCE SHEET DATE

- Between 31 December 2009 and 4 March 2010, 174,012 options were exercised, leading to an increase in share capital of £1,740 and an increase in share premium of £375,770.
- A number of discussions and meetings with HMRC have taken place since the year end in relation to the VAT claim, see note 14.

25. 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 40 to 49. Over and above these transactions, equity settled transactions for the year were £1.1m (2008: £0.9m). Transactions with the remaining members of the Executive Board are disclosed below:

	2009 £'000	2008 £'000
Short-term employee benefits	1,822	2,232
Pension costs - defined contribution plans	112	142

The decrease in emoluments in the current year represents a decrease in the bonus award.

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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
	75,965	325,264	472,676	381,457	400,476	340,505

Five Year Summary

	2005 £'000	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Revenue	523,810	649,060	831,640	**972,782**	**716,722**
Gross profit	267,581	348,817	478,094	**552,702**	**351,694**
Operating profit	66,519	97,367	149,432	**140,501**	**20,203**
Profit before tax	66,136	96,959	147,441	**140,056**	**21,068**
Profit attributable to equity holders	49,630	65,447	101,734	**97,339**	**12,430**
Conversion	24.9%	27.9%	31.3%	**25.4%**	**5.7%**
Basic earnings per share (pence)	14.8	19.6	31.1	**30.3**	**3.9**

Shareholder Information and Advisers

Annual General Meeting

To be held on 21 May 2010 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 2009

To be paid (if approved) on 7 June 2010 to shareholders on the register on 7 May 2010.

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
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Auditors

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Solicitors

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De Entree 99
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Key dates

Ex-Dividend date	5 May 2010
Record date	7 May 2010
Annual General Meeting	21 May 2010
Payment of proposed final ordinary dividend	7 June 2010
Interim results announcement	16 August 2010

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 2009, 323,424,875 ordinary shares have been allotted, called-up and fully paid (see Note 17, 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. If the quorum is not fixed by the Directors, the quorum shall be two.

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) any arrangement for the benefit of the employees and directors and/or former employees and directors of the Company or any of its subsidiaries and/or the members of their families or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to him any privilege or advantage not generally accorded to employees and/or former employees to whom the arrangement relates;

(e) 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

(f) 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.

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.

Cautionary statement

The Business Review has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed.

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

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

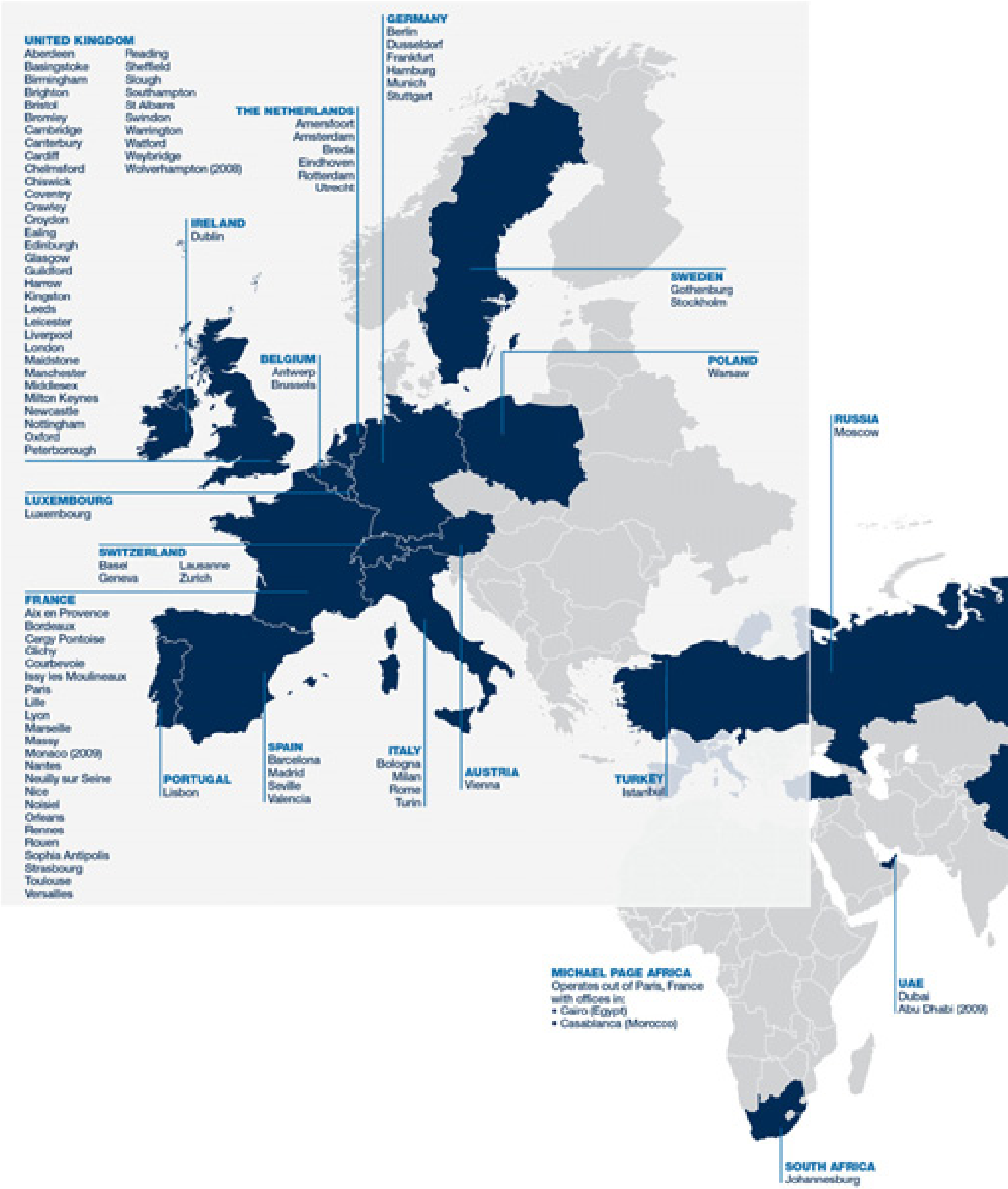
1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

2. the Business Review, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

S Ingham
Chief Executive
5 March 2010

S Puckett
Group Finance Director
5 March 2010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MICHAEL PAGE AFRICA
Operates out of Paris, France
with offices in:
• Cairo (Egypt)
• Casablanca (Morocco)
UAE
Dubai
Abu Dhabi (2009)
SOUTH AFRICA
Johannesburg

Our Office Locations

Growing entirely organically, rather than by mergers or acquisitions, we now have over 3,500 people in 136 offices in 28 countries worldwide.