ANNUAL REPORT AND ACCOUNTS 2011

ARGENTINA
AUSTRALIA
AUSTRIA
BELGIUM
BRAZIL
CANADA
CHINA
FRANCE
GERMANY
HONG KONG
INDIA
IRELAND
ITALY
JAPAN
LUXEMBOURG
MALAYSIA
MEXICO
MOROCCO
THE NETHERLANDS
NEW ZEALAND
POLAND
PORTUGAL
QATAR
RUSSIA
SINGAPORE
SOUTH AFRICA
SPAIN
SWEDEN
SWITZERLAND
TURKEY
UAE
UK
USA

Michael Page
INTERNATIONAL

In just thirty-six years, Michael Page International has grown to become one of the world's best-known and most respected recruitment consultancies. Today, we are proud to set the standard within our profession for specialist service, with a personal touch.

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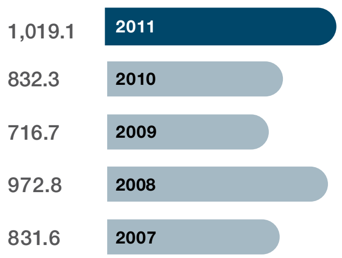
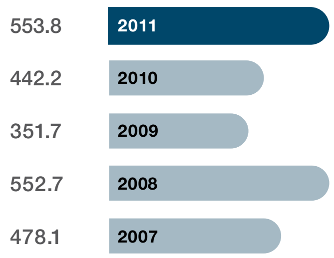
HIGHLIGHTS:

Strong results benefiting from geographic and discipline diversification

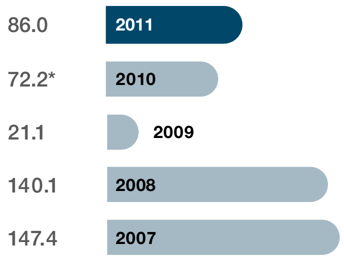
Revenue (£m)



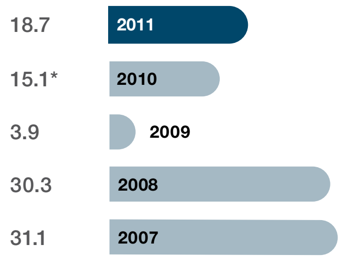
Gross Profit (£m)



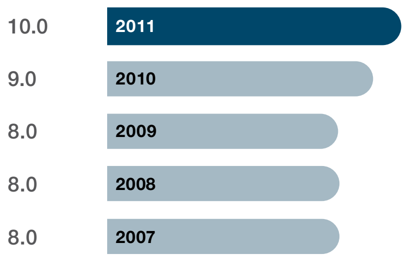
Profit Before Tax (£m)



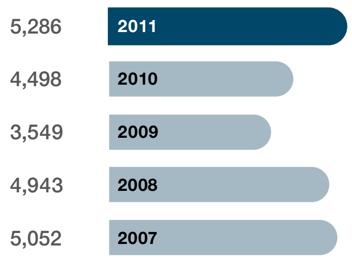
Basic Earnings Per Share (pence)



Dividend Per Share (pence)



Headcount At Year End



- Strong results despite challenging macro economic backdrop
- 25% (23%*) growth in gross profit to a record level of £553.8m
- Benefiting from geographic diversification with growth in all regions
- Continued organic investment with 17 new offices and 3 new country openings in 2011
- Gross profit from permanent placements growing at 28% (25%*)
- Share repurchases of £30.3m during 2011
- Strong balance sheet with net cash at year end of £58.2m
- Total dividend increased 11% to 10.0p (2010: 9.0p)
- Headcount at year end of 5,286, up 17.5% on 2010

*Before non-recurring items.

Chairman's statement

Strengths

Before joining the Michael Page Group, as anyone should before joining a company, I did a thorough assessment. Very quickly I was able to identify the business has a powerful set of strengths:

- A focused strategy of organic growth – rolling out Michael Page and Page Personnel into country after country, city after city, discipline after discipline;
- An expanding presence in many growth markets, including Asia and Latin America;
- Powerful global brands recognised everywhere;
- One of the strongest "make it happen" cultures I have come across in forty years;
- A work hard / play hard / go anywhere management group; and
- A small and effective Board whose members are a real team and great colleagues.

We are free of the constraints that hold back countless businesses.

We have:

- No debt to speak of;
- No unfunded pension scheme;
- No acquisition integration problems;
- No layers of bureaucracy; and
- No burdensome fixed costs.

Performance

In a difficult worldwide economy MPI has continued to grow, with gross profit up 23% on the year. This has been driven not only by our Asian and Latin American businesses, but also by Germany and other EMEA countries.

Further detail on our performance is in the Business Review on page 12.

Dividend

We are committed to increasing the dividend over the course of the economic cycle in line with our long-term growth rate. That way, we can maintain a sustainable level of dividend payment during downturns, as well as during more prosperous times. In respect of the 2011 financial year, we intend to pay a final dividend of 6.75p, bringing the full year dividend to 10.0p (2010 9.0p).

The Board

Our board is undergoing considerable change. Last year it was announced that Stephen Puckett, our Group Finance Director, was leaving, but would stay until his successor had been found. Andrew Bracey in January agreed to join us as Chief Financial Officer. He starts in April. We are delighted to have him. Stephen continues his responsibilities and will ensure a smooth transition to Andrew is completed. We are grateful for his dedication and professionalism.

We recently announced that Charles-Henri Dumon had left the plc board. His responsibilities have been assumed by the Regional Managing Directors responsible for Continental Europe and the Americas, who will now report directly to Steve Ingham, our CEO. I would like to thank Charles-Henri for his many successes over 27 years of service.

Hubert Reid, our Senior Independent Director (SID), is stepping down at the AGM after nine years on the Board. Hubert has been the ideal SID. I shall miss his wise counsel. Ruby McGregor-Smith, Chairman of our Audit Committee, has kindly agreed to step into the role. A search for a new Non-Executive Director is underway.

Lastly, but by no means least, our Chairman for ten years, Sir Adrian Montague, left the Board on 31st December. I am very grateful to Adrian for his thoughtful advice and for the way he handled the transition. The Board and the Company have been particularly fortunate to have had him leading the Board since 2002. He has left the Company looking very different than when he started – more global, more diversified and substantially larger.

Governance

There are three elements of our governance that are particularly important. The Board debates and decides on strategy, holding the Executive team accountable for its execution. We ensure that we have and will have the most talented leadership, both within the Executive and on the Board. We always ask, "what is the right thing to do?" so that everyone involved with the Michael Page Group can continue to be proud of us. My job is to make sure these three things happen. Further details of how the Company is governed and how the Board is run are given elsewhere in this report.

Looking Ahead

Our priorities for 2012 are clear. We will continue executing on our organic growth strategy; we will continue the investment in and implementation of new systems to support our candidates, clients and consultants; and we will build an even more global business, organisation and culture. The Board will concentrate on supporting and challenging our management team to ensure this happens.

As a so-called "cyclical growth" company, we are exposed to the ups and downs of the global economy. We cannot affect that, but the Group will respond to it nimbly, as it always has done. We have every reason to be very grateful to the people of the Michael Page Group who make that happen.

Robin Buchanan
Chairman
6 March 2012

Overview

+25%
GROWTH IN GROSS PROFIT AND RAPID PROFIT RECOVERY

+20%
GROWTH IN OPERATING PROFIT UNDERLYING*

£59m
OF CASH PAID IN DIVIDENDS AND SHARE REPURCHASES

+11%
INCREASE ON FULL YEAR 2010 DIVIDEND

+18%
GROWTH IN HEADCOUNT

£58m
OF NET CASH AT END OF 2011

*Before non-recurring items.

BUSINESS PERFORMANCE IN 2011:

Recovery in our profits, strong cash position and continued confidence in the future

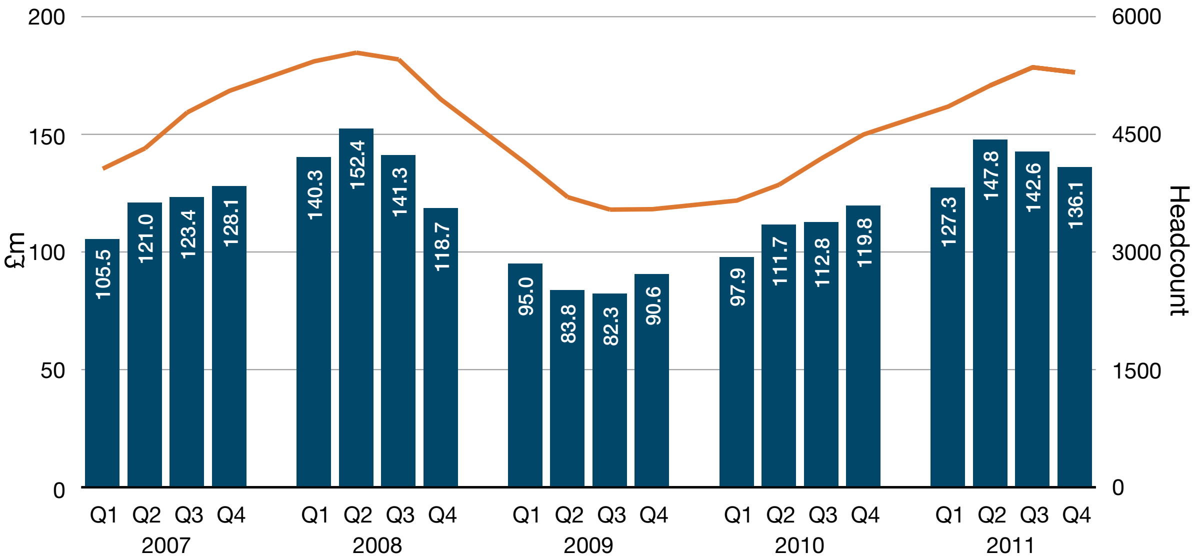
Reported revenue for the year was just over £1billion, up 22% on 2010 and up 20% in constant currency. This was our first ever year with revenue in excess of £1billion. Gross profit was up 25% at £554m, which in constant currency is 23% ahead of 2010. Operating profit was £86m, up 20% on last year. Profit before tax was £86.1m, which was lower than the £101m in 2010 due to £28.5m of income related to a refund of VAT recorded in 2010. Basic earnings per share were 18.7p, up 23.8% on the 2010 basic EPS before non recurring items.

We propose to increase the final dividend by 10.3% to 6.75p per share and this will be paid on 6th June. This would make the full year dividend 10p per share, which is 11.1% up on 2010 and in line with our policy of setting a level of dividend we believe is sustainable throughout cycles. In the first half, we also returned £30m to shareholders, repurchasing and cancelling 5.7m shares.

Gross profit from permanent placements grew at 28%, with temporary placements growing at 17%. As a consequence, the ratio of our gross profit for the year was 79% from permanent placements and 21% from temporary placements.

Cash flow for the year was strong, with just over £103m of cash generated from operations. Taxation paid was £37m and net capital expenditure was £29m, which includes our continued expenditure on systems and the investment in the opening of a number of offices in markets where we are growing quickly. Dividends paid in the year were £28.5m and the already mentioned share repurchases of £30m, resulted in a net cash outflow of £20m. Our net cash position remains strong at just under £60m.

HEADCOUNT AND GROSS PROFIT AS REPORTED

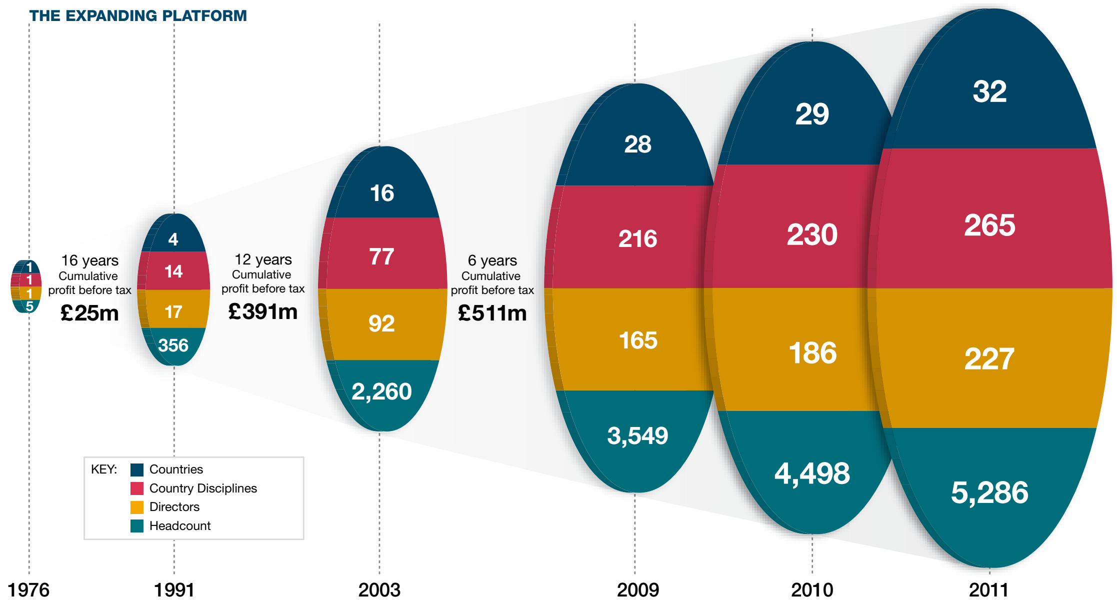


A BUSINESS STRUCTURE FOR GROWTH:

Focus on expanding in faster growing and less-developed markets with limited competition

Organic development of the business

In order to grow rapidly, you have to have the platform or foundations to support it. We believe we have that, with over 2,400 years of Michael Page Director experience now spread over 34 countries. This ensures we meet the needs of global or international clients and candidates who have increased geographic mobility, with a consistent quality, culture and set of values worldwide. With a meritocratically, home-grown, management team it creates a high level of trust, retains our entrepreneurs, as we are constantly launching new businesses, and makes lines of communication clear and simple. As we go through cycles, we protect the platforms and in downturns invest modestly, increasing the rate in upturns. Last year, our headcount grew by nearly 800, as we grew existing offices and countries and launched three new ones, Qatar, Malaysia and India. In the first two months of 2012, we have opened in two new countries, Colombia and Morocco.



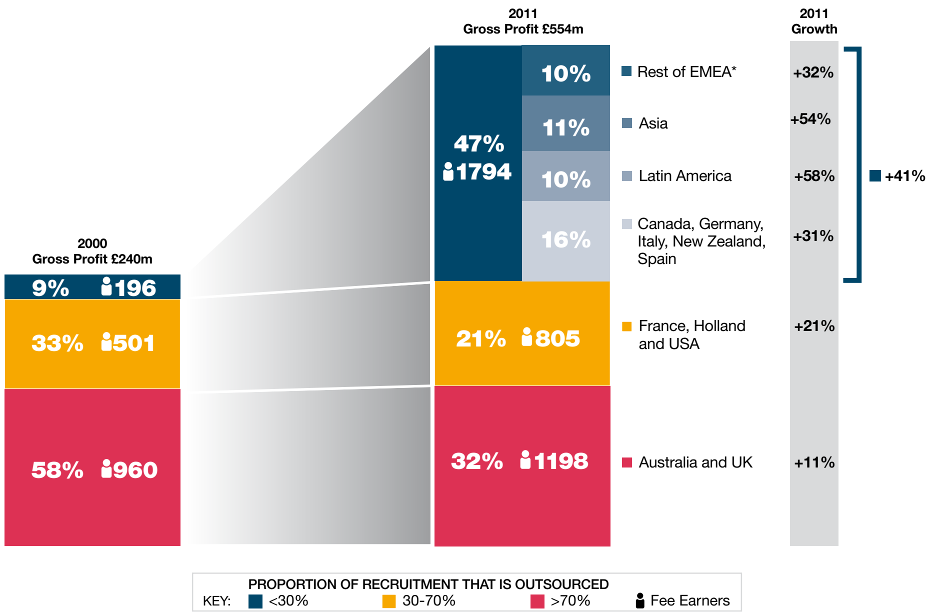
We have continued to pursue a strategy of organic growth, diversification and positioning the Group in markets with low levels of competition.

Positioned for growth

Our growth is organic, but strategically, as well as growing existing business, our objective is to expand into less developed recruitment markets where, as a result, competition is far more limited. Many of these markets are emerging economies and are growing far faster than established ones, such as the UK. Only 11 years ago 58% of our gross profit came from the most developed and competitive Australian and UK markets, whereas only 9% was from the least developed and least competitive markets. Our ability to grow fastest is naturally where markets have the potential to develop and where competition is weakest. At the end of 2011, we have 47%, or to be precise 1,794, of our fee earners in these "higher potential" markets and that figure is growing fast. Our track record of growth in this underdeveloped category is over 40% compound annual growth rate of gross profit.

Numerous opportunities for long-term growth so we will continue to invest.

Almost 50% of fee earners now in markets where competition is low.



DEVELOPING LATIN AMERICA:

Market leading business representing over 10% of Group gross profit

Right place, right time – Latin America

We are very proud of what we have achieved in what we regard as the areas of biggest opportunities for future growth for the Group. These markets, not withstanding language, culture and security issues, are very different from where Michael Page started. While launching and growing businesses is never easy, the challenge only increases with these additional issues and complexities to master. Eleven years ago we made that call in Latin America, with our first office of five people in Sâo Paulo. There are very few shortcuts: you have to have the right management, the right proposition, the right vision, the right support and a long-term commitment. The management team were Patrick Hollard and Olivier Lemaitre, two members of today's Executive Board.

Four years later we opened office number two, in Rio de Janeiro. By this time we had Brazilian managers, Roberto Machado and Paulo Pontes, who joined the Group at the start of our Latin American journey in Sâo Paulo and were growing rapidly and capable of taking on more responsibility.

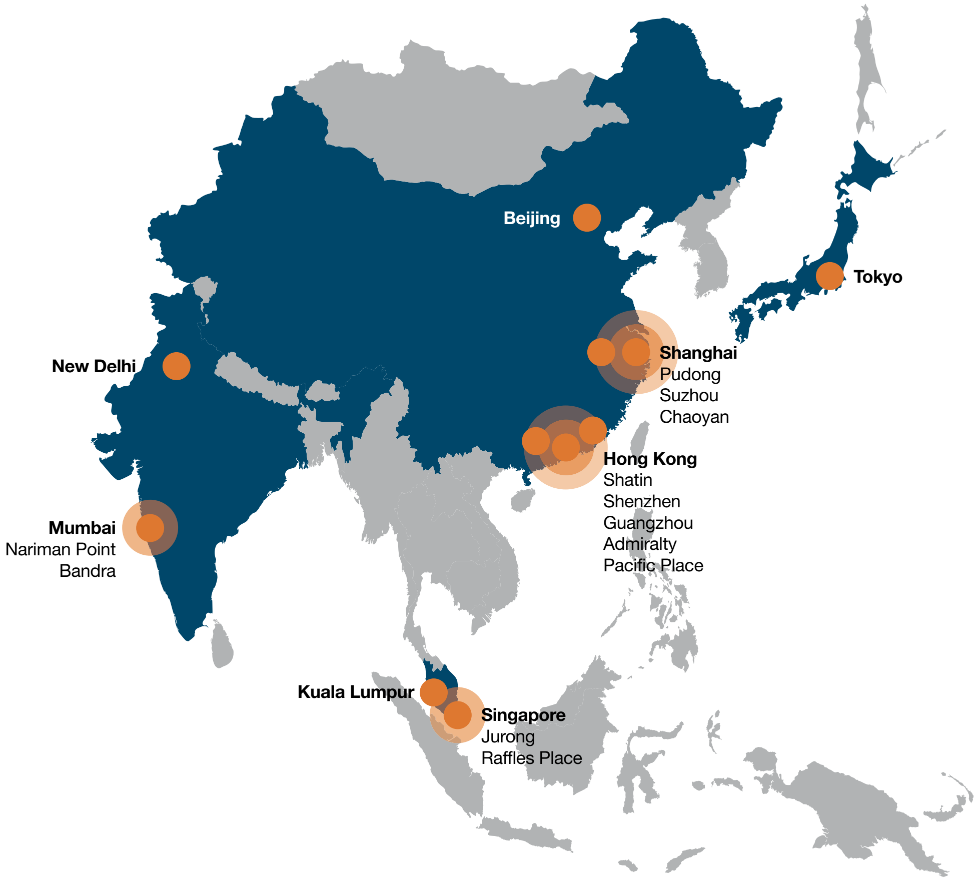
Three years later in 2007, we had expanded our Brazilian business to five offices and launched Page Personnel. In addition, we had opened in Mexico City. One advantage of also being the market leader in Southern Europe is that we have linguists who are attracted by the Latin culture who we can use in the short or medium-term to supplement the local management team and accelerate our investment. In 2007, Roberto moved from Brazil to launch Michael Page Argentina, with an office in Buenos Aires. Headcount in the region was by then up to 261.

By 2011, with the management team growing and our continued investment, the business has boomed. We opened in Santiago, Chile, in 2010 also under Roberto and this grew throughout 2011 to over 30 in headcount. Argentina and Mexico continued to expand, with a total headcount of over 150. Offices continued to open, with a second in Mexico and three new offices in Brazil, including Porto Alegre. This year our investment continues, with the new country launch of Colombia with our first office in Bogota. Patrick runs Latin America, Roberto Argentina, Chile and Colombia and Paulo, Brazil.

The long-term future looks very positive, with lots more to do and build on.

DEVELOPING ASIA:

Strength of management to succeed in high potential, challenging markets



Right place, right time – Asia

In Asia, it's a similar story to Latin America, with different challenges, languages, cultures and economies. At the same time we launched in Brazil, we were just two offices in Asia – Singapore and Hong Kong – at that time, the two most obvious locations to have offices.

One year later we had opened in Japan, with management transferred from Hong Kong, as well as our first office in mainland China, in Shanghai in 2003. The language and cultural challenges we found were greater to overcome than Latin America, but gradually we were growing our own management expertise.

As a result, we found it easier to open larger offices in existing locations than to open more offices. In the following four years we grew headcount by 137% to 211, with only one new office opened. By now our team, supplemented by other experienced Michael Page management who were excited by the region, was strong enough to accelerate our growth.

In the last four years, taking us up to the start of 2012, we have opened eleven new offices, opened several new countries, including India and Malaysia, increased our headcount by over 300 to 520 and launched Page Personnel into Singapore and Hong Kong.

Our business in India, in its first year, has grown to 50 people across 3 offices and the early signs are very promising. We have committed to a further twenty-five new joiners, hired through the MBA campus programme and, with limited competition, we believe, with the right investment our prospects are good.

In the first few months of 2012, we have opened another office in China, in Suzhou and will soon open in Taipei, Taiwan.

Asia for us is typically a permanent recruitment market that, compared to the rest of Michael Page, has our highest conversion rates. Today, we have a very solid foundation on which to build and we now understand how to continue to accelerate the growth.

EXPANDING OUR REACH:

Organic career moves enable a consistent global model

We've always believed that the only way to grow is organically and this airline style map shows how our organic development has moved Directors around the world, with some of the most recent highlighted. In addition, many more managers and consultants are transferred around in a similar way, helping with their career development and retention.

This movement of talent has continued so that we could exploit new markets, such as India, and where we needed to strengthen management teams, such as Holland. We believe this strength and depth of Michael Page management experience in each of the regions in which we operate is the key factor that has enabled us to achieve what we have and it gives us the confidence that we can achieve a lot more.

At the start of 2012, we also opened in two new countries, Colombia and Morocco and expect to open in Taipei in Taiwan at the end of the first quarter of 2012.

Colombia

We started our new business in the capital, Bogota, with the Finance & Accounting, Sales & Marketing, Engineering & Manufacturing and Supply Chain & Procurement disciplines.

Colombia has the second largest population of any Spanish-speaking country in the world, and is an important hub for companies operating in the northern part of South America. It is also the only country in South America to have coasts on both the Pacific and Atlantic Oceans. The country is famous for the production of coffee, flowers, emeralds, coal and oil.

Roberto Machado, who also runs both our Argentinean and Chilean businesses, is Managing Director of Michael Page Colombia and Beltrán Benjumea, who has been with Michael Page for ten years, runs the Bogota office.

Morocco

We launched our new business in Casablanca with the Finance & Accounting, Sales & Marketing, Engineering & Manufacturing and Supply Chain & Procurement disciplines. Morocco is a stable, constitutional monarchy of 31 million people, and has produced sustained economic growth of 4.5% on average over the last eight years.

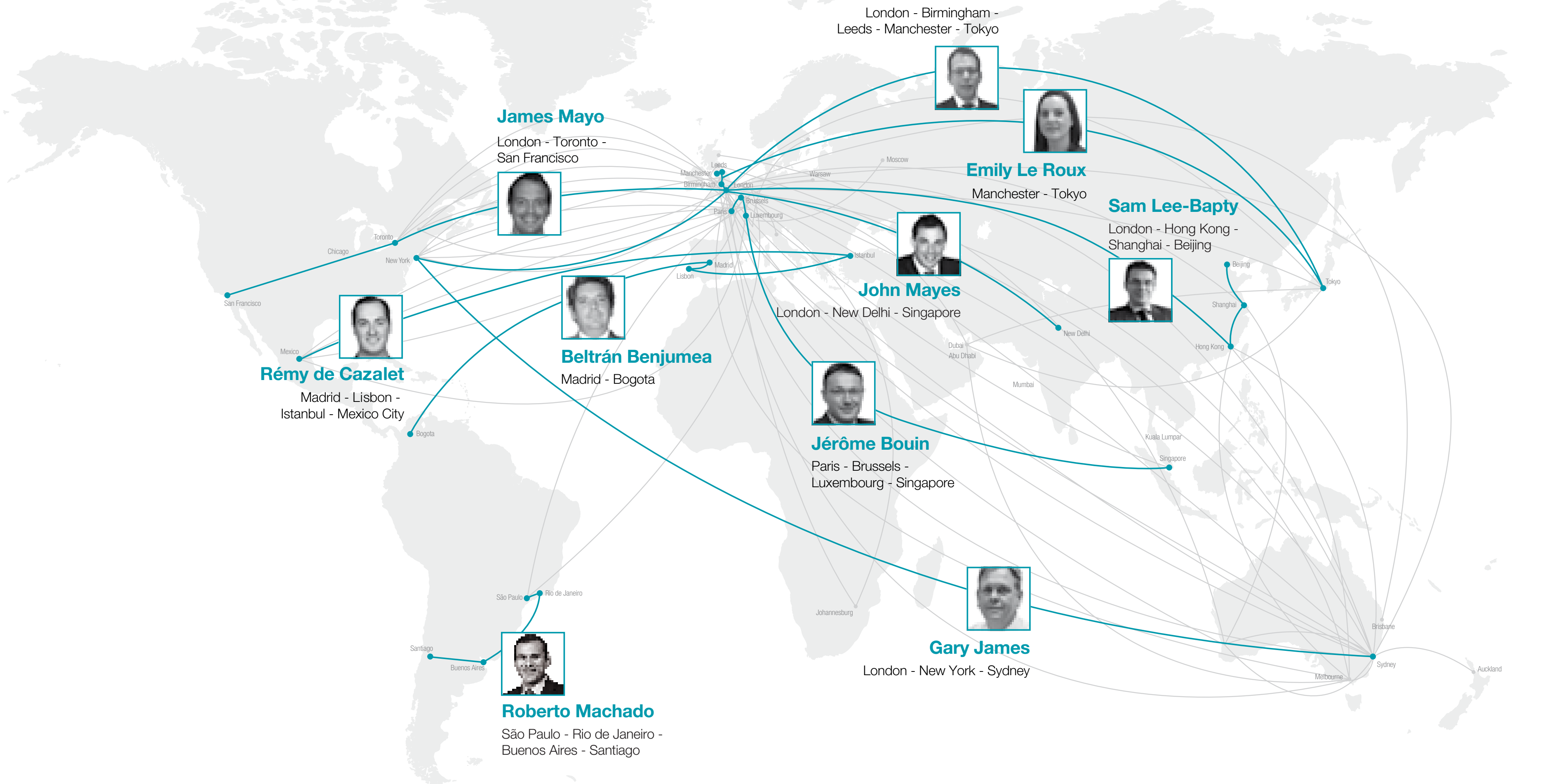
The country is fast becoming an important regional hub for companies operating in North Africa, Western France and Central Africa. It has free trade agreements with the EU and the USA, and is a large recipient of investment from the Middle East.

Boualem Kadi, who has worked within our African desk for Michael Page for six years, is Director of Michael Page Morocco.

Taiwan

We are due to launch our new business in Taipei, at the end of Q1 2012, initially with Finance & Accounting. Taiwan has a dynamic, capitalist, export-driven economy. The trade surplus is substantial and foreign reserves are the world's fifth largest. In 2010, economic growth reached c.11%, the highest rate in almost 30 years, international trade jumped more than 39% and the job market rose with most businesses looking to recruit. There are also strong flows of candidates in and out of Taiwan, with many heading for Asian cities.

Chris Preston runs the new team in Taipei, transferring from Shanghai where he learned much about recruitment in China. His career with us started in London with Michael Page Sales.



Business review

To the members of Michael Page International plc

As required by section 417 of the Companies Act 2006, we set out our Business Review, which outlines what we believe to be a balanced and comprehensive analysis of the development and performance of the company.

The business review discusses the following areas:

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Group strategy

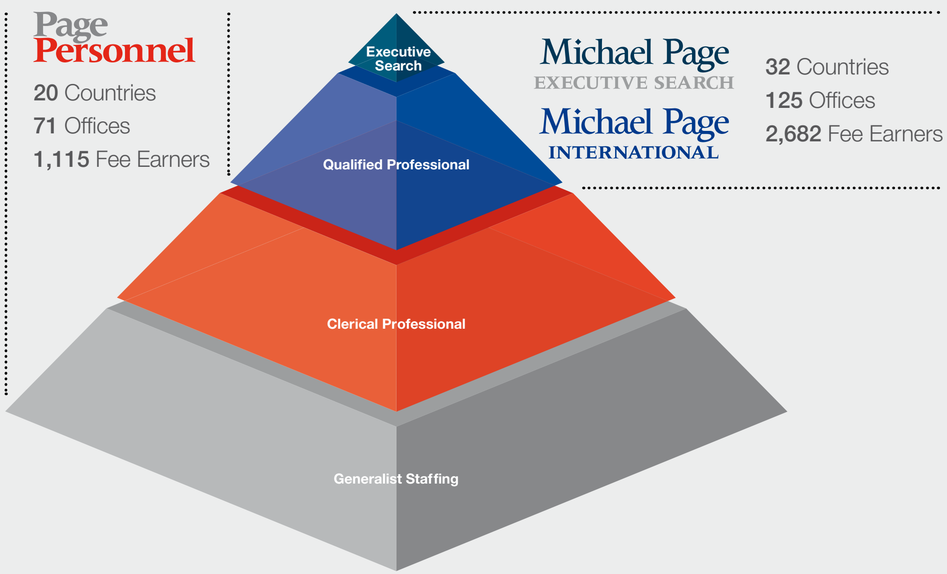
The Group's strategy is to expand and diversify the business by industry sectors, by professional disciplines, by geography and by level of focus, be it Page Personnel, Michael Page or in Executive Search, with the objective of being the leading specialist recruitment consultancy in each of our chosen markets.

As recruitment activity is dependent upon economic cycles, 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.

Our organic growth is achieved by drawing upon the skills and experiences of proven Michael Page management, ensuring we have the best and most experienced, home-grown talent in each key role. When we invest in a new business, we do so only with a long-term objective and in the knowledge that at some point there will be periods when economic activity slows. Whilst 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 remains our intention in the future to maintain our presence in our chosen markets, while keeping close control over our cost base.

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

Pursuing this approach does mean that in an economic downturn our profitability declines as, in addition to the lower productivity levels that come with a slowdown, we also carry spare capacity. However, when market conditions improve, the Group's profitability recovers quickly as spare capacity is utilised. Adopting this strategy in times of economic slowdown also drives our financing strategy and the management of our balance sheet position. In periods of economic slowdowns, the business has continued to produce strong cash flows, as working capital requirements reduce. However, with uncertainty around the length and depth of any economic slowdown, a strong balance sheet is essential in order to support the businesses through tougher periods and as economic conditions improve and the businesses start growing, to fund increased working capital requirements.



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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.

Review of 2011

The economic recovery continued during the first half of 2011. However, in July 2011, our Financial Services business started to weaken as concerns over the Eurozone began to emerge and economic growth expectations in Asia and the Americas were revised downwards. As the crisis around the Eurozone and sovereign debt deepened, business confidence levels began to fall with clients becoming more cautious about their investment in headcount and candidates becoming more cautious about changing roles.

The slowing in activity levels impacted initially the more developed recruitment markets in the UK and Europe, but as concerns across the globe deepened, growth rates in emerging markets were also affected, particularly in markets where we have a greater reliance on international clients.

During the first half of 2011, as Continental European markets were continuing to show signs of recovery and we were experiencing rapid growth in Asia Pacific and Latin America, we increased our headcount by 354 in the first quarter and by 269 in the second quarter. During the third quarter we added a further 229 heads, as we continued our investment in Asia and Latin America. However, it is the nature of our business model and managerial control that we quickly react to a changing market and consequently, in the fourth quarter as economic news flow became increasingly negative and business confidence began to deteriorate, we reduced our headcount by 64.

During the course of 2011, we maintained our strategy of organic investment in developing and diversifying our business, with new country openings in Qatar, India and Malaysia. The roll-out of disciplines under the Michael Page and Page Personnel brands continued and we opened a number of new offices. At the start of 2012, we also launched new businesses in Colombia and Morocco.

Revenue

Reported revenue for the year was 22.4% (20.3%*) higher at £1,019.1m (2010: £832.3m). Revenue from permanent placements in 2011 grew by 27.3% (25.2%*) to £453.1m (2010: £356.0m), representing 44.5% (2010: 42.8%) of Group revenue. Revenue from temporary placements for the year grew by 18.8% to £566.0m (2010: £476.3m). It is generally typical during a period of economic recovery that permanent placements grow at a faster rate than temporary placements. This trend has been accentuated due to our faster growing regions of Asia and Latin America being predominantly permanent rather than temporary placement markets.

Gross profit

Gross profit for the year grew by 25.2% (23.1%*) to £553.8m (2010: £442.2m). The year-on-year growth rate in our gross profit was around 30%* in the first half, but as the Eurozone crisis began to unfold, the year-on-year growth rate slowed to 22%* in the third quarter and 13%* in the fourth quarter.

The Group's gross margin increased to 54.3% (2010: 53.1%), largely as a result of the shift in the mix of business due to the stronger rate of growth of permanent compared to temporary placements. Gross profit from permanent placements grew by 27.5% (25.4%*) to £438.4m (2010: £343.8m), representing 79.2% (2010: 77.7%) of Group gross profit. The gross margin from permanent placements remained broadly flat at 96.8% (2010: 96.6%). Gross profit from temporary placements increased by 17.3% (15.0%*) to £115.4m (2010: £98.4m), representing 20.8% (2010: 22.3%) of Group gross profit. The gross margin achieved on temporary placements was 20.4% (2010: 20.7%) and was relatively stable throughout 2011.

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 highly 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, start new disciplines and launch in new countries. Furthermore, in periods when headcount is increasing significantly, it takes time to train and develop 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.

The majority of our permanent placement activity is undertaken on a contingent basis, which means on those assignments, we only generate revenue when a candidate is successfully placed in a role. Our short-term visibility on these earnings is provided by the number of assignments we are working on, the number of candidates we have at interview and the stage they are at in the interview process. The average time to complete a placement from taking on an assignment to successfully placing a candidate tends to shorten in a recovery, increasing productivity, and the risk of the candidate being rejected or the assignment being cancelled decreases, thereby further increasing our earnings visibility. When economic conditions weaken and recruitment activity slows, these factors work in reverse and result in a rapid shortening of earnings visibility.

We experienced strong growth in the first half of 2011 in all our regions, with the exception of the UK and North America. To support and achieve this growth and our continuing investments into new markets, we increased the group headcount in the first three quarters of 2011 by 852 people.

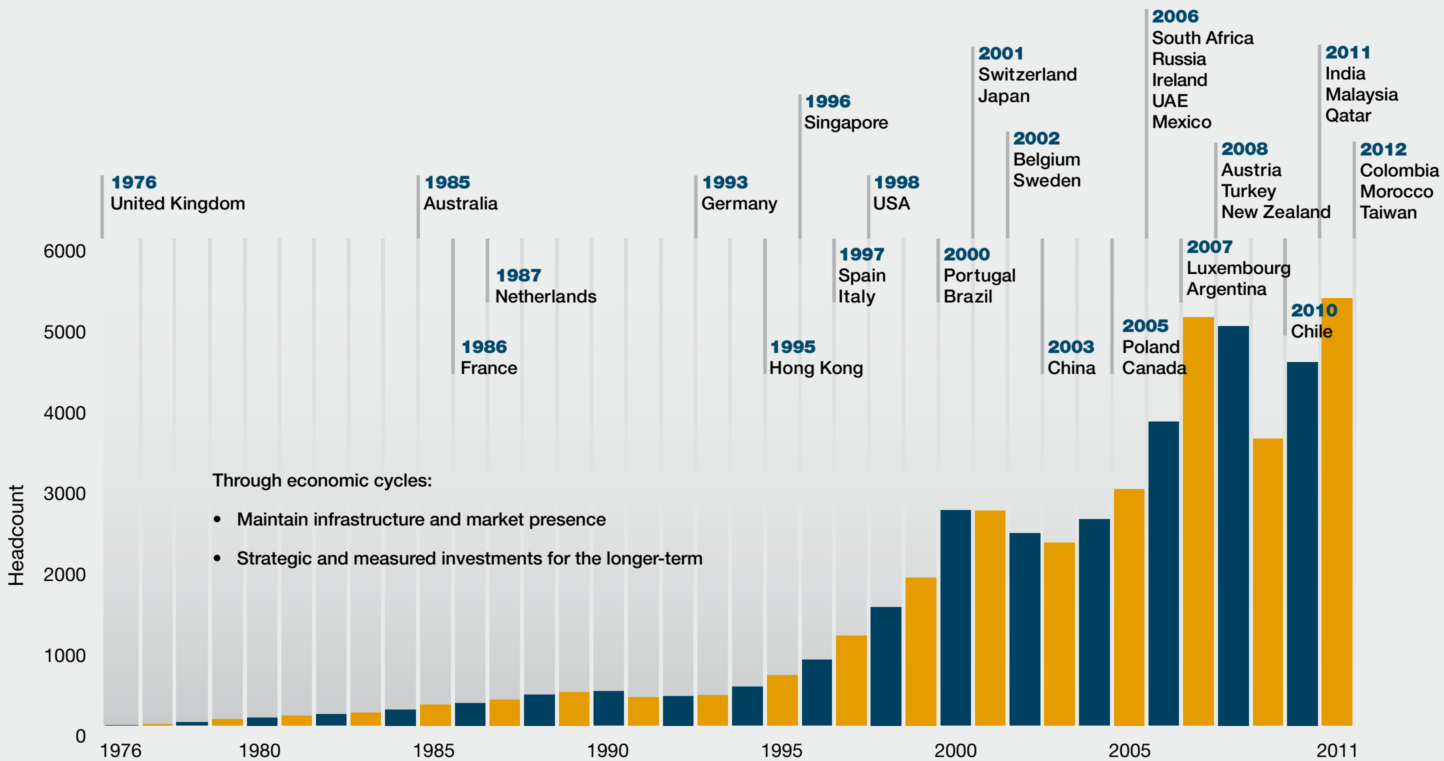
As a result of the increasing macroeconomic concerns and the slowing in our growth rates, headcount reduced by 64 in the fourth quarter. Our headcount at the end of 2011 was 5,286, which is 17.5% higher than at the end of 2010.

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.

The Group's strategy of growing organically using home-grown talent, maintaining market presence and maintaining spare capacity, means that the Group is highly operationally geared to an increase in gross profit as economies recover, tempered only by the rate of investment for future growth. This is reflected in the 20.3% increase in operating profit from £71.5m, before non-recurring items, in 2010, to £86.0m in 2011. However, with the slowing in gross profit growth rates in the second half of 2011 and the ongoing investments in new countries and new markets, the Group's conversion rate of operating profit from gross profit fell slightly to 15.5% (2010: 16.2%).

Administrative expenses in the year increased by 26.2% to £467.7m (2010: £370.7m), largely as a result of the increase in headcount, higher profit-related bonus payments and investments in new office and country start-ups. Administrative expenses included £13.0m of share-based payment charges (2010: £12.4m) in respect of the Group's deferred annual bonus scheme, long-term incentive plan and share option schemes.

Long-term on investment



"The Group's strategy of growing organically using home-grown talent, maintaining market presence and maintaining spare capacity, means that the Group is highly operationally geared to an increase in gross profit as economies recover."

Regional review of 2011

Continental Europe, Middle East and Africa (EMEA)

EMEA, the Group's largest region, contributing 43% of the Group's gross profit for the year, grew revenue by 26.8% (24.1%*) to £421.2m (2010: £332.2m) and gross profit by 27.0% to £239.6m (2010: £188.7m).

Continental Europe experienced a strong recovery during the first half of the year as market conditions gradually improved and, with the exception of Southern Europe, this growth continued through the third quarter. However, the uncertainty and deterioration in confidence that started towards the middle of the third quarter in Southern Europe, driven by the sovereign debt issues in Greece and Italy, quickly spread across Continental Europe.

In the fourth quarter, while activity levels remained high, the decision-making process of both clients and candidates extended with the increasing macro uncertainty, with many decisions being deferred. As a consequence, the growth rates of most businesses in EMEA slowed with the notable exception of Germany.

Having ensured we maintained our platform of businesses during the downturn, as activity levels increased during 2011 the spare capacity which we were holding in the larger more established countries was utilised in line with trading conditions, following which headcount increased throughout the year. Headcount in the region was 1,831 at the start of the year and increased by 20.7% to 2,210 by the end of December, with the majority of the hiring taking place in the first half of the year. With the increased level of gross profit and the benefit from the utilisation of spare operational capacity, despite growth in gross profits decreasing to 15.1% in the fourth quarter, the region recorded a further strong recovery in operating profit to £31.7m (2010: £22.3m), a conversion rate of 13.2% (2010: 11.8%).

Virtually all countries across the region performed well during 2011. The Netherlands, while probably our most challenging market, recorded year-on-year gross profit growth of 21%*. Other notable performances were in France (37% of EMEA up 21%*); Germany (15% of EMEA up 39%*); Italy (9% of EMEA up 23%*); and Spain (7% of EMEA up 15%*). The other 14 countries, representing 32% of the EMEA region, achieved gross profit growth of 25%*. During the year, we opened our third office in the Middle East in Doha, Qatar, a second Portuguese office, in Porto, a Page Personnel office in Geneva, Switzerland, and further offices in Cologne, Barcelona and Paris.

2011 highlights

- **Strong growth of 27% across 18 countries**
- **Operating profit growth of 42%, conversion rate of 13%**
- **Strong finish to 2011 in Germany, 41%* YOY growth in Q4**
- **France, Spain and Italy benefit from strong market-leading position**
- **Rest of EMEA (10% of Group) 13 countries, limited competition, growth +27%***
- **New offices in Cologne, Barcelona, Paris, Geneva, Rome, Porto, Doha and Morocco**

*Growth rates in local currency.

43% OF GROUP

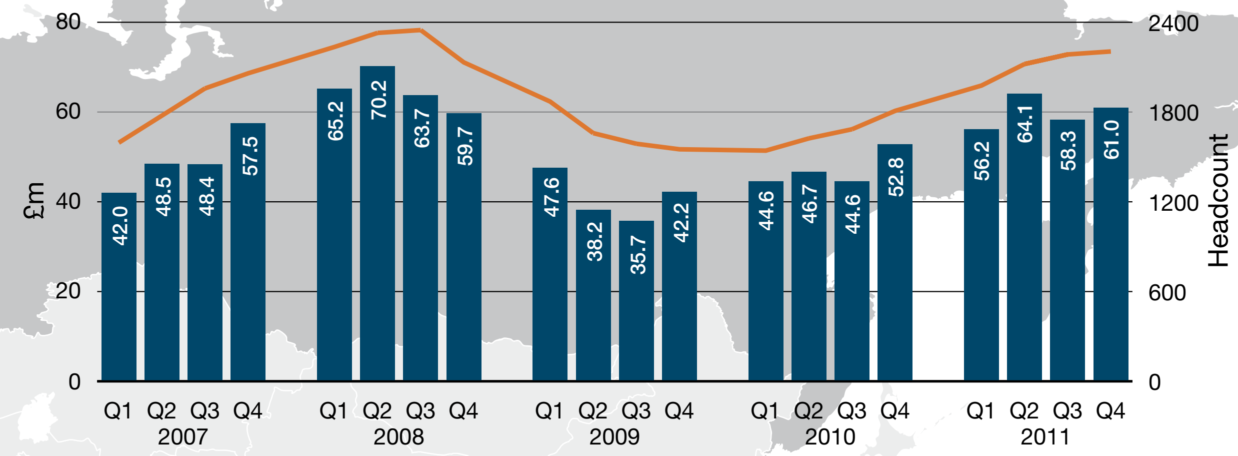
18 COUNTRIES

79 OFFICES

131 COUNTRY DISCIPLINE COMBINATIONS

	2011		2010
Gross profit	£239.6m	+27%	£188.7m
Operating profit	£31.7m	+42%	£22.3m
Headcount	2,210	+21%	1,831

HEADCOUNT AND GROSS PROFIT AS REPORTED



+27%

GROWTH IN GROSS PROFIT

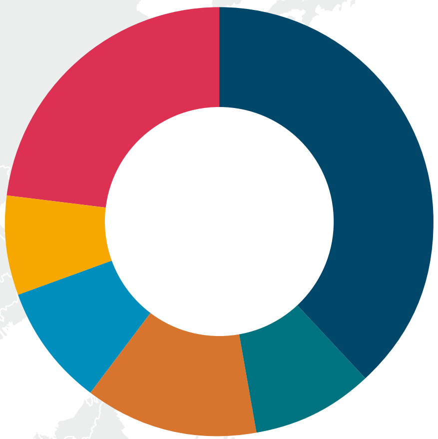
£32m

OPERATING PROFIT, UP FROM £22M IN 2010

2,210

HEADCOUNT (+21%)

GROSS PROFIT BY REGION



KEY:

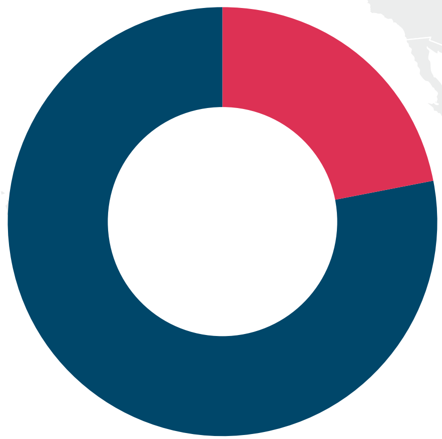
France	+21%*
Holland	+21%*
Germany	+39%*
Italy	+23%*
Spain	+15%*
Rest of EMEA**	+27%*

GROSS PROFIT BY DISCIPLINE

KEY:

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

TEMPORARY : PERMANENT



KEY:

- Permanent
- Temporary

*Growth rates in local currency. **Rest of EMEA: Austria, Belgium, Ireland, Luxembourg, Poland, Portugal, Qatar, Russia, South Africa, Sweden, Switzerland, Turkey and UAE.

Regional review of 2011

United Kingdom

The UK contributed 24% (2010: 28%) of the Group's gross profit in 2011. Revenue grew by 7.4% to £324.9m (2010: £302.6m) and gross profit grew by 4.1% to £130.0m (2010: £124.9m). The gross margin in the UK has remained flat at broadly 40%, with both the mix of permanent and temporary gross profit and their respective gross profit margins remaining largely the same as in 2010.

The UK business achieved modest year-on-year growth in every quarter of 2011, although the quarterly growth rates declined throughout the year. Trading was characterised by growth in the private sector, held back by a more restrained public sector, and this trend persisted throughout 2011. As confidence levels deteriorated, the relatively stronger growth in gross profits seen during the first half, slowed markedly in July, with the third and fourth quarters remaining only marginally in positive territory. Market conditions remained tough throughout 2011, with clients and candidates remaining cautious over the impact of the government's austerity measures and sovereign debt issues in the Eurozone. However, the UK business is well diversified in terms of geography, disciplines and the mix of permanent and temporary revenues, and now has only limited exposure to the public sector (less than 2% of Group gross profit).

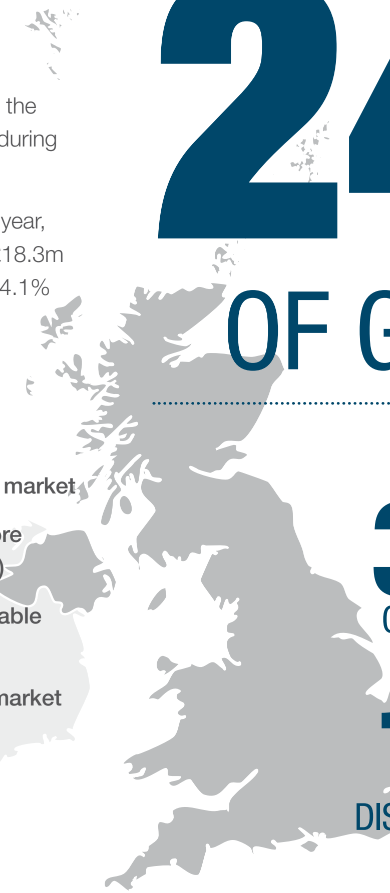
Headcount was 1,324 at the start of the year and decreased to 1,292 by the end of December, a reduction of 2.4%. The headcount trend followed the performance of the business, with headcount being added during the first two quarters of the year, with the objective of continuing the growth and gaining market share.

As market conditions toughened, hiring slowed and the business reduced its headcount by natural attrition during the final quarter.

Due to the slowing growth in the second half of the year, operating profit for the full year was 6.7% lower at £18.3m (2010: £19.6m), representing a conversion rate of 14.1% (2010: 15.7%).

2011 highlights

- Gaining market share in a very competitive market
- Growth in private sector held back by a more restrained public sector (approx. 8% of UK)
- In tough market conditions remained profitable with a conversion rate of 14%
- Strength of brand in this very competitive market helping win war for clients and candidates



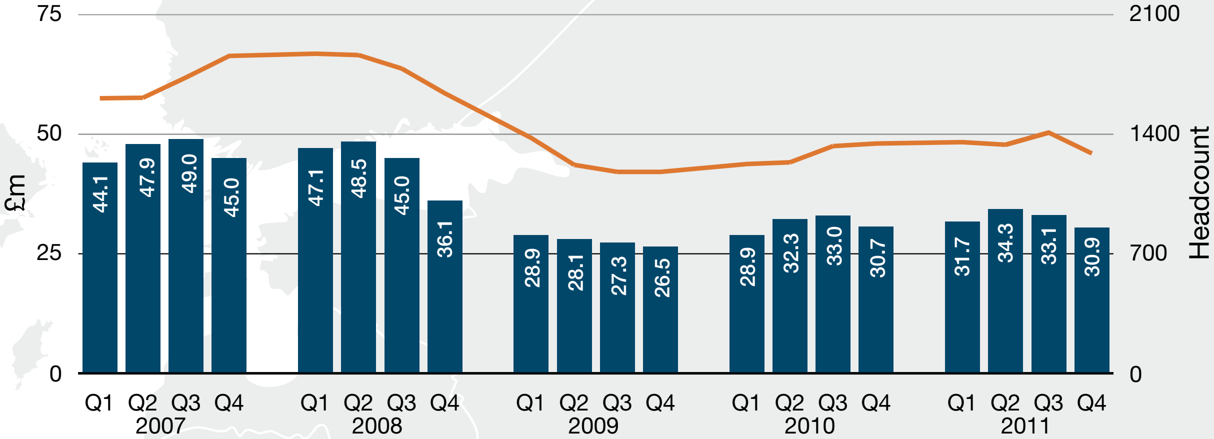
24%
OF GROUP

30
OFFICES

12
DISCIPLINES

	2011		2010
Gross profit	**£130.0m**	+4%	£124.9m
Operating profit	**£18.3m**	-7%	£19.6m
Headcount	**1,292**	-2%	1,324

HEADCOUNT AND GROSS PROFIT



+4%

INCREASE IN GROSS PROFIT TO £130M

-7%

FALL IN OPERATING PROFIT, TO £18M

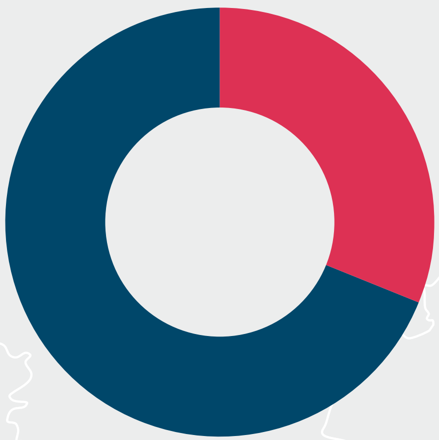
1,292

HEADCOUNT (-2%)

GROSS PROFIT BY DISCIPLINE

KEY:
- Finance & Accounting
- Marketing, Sales & Retail
- Engineering, Property & Construction, Procurement & Supply Chain
- Legal, Technology, HR, Secretarial, Healthcare

TEMPORARY : PERMANENT



KEY:
- Permanent
- Temporary

Regional review of 2011

Asia Pacific

The Asia Pacific region contributed 19% of the Group's gross profit in 2011. Revenue was 38.0% (29.9%*) higher at £166.1m (2010: £120.3m) and gross profit was 43.1% (36.7%*) higher at £103.4m (2010: £72.2m). Operating profit increased to £26.2m (2010: £22.3m), representing a conversion rate of 25.3% (2010: 30.9%), down on 2010 due to the high levels of headcount growth and new business investment in the region, including two new countries. The gross margin increased from 60% to 62%, reflecting the strong growth in Asia, where we have predominantly permanent placement businesses.

Headcount across the Asia Pacific region increased from 691 at the start of the year, to 971 at the end of the year, an increase of 41%, reflecting both increased activity levels and our intentions for building a substantial business in Asia over the medium to long-term.

In Australia and New Zealand, gross profit grew 22%*, notably due to growth in Western Australia, driven by the mining and commodities sector. In Asia, the earthquake and tsunami in Japan impacted our Japanese business in the first quarter, but the resilience and recovery seen in the second quarter and beyond was remarkable. Our business across China grew very strongly, with gross profit in Mainland China, where we opened a new office in Pudong, Shanghai and doubled our Beijing office space during the second quarter, up over 100% in the year.

The new business start-ups in Malaysia, which is already trading profitably, and India, progressed very well through the year. In India, in the third quarter, we opened our third office in Bandra, Mumbai, and closed the year with a headcount of around 50.

2011 highlights

- **Significant investment YOY, headcount up 41% to 971**
- **Australia/New Zealand +22%* YOY**
- **Asia, 51% of region, +53%***
- **Successful first year in India, now 3 offices and 51 headcount**
- **Over 300 headcount in China**
- **New offices in Kuala Lumpur, Bandra, Nariman Point, Gurgaon, Pudong and Suzhou as well as expanding existing offices**

*Growth rates in local currency.

19%
OF GROUP

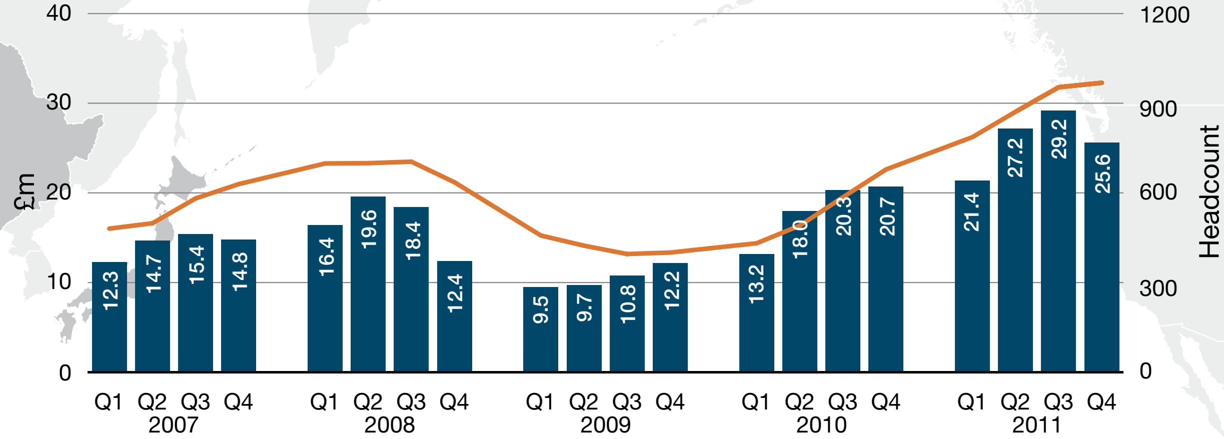
7
COUNTRIES

23
OFFICES

67
COUNTRY DISCIPLINE COMBINATIONS

	2011		2010
Gross profit	£103.4m	+43%	£72.2m
Operating profit	£26.2m	+17%	£22.3m
Headcount	971	+41%	691

HEADCOUNT AND GROSS PROFIT AS REPORTED



+43%

GROWTH IN GROSS PROFIT

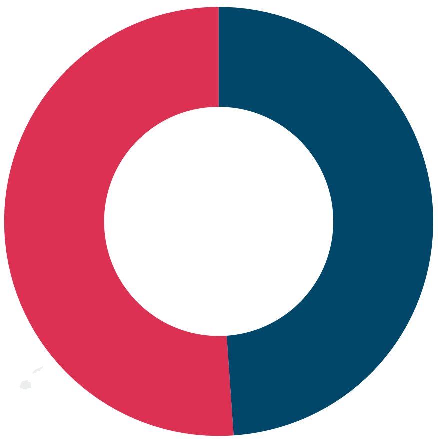
£26m

OPERATING PROFIT, UP FROM £22M IN 2010

971

HEADCOUNT (+41%)

GROSS PROFIT BY REGION

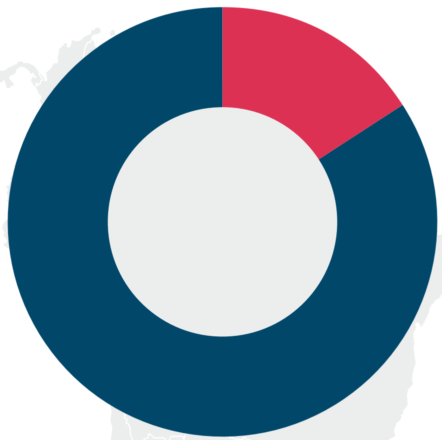


KEY:
- Australia and New Zealand +22%*
- Asia +53%*

GROSS PROFIT BY DISCIPLINE

KEY:
- Finance & Accounting
- Marketing, Sales & Retail
- Engineering, Property & Construction, Procurement & Supply Chain
- Legal, Technology, HR, Secretarial, Healthcare

TEMPORARY : PERMANENT



KEY:
- Permanent
- Temporary

*Growth rates in local currency.

Regional review of 2011

The Americas

Revenue for the region grew by 38.5% (39.7%*) to £106.9m (2010: £77.2m) and gross profit grew by 43.3% (44.0%*) to £80.9m (2010: £56.4m). With strong growth in revenue and gross profit, the region produced operating profit of £9.9m (2010: £7.3), representing a conversion rate of 12.2% (2010: 13.0%). Headcount in the region increased by 24.7% from 652 at the start, to 813 at the end of the year, with the majority being added in the first half.

Approximately two thirds of the Americas region is in Latin America, of which our largest business is in Brazil, which, by the second quarter, had become our third largest country in gross profit terms. During the course of 2011, we invested to continue our growth and increase our market-leading position in Latin America. We opened new offices in Porto Alegre, Brazil, and Page Personnel offices in Campinas, Brazil and Mexico City, Mexico. We also launched Page Personnel in Argentina. Our new business in Santiago, Chile, launched at the end of 2010 is performing well and, at the start of 2012, we also launched a new business in Bogota, in Colombia.

In North America, market conditions remained challenging, but we performed well with growth during the first three quarters.

The deterioration in confidence impacted growth in our North American businesses during the fourth quarter, especially with international clients and the banking sector. In the second quarter we opened an office in Houston to capitalise on the growing strength of our worldwide Oil and Gas business and in the third quarter we opened our first office on the West Coast in San Francisco.

2011 highlights

- **North America: +21%* YOY in spite of challenging conditions**
- **Latin America +57%* YOY, 71% of the region, limited competition, 5 countries, 19 offices and approx. 600 headcount**
- **Colombia opened Q1 2012**
- **Opened new offices in Porto Alegre, São Paulo, Rio de Janeiro, Campinas, Houston, San Francisco, Mexico City and Bogota**

*Growth rates in local currency.

14% OF GROUP

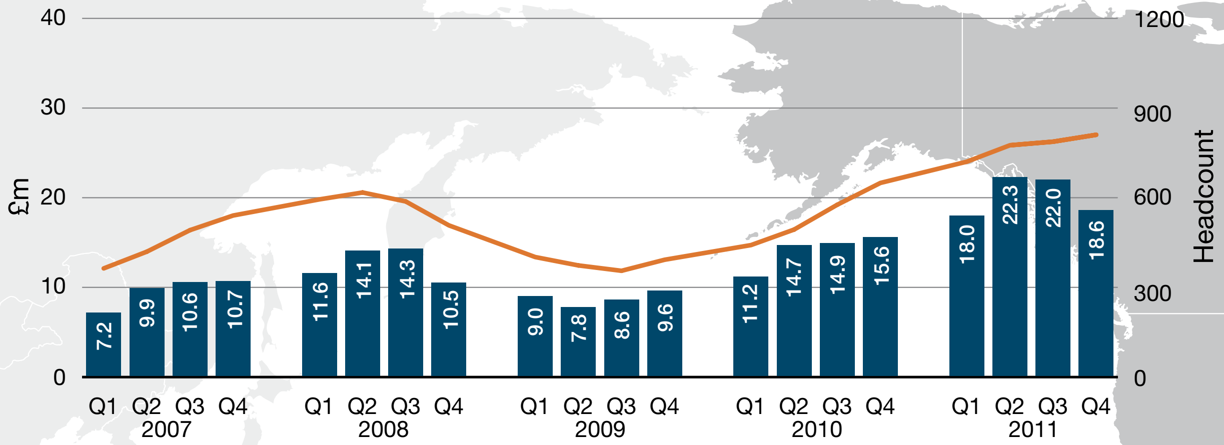
6 COUNTRIES

28 OFFICES

55 COUNTRY DISCIPLINE COMBINATIONS

	2011		2010
Gross profit	£80.9m	+43%	£56.4m
Operating profit	£9.9m	+35%	£7.3m
Headcount	813	+25%	652

HEADCOUNT AND GROSS PROFIT AS REPORTED



+43%

GROWTH IN GROSS PROFIT

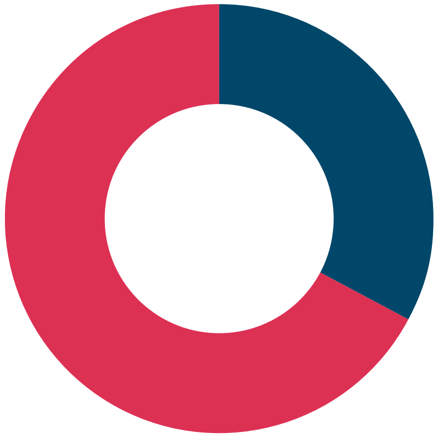
£10m

OPERATING PROFIT, UP FROM £7M IN 2010

813

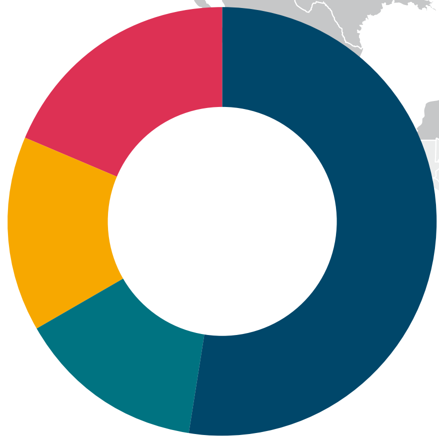
HEADCOUNT (+25%)

GROSS PROFIT BY REGION



KEY:
- North America +21%*
- Latin America +57%*

GROSS PROFIT BY DISCIPLINE



KEY:
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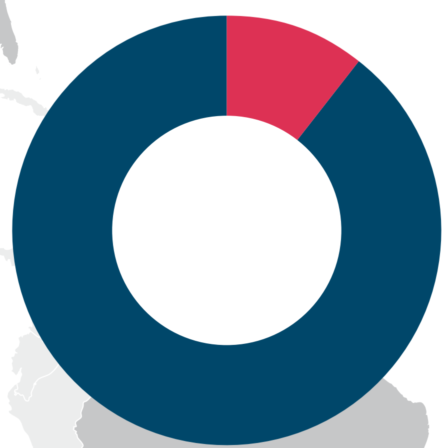
- Marketing, Sales & Retail
- Engineering, Property & Construction, Procurement & Supply Chain
- Legal, Technology, HR, Secretarial, Healthcare

TEMPORARY : PERMANENT



KEY:
- Permanent
- Temporary

*Growth rates in local currency.

Regional review of 2011

Discipline development

Our strategy of diversifying the Group by professional disciplines has continued, by investing in the roll-out of existing and new disciplines throughout our country and office network. The heritage of the business is in placing people in Finance and Accounting roles, the large majority of which are professionally qualified accountants into industry and commerce. It is also the discipline where the brand is strongest and therefore tends to be the discipline we start with when we enter a new geographic market, following which we then roll-out other disciplines. While this remains our largest area of business, it now represents less than half, at 45%, of the Group's 2011 gross profit. Revenue from Finance and Accounting placements grew by 15.7% (13.9%*) to £521.4m (2010: £450.6m) and gross profit grew by 18.6% (16.6%*) to £248.0m (2010: £209.2m).

Placements of candidates in Engineering, Property & Construction and Procurement & Supply Chain roles accounted for around 18% of Group gross profit. Revenue from these disciplines grew by 45.6% (42.6%*) to £164.7m (2010: £113.1m) and gross profit grew by 47.7% (45.0%*) to £101.3m (2010: £68.6m).

Placements of Marketing, Sales and Retail professionals generated around 18% of the Group's gross profit. Revenue from these disciplines grew by 14.5% (12.8%*) to £127.9m (2010: £111.7m) and gross profit grew by 19.4% (17.5%*) to £98.9m (2010: £82.8m).

Legal, Technology, Human Resources, Secretarial and Other disciplines generated around 19% of Group gross profit. Revenue from these disciplines grew by 30.7% (27.9%*) to £205.2m (2010: £157.0m) and gross profit grew by 29.4% (27.1%*) to £105.6m (2010: £81.6m).

Financial review of 2011

2010 Non-recurring items (NRI) – VAT refund

Full details of the refund of VAT and related interest recorded as non-recurring items in 2010 are included in Note 5. With regard to the amended claims for a further refund of VAT and related interest, while we have had continued correspondence and discussions with HMRC, the eventual outcome and timing of any decision remains uncertain.

Taxation

Tax on profit was £29.3m (2010: £33.2m), representing an effective tax rate of 34.0% (2010: 33.0%). The rate is higher than the effective UK Corporation Tax rate for the year of 26.5%, 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 2010, due to an increase in the proportion of overseas profit at generally higher rates than the Group average, higher professional tax due to growth in the French business and the large VAT reclaim taxed at 28% in the UK in 2010, partially offset by higher overall profit diluting the effect of the share plan non-deductible charges.

Share repurchases and share options

It is the Group's intention over the medium/long term to continue to use share repurchases to return surplus cash to shareholders. The company returned £30.3m to shareholders in 2011, purchasing and cancelling 5.7m shares.

At the beginning of 2011, the Group had 23.1m share options outstanding, of which 2.1m had vested but had not been exercised. In March 2011, 4.1m share options were granted under the Group's Share Option Scheme. During the course of the year, options were exercised over 0.9m shares, generating £1.6m in cash and 3.5m share options lapsed. At the end of 2011, 22.9m share options remained outstanding, of which 1.3m had vested but had not been exercised.

Earnings per share and dividends

In 2011, basic earnings per share were 18.7p (up 23.8%) (2010: 15.1p before NRI) and diluted earnings per share were 18.2p (2010: 14.7p before NRI). The weighted average number of shares for the year was 304.5m (2010: 311.8m).

In line with the Group strategy for returns to shareholders, the dividend is being increased to a level that the Board believes is sustainable. A final dividend of 6.75p, up 10.3%, (2010: 6.12p) per ordinary share is proposed, which, together with the interim dividend of 3.25p (2010: 2.88p) per ordinary share, makes an 11.1% increase in the total dividend for the year to 10.0p per ordinary share. The proposed final dividend, which amounts to £20.5m, will be paid on 6 June 2012 to those shareholders on the register as at 4 May 2012.

Balance sheet

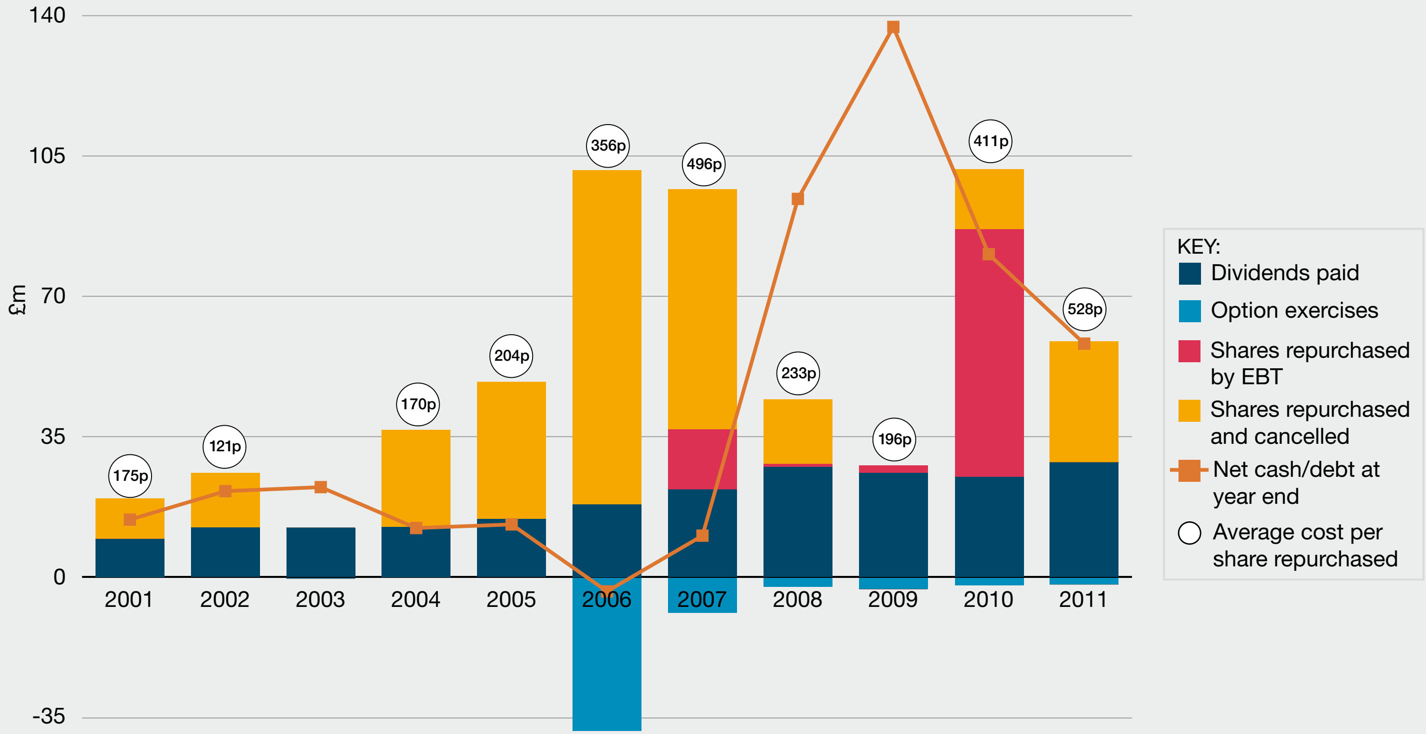
The Group had net assets of £180.6m at 31 December 2011 (2010: £177.4m). The increase in net assets comprises profit after tax for the year of £56.9m, credits relating to share schemes of £12.7m, cash received from the exercise of share options of £1.6m, offset by tax on share schemes of £5.8m, adverse currency movements of £3.4m, share repurchases for cancellation of £30.3m and dividends paid of £28.5m.

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.

Capital expenditure, net of disposal proceeds, increased to £29.4m (2010: £14.8m), reflecting the investment in the development of our new systems. Investments in property and equipment increased by some £10.1m on the levels seen during 2010, reflecting the investments made in new and existing countries and offices as well as expansion and improvements to existing offices, especially in Asia and Latin America.

The most significant item in the Group balance sheet is trade receivables, which were £157.0m at 31 December 2011 (2010: £134.7m). The increase in trade receivables reflects both the increased activity and a small increase in debtor days to 50 (2010: 47 days). The movement in debtor days is due largely to the increased proportion of revenue being derived from permanent revenues where our debtor days are higher than from temporary revenues.

Effective use of cash



The chart left shows how the Group has managed its cash resources in the years since flotation. The cash paid in dividends has increased or been maintained, while maintaining a net cash position within a relatively small range. During 2001 to 2007, surplus cash was used to repurchase and cancel shares.

As the downturn impacted the Group's trading during the second half of 2008, the Group stopped its share repurchase programme and the cash generated was retained on the balance sheet. This can be seen in the sharp increase in net cash during 2008 and 2009. As trading conditions improved during 2010, the Group resumed its share repurchases both into the employee benefit trust to satisfy current and future share plan obligations and for cancellation, and consequently the net cash reduced.

Cash flow

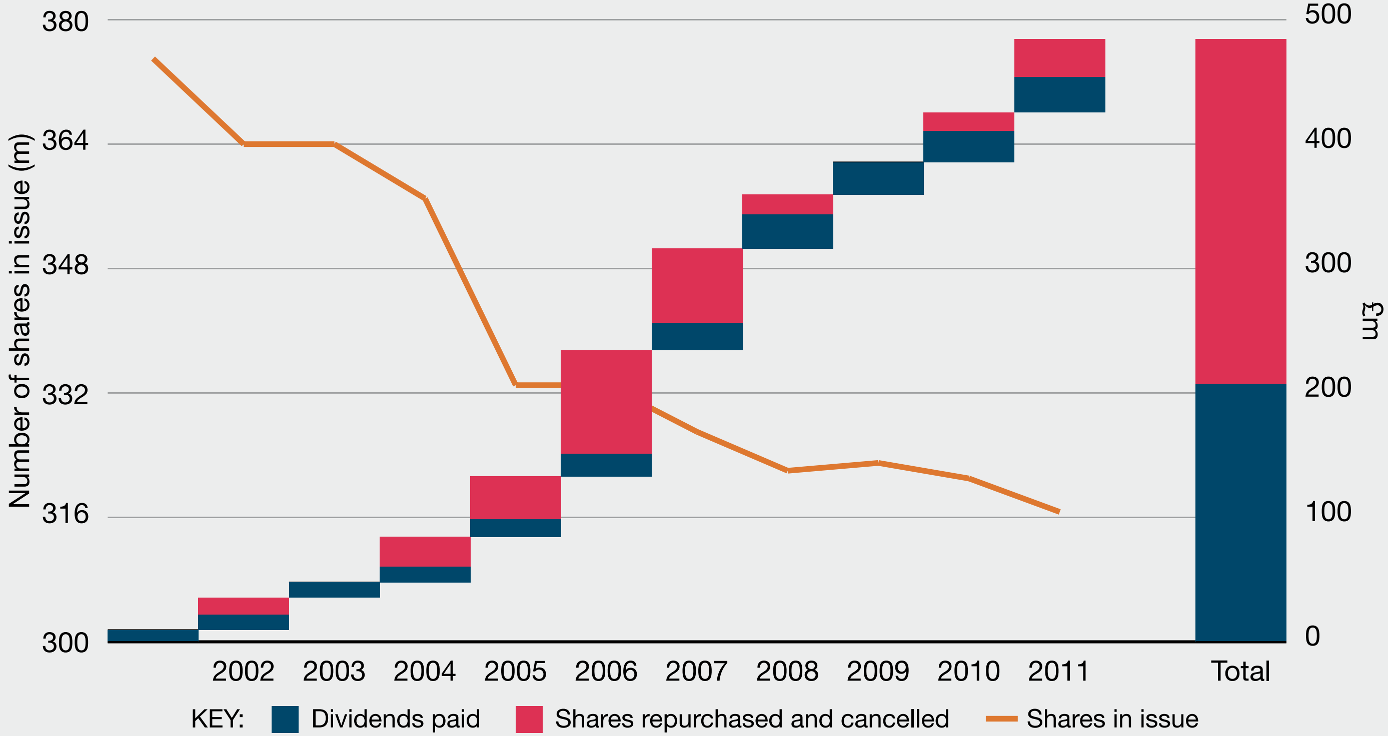
The Group started the year with net cash of £80.5m. In 2011, we generated £66.2m from operations, after an increase in working capital of £7.1m, reflecting increased activity. Tax paid was £37.1m and net capital expenditure was £29.4m, with net interest received of £0.1m. During the year, £30.3m was spent on the repurchase and cancellation of shares, £1.6m was received from the exercise of share options and dividends of £28.5m were paid. The Group had net cash of £58.2m at 31 December 2011.

Net cash and Group borrowing facilities

At 31 December 2011, the Group had net cash of £58.2m (2010: £80.5m). The net cash position comprised gross cash deposits of £64.4m with 18 separate banks.

The Group has a three year £50m multi-currency committed borrowing facility, under which £6.2m is currently drawn. This facility expires in May 2012 and the Group is currently in the process of arranging borrowing facilities with a variety of potential lenders.

Cash returned to shareholders



The chart left, on the right-hand axis, shows the annual and cumulative cash returns made to shareholders in the 10 years since the Group's flotation. In total, over £425m of cash has been returned, with £179m in dividends and £246m in share repurchases. In addition, net cash retained on the Group's balance sheet over the same period increased by £65m.

The left-hand axis shows the number of shares in issue at each year end. At flotation there were 375.0m shares in issue, with an additional 33.8m under option. However, share repurchases and subsequent cancellations have reduced the shares in issue to 316.7m at the end of 2011, at which point a further 22.9m shares were under option.

"£59m of cash paid in dividends and share repurchases."

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	2011	2010	Definition, method of calculation and analysis
Gross margin	54.3%	53.1%	Gross profit as a percentage of revenue. Gross margin increased from last year largely as a result of the higher gross margin permanent placements growing at a faster rate than temporary placements and the development of the Group's business in Asia and Latin America which are permanent only businesses. Source: Consolidated income statement in the financial statements
Conversion before NRI	15.5%	16.2%	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 decreased compared to last year, reflecting lower productivity (see below), the slowing towards the end of the year of economic conditions impacting demand for the Group's services, and the lag in headcount reductions. Source: Consolidated income statement in the financial statements.
Productivity (gross profit per fee earner)	£149.5k	£155.3k	Represents how productive fee earners are in the business and is calculated by dividing the gross profit for the year by the average number of fee earners and directors. The higher the number, the higher their productivity. Productivity is a function of the rate of investment in new fee earners, the impact of pricing and the general conditions of the recruitment market. The decrease in productivity this year is as a result of the increase in headcount during first three quarters of the year to support growth and the rapid general deterioration in market conditions during the fourth quarter. It is also due to the increased level of investments and start up losses of new businesses. Source: Internal data
Fee earner : support staff ratio	72:28	73:27	Represents the balance between operational and non-operational staff. The ratio of fee earners to support staff at the end of 2011 has decreased slightly from the level at the end of 2010. This ratio generally 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. With the investment in new countries and businesses, the support staff have increased to provide the appropriate infrastructure. Source: Internal data.
Debtor days	50	47	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 increase compared to last year relates to the shift towards permanent recruitment activity from temporary in a recovery. Permanent recruitment activity tends to have higher debtor days. Source: Internal data.

The movements in KPIs are consistent with the business performance as discussed in the Business Review.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities and 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. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

Foreign exchange

At the end of 2011, the Group was operating in 32 countries around the world and carried out transactions recorded in twenty-five 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 respective 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 2011, when compared to those prevalent during 2010. Negative percentages indicate that Sterling has weakened against the foreign currency during the period.

Currency	Movement in the average exchange rate used for Income Statement translation between 2010 and 2011	Movement in the year end exchange rate used for Balance Sheet translation between 2010 and 2011
Euro	-1%	3%
Swiss Franc	-11%	0%
Brazilian Real	-1%	12%
US Dollar	4%	-1%
Australian Dollar	-9%	-1%
Hong Kong Dollar	4%	-1%
Singapore Dollar	-4%	0%
Japanese Yen	-6%	-6%

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 a period of economic uncertainty, 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 Eurozone subsidiaries and the UK-based Group Treasury subsidiary. The structure facilitates interest and balance compensation of cash and bank overdrafts.

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

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

Principal risks and uncertainties

The management of the business and the execution of the 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.

Macroeconomic 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 diversifying the business by expanding geographically, increasing the number of disciplines, building part qualified and clerical businesses and 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.

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 the majority of 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 increasing levels of 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.

Principal risks and uncertainties

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.

Board changes

The Board is undergoing considerable change. In July 2011, it was announced that Stephen Puckett, the Group Finance Director, was leaving but would stay until his successor had been found. In January 2012, Andrew Bracey agreed to join the Board as Chief Financial Officer and he starts in April. Stephen continues his responsibilities and will ensure a smooth transition to Andrew is completed.

On 31st December 2011, the Chairman for ten years, Sir Adrian Montague, retired from the Board and Robin Buchanan, who joined the Board as a non-executive director in October, succeeded him in the role.

In February 2012, it was announced that Charles-Henri Dumon left the Board. His responsibilities have been assumed by the Regional Managing Directors responsible for Continental Europe and the Americas, reporting directly to Steve Ingham, our CEO.

Hubert Reid, our Senior Independent Director, is stepping down at the forthcoming AGM after nine years on the Board. Ruby McGregor-Smith, Chairman of the Audit Committee, will succeed him in the role. A search for a new Non-Executive Director is underway.

Summary and current trading

Having maintained our business platform during the economic downturn and retained our experienced and talented people, the Group was well positioned to benefit from the economic recovery during the first half of 2011. However, the uncertainty caused by the concerns surrounding the Eurozone and the lowering of worldwide GDP forecasts during the fourth quarter impacted significantly on our clients' recruitment plans, with many hiring decisions being deferred or cancelled. As a consequence, year-on-year growth in the fourth quarter gross profit slowed.

As in previous economic slowdowns, we will react according to the prevailing economic climate in each market in which we operate and manage each business appropriately, adjusting headcount to reflect market conditions, while continuing to invest where we have opportunities for long-term growth. Group headcount increased by over 850 people in the first three quarters of 2011, as we invested in growth opportunities through geographic and discipline expansion. Reflecting the more uncertain outlook, in the fourth quarter, our headcount reduced by 64 people, as a result of not replacing those who left through natural attrition.

We have maintained a strong balance sheet and, while increasing cash returns to shareholders, we have also continued to take a long-term approach to delivering shareholder value by making significant investments in the future of the business, both during 2011 and at the start of 2012. While mindful and cautious of the current macro economic outlook, we are in a position to continue our geographic expansion, as there remain many long-term growth opportunities in our newer territories, particularly Latin America and Asia.

As the fourth quarter of 2011 progressed, trading became increasingly more challenging as business confidence fell, with all regions in which we operate recording a reduction in their year-on-year growth rates. In the first two months of 2012, with the exception of financial services, we have seen no significant further slowing and in a number of geographies activity levels have remained strong, increasing Group gross profit by approximately 10%. We continue to invest and we have already completed new country openings in Colombia and Morocco, opened an office in Suzhou, China and at the end of this quarter we will open an office in Taipei, Taiwan.

In EMEA, while Southern Europe remains the weakest area, we continue to achieve good year-on-year growth elsewhere, including in France and particularly strong growth in Germany. In the UK, with the exception of banking, activity levels have stabilised and year-on-year gross profits are broadly flat. In Asia Pacific, Australia has performed well in the first two months, while in Asia we continue to see good levels of activity, again with the exception of banking. In the Americas, North America remains challenging and Latin America is progressing well, where we are pleased with the progress of our newer countries Argentina, Chile and now Colombia.

We will next update the market on our first quarter trading in an announcement on 11 April 2012.

Steve Ingham
Chief Executive
6 March 2012

Stephen Puckett
Group Finance Director
6 March 2012

Board of Directors

Robin Buchanan

Chairman (59) from 31 December 2011

Robin is a Senior Adviser to Bain & Company, having been Managing Partner and then the Senior Partner of Bain & Company Inc in the UK between 1990 and 2007. He served as Dean and then President of London Business School. He is a Non-Executive Director of Schroders plc since March 2010 and Non-Executive Director of LyondellBasell NV since May 2011. He is a member of the Trilateral Commission, of the Advisory Board of the UK India Business Council, and of the International Advisory Council of Recipco. He is also a member of the remuneration committee of Coller Capital Ltd. He served as Non-Executive Director of Liberty International plc from 1997 to 2008 and also with Shire plc from 2003 to 2008. Robin was appointed to the Board of Michael Page International plc as a non-executive director on 10 August 2011 and to the role of Chairman on 31 December 2011. Robin is also Chairman of the Nomination Committee.

Sir Adrian Montague CBE

Chairman (63) pre 31 December 2011

Sir Adrian is Chairman of Anglian Water Group Limited and of CellMark AB, the international forest products marketing group based in Gothenburg and in July 2010, he was appointed Chairman of the private equity firm 3i. 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 in 1994. Sir Adrian is also Chairman of London First, a Director of Skanska AB, the Swedish international construction group, and a Trustee of The Historic Royal Palaces. He is also a member of the Housing Finance Group of the Housing and Communities Agency and Chairman of the Advisory Board of Reform. He was awarded a CBE in 2001 and a knighthood in 2006. Sir Adrian retired from the Board on 31 December 2011.

Steve Ingham

Chief Executive (49)

Steve 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.

Andrew Bracey

Chief Financial Officer (44) from 23 April 2012

Andrew will join Michael Page from Ocado Group plc where he is currently Chief Financial Officer and Executive Director. He joined Ocado while it was a private company and was part of the team that managed the transition to being a FTSE 250 company with leading institutional investors from across the globe. Prior to Ocado, Andrew had an 18 year career in private equity and investment banking. He ran Jefferies International's European consumer group until 2009. From 2003 to 2008, he was at Barclays Capital, as Head of the Principal Investments Area and also sat on the Board and Audit Committee of Somerfield. From 2000 to 2003, he was a Managing Director at Credit Suisse. He started his career at UBS in 1991 in Corporate Finance after studying at Cambridge and the University of East Anglia. In his private equity and investment banking career, Andrew built relationships and offered strategic advice across multiple industry sectors, including numerous services and consumer companies across the globe.

Charles-Henri Dumon

Managing Director – Continental Europe and The Americas (53) to 28 February 2012

Charles-Henri joined Michael Page in 1985 and was appointed a Director in 1987. Since then he has had 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. Charles-Henri left the Board on 28 February 2012.

Ruby McGregor-Smith

Independent Non-Executive Director (49)

Ruby was appointed as Chief Executive of MITIE Group PLC in March 2007. Ruby is a Chartered Accountant. After completing a Bachelor of Economics at Kingston, she undertook her professional training with BDO Stoy Hayward and went on to hold various roles for Serco Group PLC. She moved to MITIE in 2002, joining the Board as Group Finance Director. In 2005, she was promoted to Group Chief Operating Officer and in 2007, to Chief Executive. Ruby's achievements have attracted numerous awards, including Businesswoman of the Year at the Asian Women of Achievement Awards 2008, Leader of the Year at the Orange National Business Awards 2011, and in 2012 she was honoured with a Commander of the Order of the British Empire for her services to business and diversity in business. Ruby is also a trustee for Business In The Community, a business-led charity focused on promoting responsible business practice. Ruby was appointed to the Board in May 2007 and is also Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee.

Dr Tim Miller

Independent Non-Executive Director (54)

Tim was appointed a Director of Standard Chartered Bank in December 2004. At Standard Chartered, 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 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 was Chairman of the Remuneration Committee until 21 January 2011. He is now a member of the Audit, Nomination and Remuneration Committees.

Stephen Puckett

Group Finance Director (50) to 23 April 2012

Stephen 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.

Stephen announced on 11 July that he would be leaving the Group for personal reasons, but would continue full time in office until his successor had been appointed and a handover had been completed. Andrew Bracey has been appointed and is expected to take up his new role on 23 April 2012.

Hubert Reid

Independent Non-Executive Director
Senior Independent Director (71)

Hubert 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, Nomination and Remuneration Committees.

Reg Sindall

Independent Non-Executive Director (57)

Reg is Executive Vice President of Corporate Resources for the Burberry Group PLC, which is headquartered in London. Reg has held this position for over four years. Prior to this he was an Executive of GUS Plc, a FTSE 30 company which owned Burberry. He was part of the team that led the IPO of Burberry in 2002. Before joining GUS in 2000, Reg held a variety of positions within the Bass Group, including Group HR Director, SVP of Customer Service, Reservations and HR. A psychologist by academic training, he is a Fellow of the Chartered Institute of Personnel Development and a Fellow of the Royal Society of Arts. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

Executive Board

In addition to the Executive Directors, the Executive Board comprises:

Alexis de Bretteville

Regional Managing Director – The Americas (49)

Alexis 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 responsibility for Germany, Belgium and Sweden. In 2004, he moved to Belgium where 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.

Patrick Hollard

Regional Managing Director Latin America (44)

Patrick Hollard joined Michael Page in France in 1996, having worked previously for KPMG Peat Marwick. Prior to that, he was Vice-President of AIESEC International from 1991 to 1992. Appointed Director in 1999, he moved to Sao Paulo to launch Michael Page Brazil, then Mexico in 2006, Argentina in 2008, Chile in 2010 and Colombia in 2011. Appointed Regional Managing Director in 2007, he is now responsible for the Latin American region.

Gary James

Regional Managing Director – Asia Pacific (50)

Gary 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, and is now in charge of Australia, New Zealand, Japan, China, Hong Kong, Singapore, Malaysia and India.

Fabrice Lacombe

Regional Managing Director – France, Africa & Southern Europe (43)

Fabrice joined Michael Page Finance in 1994 as a consultant in Paris. In 1996, he launched Michael Page Engineering and became a Director in 1998. In 1999, he was appointed Executive Director and then in 2001 Managing Director of Michael Page France. He launched Michael Page Africa in 2005 and also took in charge of Page Personnel France in 2007. He became Regional Managing Director for France and Africa in 2010 and his responsibilities were extended to include Southern Europe in 2011.

Olivier Lemaitre

Regional Managing Director – Continental Europe (39)

Olivier joined Michael Page Finance in Paris in 1997, having worked previously as a Controller for Renault in Poland. In 1999, he moved to São Paulo to launch Michael Page Brazil, before returning to Europe in November 2002 to lead our Michael Page Frankfurt office. Appointed Managing Director of Michael Page Germany in 2004, he also took responsibility for Michael Page Switzerland in 2006 and the launch of Michael Page Austria in 2008. In 2007, he was appointed Regional Managing Director and is now in charge of Austria, Belgium, Germany, Holland, Luxembourg and Switzerland.

Oliver Watson

Regional Managing Director – UK (42)

Oliver joined Michael Page in 1995 as a consultant in London. He was appointed Director of Michael Page UK Sales in 1997 and then Managing Director in 2002. In 2006, he was appointed Regional Managing Director for Michael Page UK Sales, Marketing and Retail. In 2007, he launched Michael Page Middle East and has since developed our office network across the region. In 2009, he became Regional Managing Director for Michael Page UK Finance, Marketing and Sales, and Michael Page Middle East, Scotland and Ireland.

Directors' report

The Directors present their annual report on the affairs of the Group, together with the Financial Statements and Auditor's Report for the year ended 31 December 2011.

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 67 to 105.

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 12 to 31 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 46 to 53 and the Remuneration Report on pages 54 to 63.

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.

- Robin Buchanan‡ (Chairman) (Appointed 10 August 2011)
- Sir Adrian Montague CBE‡ (Chairman) (Retired 31 December 2011)
- Steve Ingham (Chief Executive)
- Charles-Henri Dumon (left the board on 28 February 2012)
- Ruby McGregor-Smith CBE‡
- Dr Tim Miller‡
- Stephen Puckett
- Hubert Reid‡*
- Reg Sindall‡

‡ Non-Executive Directors

* Senior Independent Director

During the year, the Nomination Committee, led by the Senior Independent Director (SID) Hubert Reid, oversaw the search for a new non-executive director assisted by The Inzito Partnership. This particular non-executive recruitment process was led by the SID, as it was intended that the successful candidate would succeed Sir Adrian Montague as Chairman in the future.

As a result of this process, on 10 August 2011 the Nomination Committee made a unanimous recommendation that Robin Buchanan be appointed to the Board as an Independent Non-Executive Director. Robin is a Senior Adviser to Bain & Company Inc, having been Managing Partner and then the Senior Partner of Bain in the UK between 1990 and 2007. Between 2007 and 2009, he also served as Dean and then President of London Business School. He is a Non-Executive Director of Schroders plc and LyondellBasell NV. He is a member of the Trilateral Commission, of the Advisory Board of the UK India Business Council and of the International Advisory Council of Recipco. He is also a member of the remuneration committee of Coller Capital Ltd. Robin served as non-executive director of Liberty International plc and also with Shire plc.

On 31 December 2011, Sir Adrian Montague retired as Chairman. The Board thank him for his many contributions over the last 10 years and wish him well. As part of a planned succession process, Robin Buchanan succeeded Sir Adrian Montague as Chairman of the Board on 31 December 2011.

On 11 July 2011 Stephen Puckett announced that he would be leaving the Group, but would continue in office until a successor was found. In January 2012, Andrew Bracey agreed to join the Board as Chief Financial Officer and he starts in April. Stephen continues his responsibilities and will ensure a smooth transition to Andrew is completed. Further details of this succession can be found in the Corporate Governance section on page 48.

Hubert Reid will also be retiring from the Board at the forthcoming Annual General Meeting, with Ruby McGregor-Smith taking over the role of Senior Independent Director.

On 28 February 2012, Charles-Henri Dumon, Managing Director – Continental Europe and The Americas, left the Board. Charles-Henri had a long and successful tenure on the Board and the Board would like to thank him for the role he played in the organic diversification of the Group into new geographies and professional disciplines. One of his most notable achievements is the creation of an excellent management team of Regional Managing Directors in both Europe and The Americas, who will now take up his executive responsibilities, reporting directly to Steve Ingham, the Chief Executive.

In accordance with the new UK Corporate Governance Code, all the Directors, with the exception of Hubert Reid, Stephen Puckett and Charles-Henri Dumon, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. As Robin Buchanan and Andrew Bracey were appointed during the year, they will offer themselves for election.

Biographical details for all the Directors are shown on pages 33 and 34.

The beneficial interests of Directors in office at 31 December 2011 in the shares of the Company at 31 December 2011 and at 6 March 2012 are set out in the Remuneration Report on pages 54 to 63. 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 £56.9m (2010: £67.5m).

A final dividend for 2010 of 6.12 pence per ordinary share was paid on 6 June 2011. An interim dividend for 2011 of 3.25 pence per ordinary share was paid on 7 October 2011. The Directors recommend the payment of a final dividend for the year ended 31 December 2011 of 6.75 pence per ordinary share on 6 June 2012 to shareholders on the register on 4 May 2012 which, if approved at the Annual General Meeting, will result in a total dividend for the year of 10.0 pence per ordinary share (2010: 9.0 pence).

Creditor days

The Company acts as a holding Company for the Group. Creditor days for the Company were nil (2010: nil) as the Company does not undertake any transactions with suppliers. The Group's creditor days at the year end were 30 (2010: 39 days).

Substantial shareholdings

As at 31 December 2011, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules (DTR5) of the following voting rights by shareholders of the Company as shown below.

Holder	Number of ordinary shares	% of issued share capital
Fidelity	38,121,312	12.04%
Capital International Limited	30,342,502	9.58%
Standard Life Investments	18,070,666	5.71%
Sleep, Zakaria and Co	17,021,321	5.37%
Artisan	15,483,502	4.89%
Lone Pine Capital	15,425,920	4.87%
BlackRock Advisors	15,279,215	4.82%
Lloyds (Banking Group)	14,783,012	4.67%
Legal & General Inv Mngmt	12,367,334	3.91%
Financière de l'Échiquier	9,105,800	2.88%

The following DTR5 notifications were received after 31 December 2011.

Holder	Number of ordinary shares	% of issued share capital
Capital International Limited	30,342,502	9.58%
Sleep, Zakaria and Co	18,267,513	5.77%

Share capital

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

At the Annual General Meeting held on 20 May 2011, the Company renewed its authority to make market purchases of its own ordinary shares up to an increased maximum of 10% of the issued share capital.

During the year, the Company purchased 5.7m shares which were cancelled. The total nominal value of the shares repurchased was £0.1m and represented 1.8% of the issued share capital. The shares were purchased for a consideration of £30.3m including expenses. 0.8m shares were also issued to satisfy share options exercised during the year.

Corporate Responsibility (CR)

Ethical, responsible practices and total commitment to minimise our impact on the environment, are key motivators behind our CR strategy.

Our staff

We never forget that the people who work at Michael Page International will always be our most valued assets. It is these individuals who drive the company forward and take it in the right direction. We therefore value their ideas and contribution, encourage them to maximise their potential, and invest heavily in learning and development. It means every member of staff has a fair opportunity to excel and develop a full and rewarding career to become our future directors and managing directors.

Our clients

We've always treated our clients as our partners and therefore have a responsibility to represent them in the best possible way. We ensure diversity in our candidate shortlists by conducting searches which reach minority groups, so that we can present the widest possible pool of talent.

Our candidates

We're ever conscious of our diversity responsibility when registering candidates and sourcing them for our clients. Candidates can be assured that they will be always be assessed purely on their skill-set and presented to clients without bias, to ensure competition for jobs is on a level playing field.

Our investors

We're aware that investors insist on good CR credentials, so we communicate regularly, keeping them well informed of our activities. Feedback from investors has helped shape our clear business strategy and encouraged further CR activities. Listening carefully to investors helps determine our CR approach for the benefit of the business.

Our community

Throughout the world, we seek to work closely with local communities, looking to give something back to the societies in which we operate. To achieve this, we encourage our staff to be pro-active in seeking projects within their own community and to make a telling contribution. Around the world, projects include consultants going into schools and giving CV and interview advice, as well as volunteers helping out on community or environmental projects in places such as hospitals, care homes, social centres and wildlife sanctuaries.

Diversity

Diversity is at the heart of everything we do. As a global recruitment business, we're about people, so our ability to understand, embrace and operate in a multicultural world not only makes financial sense but it is critical to our sustainability. At Michael Page, we're committed to building an inclusive workplace environment which seeks to leverage our global footprint – rich in diverse people, talent and ideas. We are an equal opportunities employer and a strong advocate in the industry to encourage other businesses to give every individual the same opportunities for employment and promotion based on their ability, qualifications and suitability for a position.

The Group takes its responsibilities very seriously and is determined to establish Michael Page as a leading voice on diversity issues within the recruitment industry. We also work closely with our clients, advising on how to implement their own diversity policies.

For ourselves:

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

For our clients

- We use the widest pipelines to seek their future talent
- Building unique approaches to give them the diverse shortlist they need
- We network with the right people

For our candidates

- Show us their skills and they can trust us to do all we can to create job opportunities for them

Corporate memberships

We are members of the following organisations with the pure intention to work with and advise our clients and candidates on diversity. Our senior staff are actively involved with these bodies through work-streams and joint initiatives, ensuring we are constantly learning from their experience and indeed using our own resources to share best practice and ideas.

- 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 Network for Equality & Inclusion – Incorporating the Employers Forum on Age and the Employers Forum on Belief, the Employers Network for Equality & Inclusion is the UK's leading employer network covering all aspects of equality and inclusion issues in the workplace.

Our people

Employee engagement

With our business strategy of increased diversification through organic international growth, our vision of Maximising Potential exists for employees to articulate opportunity, development and the ambition of each individual. At the heart of our company is the camaraderie of team work, so much so that it is also one of our company values. We are a very sociable company, with regular team activities in and out of the office including quarterly events and high profile exclusive trips for our 'High Flyers', the latter a reward for those who have performed exceptionally well.

We run several initiatives worldwide to monitor employee engagement. In the UK, we participate in the Sunday Times Best Companies to work for in which we have been recognised for seven years. With over 1,000 companies entering, we were delighted to see us ranked as the 39th best company to work for in the UK. This is a leap of 19 places from last year and equals our highest ever ranking. Michael Page received top scores for management, leadership and personal growth.

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, we are hiring our managers, directors and indeed managing directors of the future.

We aspire to help people to be the best they can, whether they are looking for a career in recruitment, or need a hand finding the right role to suit their needs.

Learning and Development – our future

It's visible both inside and out, that Michael Page International is passionate about its people's development. Through a diverse range of education, experience and exposure opportunities, we support our employees to develop in their roles and build a solid foundation for their future career with us. From the day they start, through to becoming leaders, our people continuously undertake development and succession planning programmes through quarterly appraisals, coaching, and people management training using 360 degree feedback.

At Michael Page International we're about specialisation. So, in order for our people to be the best at what they do, we have established dedicated Learning & Development (L&D) teams across the Group that customise our programmes to offer the right training to suit different cultures and working environments.

Our L&D activities include:

- Induction training; diversity, customer service, behaviour, culture, legal & policy;
- Business technology skills; preliminary and advanced;
- Maximising Sales; core skills in three day module sessions;
- Workshops; Self management, advanced interviewing, presentation skills;
- Virtual office; Advanced skills training;
- Management development for both fee earning and support staff; Operational management, financial/business management, succession planning, coaching and development, motivation;
- One to one coaching and mentoring;
- Leadership programme for directors incorporating external 360 degree feedback
- Global director academy; Sharing global knowledge; and
- Talent management workshops for global managing director population.

Retaining the most talented people

With a solid strategy of organic growth, and using this expertise as a platform for growing into new markets, we have a strong commitment to internal promotion and employee empowerment which 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. Retaining our best people is fundamental to our long-term success and continuity.

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; and
- High Flyers events – premium international trips for high performing consultants and managers.

Whistleblowing

The Company is committed to maintaining the highest ethical standards and the personal and professional integrity of its employees, suppliers, contractors and consultants.

Michael Page International plc at all times conducts its business with the highest standards of integrity and honesty. It expects all employees to maintain the same standards in everything they do. Employees are therefore encouraged to report any wrongdoing by Michael Page International plc or its employees that falls short of these business principles. The aim of this policy is to ensure that as far as possible, our employees are able to tell us about any wrongdoing at work which they believe has occurred, or is likely to occur.

Bribery and Anti-Corruption

Bribery and corruption is, unfortunately, a feature of corporate and public life in many countries across the world. Governments, businesses and non-governmental organisations such as Transparency International are working together to tackle the issue, but despite our collective efforts, eradicating all forms of bribery and corruption will take time. The Group therefore has a clear policy and we support our employees to make decisions in line with our stated position.

Following the release of the UK Bribery Act on 1 July 2011, a significant amount of time has been spent training staff across the Group in every country in which we operate.

This training program went on for a number of weeks, to ensure all relevant personnel were fully aware of its impact. Changes were made to our policies and procedures where deemed necessary and we have updated our Group Code of Conduct which can be found on our website.

Our corporate conduct is based on our commitment to acting professionally, fairly and with integrity. The Group has adequate anti-corruption procedures in place and maintains a zero-tolerance approach against corruption. Facilitation payments are also not permitted within the Group's operations.

Charity and community

The Group made charitable donations of £299k during the year (2010: £181k).

Giving something back

We continue to offer all our employees the opportunity to be involved in activities with a charity, community or environmental cause. In some of our regions we call this a 'More Giving Day'. With the permission from their director, employees are free to take a working day out of the office in order to give something back. We have helped at hospices, decorated schools, cleaned conservation areas, helped the elderly with their gardening, assisted at large charity functions and even used our people skills to run workshops on behalf of others. It's another opportunity for us to show our values and also to help the community.

Helping young people prepare for employment

The City of London shares its borders with some of the UK's most deprived boroughs where unemployment is high, despite the considerable employment opportunities in the City. In 2005, Michael Page International joined forces with The Brokerage Citylink to support the City of London Business Traineeship Programme to help combat this issue. The initiative works through London borough schools to raise awareness of the career opportunities in the City and brings together able school and colleague leavers with City firms for placements between 6 and 13 weeks.

In 2011, we brought another five high-achieving, aspiring students on-board who were keen to gain an insight into the recruitment industry. Individuals that do their traineeship at Michael Page International can nominate to work in the operational business as a consultant or in one of the support functions including marketing, human resources or information technology. Bespoke training and development programmes ensure that all trainees get a real introduction into the world of recruitment. Each person is mentored and nurtured during their time with us, so that they go away with a better understanding of working life.

Over the past seven years, we have worked hard to mentor and provide key career foundations for 50 young people, many from ethnic minority backgrounds, so they can understand what a career in the City can offer and what they need to achieve in order to get the right job.

We place great importance on sourcing talent for our business through many different channels, so not only is The Brokerage Programme a way for us to develop young talent but it is also an integral part of our recruitment strategy to achieve success in the future.

Giving back is part of our culture. We are actively involved with charities, communities and environmental causes across the globe and take pride in our achievements. Our approach and commitment to giving back, enhances our working lives by keeping us engaged with the world around us and providing opportunities to contribute towards it. We believe that together we make a difference.

Around the world we have a number of programs and schemes in place to ensure that our people share the responsibility of giving back to local communities and not-for-profit organisations.

Our core values

Our five values are key to our success. They are the roots of Michael Page and the foundation of our methods, approach to business and motivating our staff. More than mere words, we believe our values are the essence of our brand and instrumental to the way we work and operate, day in, day out.

Take pride
This means taking pride in everything we do, who we are and what we stand for. We want every person who works for us to be proud, not just of their personal achievements, but of those of the company too.

Make it fun
Of course we're serious about business, but we recognise that having fun is an important factor within any office environment. We encourage it and have learnt that the happier our people are, the more successful we'll be.

Never give up
A value few possess, but is essential in business, particularly ours. It means never allowing yourself to be knocked back by disappointment, refusing to give up and showing real resilience. 'When the going gets tough, the tough get going', is an apt phrase for Michael Page.

Be passionate
Without passion, how could we be so successful? It's a key value that we see every day in our offices; from senior managers to new recruits. It's the ingredient that ensures the very best service for our clients and candidates. Ultimately, it's raw passion that has made us the strong, dynamic company we are today.

Work as a team
Teamwork is essential in any company and ours in no exception. We embrace it wholeheartedly and every employee is committed to working as part of a team. Teamwork makes us stronger, more efficient and the success that follows is so much more rewarding.

opportunitynow men | women | workplace

employers' forum on disability

rfo race for opportunity

enei

FTSE4Good

Diversity at Michael Page

Our approach to diversity varies from country to country. In the UK, we have a dedicated UK Diversity Board. Consisting of senior directors, the board regularly reviews, initiates and drives our policies forward. The group takes its responsibilities very seriously and is totally committed to the cause. It is our policy to promote an environment free from discrimination and harassment , where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. Determined to establish Michael Page as the leading authority on diversity within the recruitment industry, they also work closely with our clients advising on how to implement their own diversity policies.

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.

Working with local communities

In Italy, Michael Page supports the not-for-profit foundation, Aiutare i bambini. In particular, our staff get involved in its "Diventare grandi" campaign – a local study centre in Milan which encourages the personal development of students who come from difficult backgrounds.

Michael Page has established a direct debit system so employees can give regular donations through their pay. The staff also volunteer their time three times a year to run sessions with the students to assist with their studies and to celebrate the end of their exams. The students also spend part of a day in our Milan office to learn more about working life and the job market.

In Brazil, the offices support Fundação Gol de Letra, a charity founded by local soccer players which aims to provide quality education to surrounding communities. In 2011, staff actively got behind one of their fundraising dinners to raise much needed funds. Brazil also work with Casa do Zezinho, an institution that engages with some of the poorest communities in São Paulo, helping children with alimentation, education and to develop the skills needed to get a job. We organise two visits per year and give several donations to fund educational materials.

Michael Page in France helps fund the Second Chance Foundation, helping adults with troubled pasts get back on their feet. France's Page Personnel business also support Unis-Cité which pioneered civil service in France with a vision that one day all youngsters would dedicate time to community service for self-growth and selflessness.

Sharing our skills

Michael Page in Madrid organised a training day with The Red Cross where consultants, managers and directors gave advice to The Red Cross recruiters and taught them some techniques on how to recruit, the do's and don'ts, problems they may face and how to solve them. All of the training sessions were created specifically to suit the needs of The Red Cross recruiters so they could gain as much from the sessions as possible. We also collaborate with Mujer, Familia y Trabajo – a foundation which helps women who have dedicated their lives to take care of their families and now want to return to work. Michael Page gets involved with workshops where we provide advice on writing a good CV and interview skills. Staff also work on a one-to-one basis with the group to give individual CV advice.

We not only work with external associations that help young people, we also launched our very own Work and Learn scheme in 2010. Unique not only for our industry, but also for many other FTSE listed businesses, Work and Learn offers university students paid work within a Michael Page office local to wherever they are studying. In four hour blocks adapted around their timetable, working for Michael Page will empower them with real commercial exposure and experience in a professional services business.

Partnering with charities

By working together with charities and associations, we can contribute towards initiatives which provide the vital support they need to continue raising awareness and funding research for important causes. This year, Michael Page has supported a number of charities and local projects around the world.

Michael Page in Portugal has partnered with dou.pt, a charity website, where by donating items to the site for people less fortunate, we not only help those in need, we also reduce our ecological footprint through recycling unwanted items. We encouraged our colleagues and clients to donate their unwanted items to the website, once posted on the website, those less fortunate are able to choose items and make contact with the donor to arrange collection of the item.

Teams in Singapore were joined by a few employees from Japan, to participate in the annual Great Wall Marathon in Beijing to help raise funds for Operation Smile, a charity that assists with funding surgeries for children born with facial deformities in developing countries.

In the US, Michael Page employees took part in the second annual 'Run for Amelia' held in New Jersey raising US$35,000 in support of Amelia Zarro who has Chromosome 22 Ring disease.

In Hong Kong we supported the St. Baldrick's Foundation, by participating in the St Baldrick's head-shaving event raising money for research into childhood cancer.

Our offices in Australia are very active fundraisers, working with a number of different charities. The teams have helped raised funds for Breast Cancer Foundation Australia, by participating in Pink Ribbon Day. All funds raised are put towards educational program about early detection, research into causes and treatments, and support services to help women through their diagnosis, treatment and recovery. They also participated in Daffodil Day, selling Cancer Council merchandise to raise funds for cancer research.

Other teams raised funds for the Juvenile Diabetes Foundation in an effort to raise public awareness about child diabetes. In Sydney, we sold merchandise in office foyers for the Annual Starlight Day, raising nearly AUD$3,500 for the charity, supporting seriously ill and hospitalised children to help lift their spirits.

In Japan, our teams contributed to the Tohoku Disaster relief effort through both financial and volunteering support. Funds were donated to Peace Boat, which works to promote peace, human rights, equal and sustainable development and respect for the environment, while several staff members volunteered in the clean-up effort around the tsunami affected areas. The team also raised awareness of the need for volunteers by inviting Peace Boat's co-founder to present at the Michael Page Japan's ten year anniversary event, which was attended by more than one hundred clients from multinational companies within Japan.

In addition to this, the Japan office also participated in the FIT (Financial Industry in Tokyo) for Charity Run, with donations divided among ten local charities in the Kanto and Tohoku region. More than 60% of employees in Japan supported the Run for the Cure Foundation, funding breast cancer education and awareness programs throughout Japan.

Spotlight on the UK

As well as running a 'Give As You Earn' scheme, matching any charitable donation made by an employee, our UK operations also has an official charity partner.

The UK works closely with one main charity partner, Macmillan Cancer Support and have pledged to fund four Macmillan cancer nurse specialists who operate within major UK cities. Since our partnership began in May 2011, we have organised a number of activities to help fundraise towards our target, testing ourselves physically by running marathons, racing in triathlons, cycling across country to name just a few. Our office activity raises funds on a daily basis through tuck shops, sweepstakes and bake sales. One of our newest fundraising activities is The Apprentice Challenge, where teams take to the streets to fundraise as much as they can from the general public. So far we've organised two of these days for about 50 employees each time, raising close to £8,000 across the two days, something we will definitely build on and get more teams involved with in 2012.

Our largest annual event is hiking up the Yorkshire Three Peaks which saw 90 employees take up the 25 mile hike across the three tallest peaks in the Yorkshire Dales, completing it within 12 hours. Some completed it in five hours by running the distance in less than ideal conditions. This event alone raised over £30,000 for Macmillan Cancer Support.

We've also volunteered our time to help Macmillan cancer patients with a number of garden tidy projects. Beneficiaries of these projects are often patients who have always been keen gardeners but are now unable to maintain it themselves due to illness. Our people have worked hard to transform patients' gardens by cutting back overgrowth and weeds ready for new plants to grow, so that the patients can once more enjoy spending time in their gardens.

Environment

Taking responsibility for our environment

Michael Page is a typical office-based business. 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 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.

Reducing our carbon footprint

Michael Page International does not cause much pollution, however we recognise fully 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; and
- 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, we endeavour 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 (Leadership);
- Remuneration Report (Annual Bonus Plan);
- Remuneration Report (Directors' interests and share ownership requirements);
- Notes to the Accounts (Note 18: Called-up share capital); and
- Shareholder Information and Advisers (Articles of Association).

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

Information to Auditors

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

1. so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is 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

Ernst & Young LLP are willing to continue in office and accordingly resolutions to re-appoint them as auditor 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 18 May 2012, together with explanatory notes, appear in the Notice of Meeting set out on pages 114 to 121 and is available on our website at http://investors.michaelpage.co.uk.

There are no resolutions that have been classed as special business.

By order of the Board

Kelvin Stagg
Company Secretary
6 March 2012

Corporate governance

At the date of this report, the principal governance rules applying to UK companies listed on the London Stock Exchange are contained in the UK Corporate Governance Code (the "Code"). The FRC issued the Code in May 2011, which applies to financial years beginning on or after 29 June 2011. The FRC has stated that changes have been made to help company boards to become more effective and more accountable to shareholders.

The Board as a whole has been proactive in addressing many of the recent developments including the annual re-election of all the Directors, which was adopted last year ahead of the formal implementation of the new Code provision.

The Board of Directors has a strong commitment to high standards of corporate governance and has applied all of the main and supporting principles set out in sections A to E as recommended in the Code for the year ended 31 December 2011.

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 Code

The Directors consider that the Company has complied with all of the principles set out in sections A to E of the Code for the year ended 31 December 2011. The Company's auditors, Ernst & Young LLP, are required to review whether the above statement reflects the Company's compliance with the relevant provisions of the Code specified for the review by the Listing Rules of the UK Listing Authority and to report if it does not reflect such compliance. No report has been made.

Leadership

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 comprises currently the Chairman, who is deemed to be independent and has no operational responsibilities, two Executive Directors and four independent Non-Executive Directors. Collectively, they have a broad balance of skills and experience.

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 2011.

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 for the UK, EMEA, Asia Pacific and the Americas. Each Regional Board meets at least four times a year.

Chairman

The Chairman 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.

Until 31 December 2011, the Chairman was Sir Adrian Montague. Sir Adrian retired as Chairman of the Board on 31 December 2011 following the completion of a planned succession process, and Robin Buchanan, who joined the Board as an independent Non-Executive Director in August 2011, succeeded him as Chairman. Sir Adrian joined the Board of Michael Page in February 2001 as a Non-Executive Director and was appointed Chairman in May 2002.

On 28 July 2011, during his time as Chairman of Michael Page International plc, Sir Adrian was appointed Non-Executive Chairman of Hurricane Exploration plc, an oil and gas exploration company based in the UK.

Senior Independent Director (SID)

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 is Hubert Reid, but following the Annual General Meeting on 18 May 2012 where Hubert Reid will step down, the Senior Independent Director will be Ruby McGregor Smith.

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. 1 overleaf.

Effectiveness

The composition of the Board complies with Code Provision B.1.2. 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.

Board appointments

The Board follows formal and transparent procedures when appointing directors. All candidates are interviewed by the Chairman and the Chief Executive, and all candidates in the final shortlist are 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.

Michael Page International plc is an organisation founded on the principle of encouraging talented people to realise their full potential at all levels in the business. Our management philosophy is to create a culture in the business that recognises and rewards our people for their achievements. We actively encourage and pursue diversity, including diversity in gender, throughout the business.

Diversity at Board level is no more important than diversity at every other level in the business. In a small Board we balance diversity, including diversity in gender, against the paramount need to create a talented high-performing board with a suitable mix of experience and capability, in sector, geography, financing, management and governance. We especially focus on the importance in diversity at the time of each new board appointment and in framing instructions to the search consultants we retain to assist us in such appointments.

Nomination Committee

The Nomination Committee comprises the Non-Executive Directors and is chaired by Robin Buchanan. 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.

During the year, the Nomination Committee, led by the Senior Independent Director Hubert Reid, oversaw the search for a new non-executive director assisted by The Inzito Partnership.

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

	Board
Total meetings	12
Meetings attended	
Executive	
Steve Ingham	12
Charles-Henri Dumon (left the Board on 28 February 2012)	11
Stephen Puckett	11

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	12	9	5	4
Meetings attended				
Non-Executive				
Robin Buchanan (appointed 10 August 2011)	4	3	2	0
Sir Adrian Montague CBE (retired 31 December 2011)	12	9	5	3
Ruby McGregor-Smith	10	7	4	1
Dr Tim Miller	10	7	4	4
Hubert Reid	12	9	5	4
Reg Sindall	10	7	5	4

This particular non-executive recruitment process was led by the SID as it was intended that the successful candidate would succeed Sir Adrian Montague as Chairman in the future. A detailed role profile was agreed by the Committee before a shortlist of suitable candidates was prepared to go forward to an interview process. This resulted in the recommendation of the appointment of Robin Buchanan. Terms and conditions for Robin Buchanan and the other Non-Executive Directors are available for inspection at the Company's registered office.

It was announced on 11 July 2011 that Stephen Puckett, the Group Finance Director, would be leaving the Group, but would continue full-time in office until his successor was appointed and a full handover of his responsibilities had been completed. The Group retained external executive recruitment consultants to carry out a worldwide search against an exacting brief to identify a short-list of candidates. From the short-list, the Committee identified Andrew Bracey as the preferred candidate and having completed a comprehensive interview and assessment process, he was appointed. He will join the Group on 23 April 2012.

Re-election of Directors

All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment.

In accordance with the Code, the Directors have resolved that they will all submit themselves for annual re-election at the AGM. Accordingly, at the forthcoming AGM to be held on 18 May 2012, Robin Buchanan and Andrew Bracey will offer themselves for election, with the remaining Directors, with the exception of Hubert Reid, Stephen Puckett and Charles-Henri Dumon, offering themselves for re-election. As a result of their annual performance evaluation, the Board considers that their individual performances continue to be effective, with each Director demonstrating commitment to their role. The Board is therefore pleased to support their re-election at the forthcoming Annual General Meeting.

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 meetings between the Chairman and all other Board members, individually and collectively, concerning all aspects of procedure and effectiveness.

During this review, a number of matters were considered, including overall composition and diversity of the board.

Following completion of this part of the process, the Chairman met again with each of 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.

Succession planning

One of the basic premises behind the strategic development of the Michael Page business, is that growth is organic. It is therefore one of the fundamental principles 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.

Conflicts 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 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.

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.

Accountability

Responsibilities

The Directors acknowledge their responsibility for the preparation of the Annual Report. The Statement of Directors' Responsibilities is shown on page 123. A statement by the auditors about their reporting responsibilities is shown in the Independent Auditors' Report on page 65.

Strategy

A detailed discussion of results, strategy and outlook is contained within the Business Review of this Annual Report.

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 33 and 34.

The Board believes that Ruby McGregor-Smith and Hubert Reid have recent and relevant financial experience. The other members of the Audit Committee, Dr Tim Miller and Reg Sindall both have wide experience in regulatory and risk issues.

The Committee met nine times in 2011 to fulfil its duties and included attendance by the external auditor where required. The Committee also met with the external auditors during the year without the presence of management.

In 2011, 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 risk management and internal control systems, review the scope of the external audit, consider issues raised by the external auditor, 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.

During the year, with Deloitte LLP having been group auditors since 1998, the Audit Committee recommended to the Board that it was appropriate to put the group audit out to competitive tender. Ernst & Young LLP was successful in this process.

Objectivity and independence of external auditor

Ernst & Young LLP is 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 auditor. 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 auditor 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 outsourced 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 auditor 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.

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 Ernst & Young 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, at least annually, the effectiveness of the Group's system of internal controls. This requirement stipulates that the review shall cover all material 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 and sets out best practice on internal audit for UK listed companies and assists them in applying Section C.2 of the Code.

The Board has assessed existing risk management and internal control processes during the year ended 31 December 2011 in accordance with the current 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 2011 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 issues trading updates 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 a team of Internal Auditors. 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 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.

Remuneration

Remuneration Committee

The Remuneration Committee comprises the independent Non-Executive Directors and, since 21 January 2011, is chaired by Reg Sindall, who took over the Chairmanship from 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 54 to 63 of the Annual Report.

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.

Remuneration report

Dear shareholder

In my letter last year, I advised you that we planned to review the remuneration structure during 2011, taking into account a number of key principles, namely to:

- Moderate the volatility in remuneration arrangements so they are more in line with business performance;
- Encourage personal investment in Company shares; and
- Establish longer-term incentives less dependent on short-term performance.

We made good progress during the year and had constructive and helpful dialogue with major shareholders. Following this consultation it was our intention to introduce the changes with effect from January 2012. However, as you will be aware, the business leadership is undergoing significant change with the departure of Stephen Puckett and arrival of Andrew Bracey, together with the recently announced departure from the Board of Charles-Henri Dumon.

This has had a significant impact on the roles and responsibilities of the executive directors and senior management team. The Committee therefore considers it is appropriate to further review the remuneration structure in the context of these changes, whilst maintaining the core principles. On this basis, the current arrangements will remain unchanged for the final year of the ISP, which expires in 2013. We will bring all proposed changes together with the formal replacement of the ISP plan for shareholder approval at the 2013 AGM.

Accordingly, 2012 will be the last year in which there is no formal cap on the bonus and the new arrangements will operate for 2013 and beyond.

The Committee appreciates all the feedback received from shareholders and hopes to receive your support at the forthcoming AGM.

Reg Sindall
Remuneration Committee Chairman
6 March 2012

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 UK Corporate Governance 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 those 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. The Committee retained independent remuneration consultants (Deloitte LLP) and has taken advice during the year from them in relation to certain executive remuneration matters. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. 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 annual re-election at Annual General Meetings.

Additional details of service contracts are shown on page 62.

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 2011.

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.

The Committee decided to increase the Executive Directors' base salaries by 3.0% with effect from 1 January 2011, which was broadly in line with staff across the wider Group. Following the increase, the base salaries remained significantly below the market median. The following table shows the base salaries of each director in 2010 and 2011, in the currency in which they are paid.

Director	Currency	2010 ('000s)	% Change	2011 ('000s)
Steve Ingham	Sterling	380	3.0%	392
Stephen Puckett	Sterling	290	3.0%	299
Charles Henri Dumon	Swiss Francs	634	3.0%	653

As outlined above, the recent changes to the board of directors, with Charles-Henri Dumon leaving the Board in February 2012 and Stephen Puckett being replaced by Andrew Bracey in April 2012, has led to a change in the roles and responsibilities of the Chief Executive. In light of these changes, Steve Ingham's salary for 2012 has been increased by 15% to £450,000. His salary remains significantly below the market median and any further changes to his base salary will be considered in the context of implementing the revised remuneration framework for 2013. No further changes have been made to his benefits for 2012.

Andrew Bracey will receive a base salary of £360,000 p.a. effective from his appointment in April 2012.

Annual bonus plan

Annual bonuses for the Executive Directors are awarded from a pool of profits earned during the financial year. In 2011, 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. Reflecting the strong recovery of the business and its performance compared to the peer group in the year, the Committee increased the 2011 bonus pool by 10%.

The targeted level of profits for 2011 was £100.9m and was set at the end of 2010 by reference to market expectations and internal forecasts at that time. Due to the downturn in market conditions in the second half of 2011, the targeted level of profits was not achieved by the business and, as a result, the bonus pool from which the executive directors individual bonuses are drawn, for the three executive directors reduced by 47.2%, compared to 2010. The Committee retains the discretion to review this arrangement and to set different rates and thresholds as it deems appropriate for the business.

Unlike all other employees who receive all 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. Based on the 2011 results, the aggregate amount deferred for the three Executive Directors is £0.1m (2010: £1.8m). As Stephen Puckett is leaving the Group, the Remuneration Committee decided that £0.1m of his 2011 bonus, which would normally be deferred and settled in shares, would be paid in cash.

The intention is that the Annual Bonus Plan will operate as normal in 2012, with the bonus pool for Executive Directors reduced proportionately to take into account the changes to the Board during the year. The target has been set for 2012 by reference to market expectations and internal forecasts and will be disclosed in next year's Remuneration Report. Andrew Bracey will not participate in the bonus pool in 2012 and will have a maximum bonus opportunity of 150% of salary subject to the achievement of stretching financial and personal targets to be set by the Board.

Long-term incentives

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

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, 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 the following 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.

Based on the 2011 results, the total award available to be made in 2012 was £5,867,880. Of this, as in previous years 10% was allocated to the Chief Executive. Due to him being on notice to leave the Group, Stephen Puckett was not eligible for an award and Charles-Henri Dumon left the Board on 28 February 2012. Awards totalling £4,045,000 will be made to other senior employees. Details of the awards made in 2011 to the Executive Directors are disclosed on page 60.

As reported in the 2009 Remuneration Report, due to the highly uncertain outlook at the time of making the awards, the Remuneration Committee concluded that performance shares awarded in March 2009 would vest over the four year period to 31 December 2012. As such, there are no awards to test for performance against the 2011 results.

It is intended to operate the ISP on the usual basis for the Chief Executive in 2012. Andrew Bracey will not participate in the ISP profit share for 2012 but will receive a maximum long-term incentive award of 100% of salary.

Emoluments

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

2011	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)	392	28	588	77	391	1,476
Charles-Henri Dumon (Note 2)	460	68	299	–	–	827
Stephen Puckett	299	29	520	–	–	848
Non-Executive						
Sir Adrian Montague CBE	150	–	–	–	–	150
Reg Sindall	51	–	–	–	–	51
Ruby McGregor-Smith	51	–	–	–	–	51
Dr Tim Miller	46	–	–	–	–	46
Hubert Reid	49	–	–	–	–	49
Robin Buchanan	18	–	–	–	–	18
Total	1,516	125	1,407	77	391	3,516

2010	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)	380	34	570	689	334	2,007
Charles-Henri Dumon (Note 2)	395	72	435	549	334	1,785
Stephen Puckett	290	28	435	549	334	1,636
Non-Executive						
Sir Adrian Montague CBE	130	–	–	–	–	130
Reg Sindall	2	–	–	–	–	2
Ruby McGregor-Smith	49	–	–	–	–	49
Dr Tim Miller	43	–	–	–	–	43
Hubert Reid	46	–	–	–	–	46
Total	1,335	134	1,440	1,787	1,002	5,698

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 a 3.0% increase in salary in 2011 and therefore the additional 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 to be awarded in March 2012.

Pension benefits

Executive Directors are eligible to participate in the Group pension plan which is a defined contribution scheme. In 2011, each Executive Director received a pension contribution equal to 25% (2010: 25%) of their base salary or a cash alternative.

Pension contributions	2011 £'000	2010 £'000
Steve Ingham	98	95
Charles-Henri Dumon	115	99
Stephen Puckett	75	73

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 base salary. As at 31 December 2011, 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 2011 to 6 March 2012.

			Transferred in year					
	Ordinary shares of 1p	At 1 January 2011	ISP	ABP	Total transferred in year	Acquired in year	Disposal in year	At 31 December 2011
Robin Buchanan	Direct Holding	–	–	–	–	39,678	–	39,678
Steve Ingham	Direct Holding	1,212,987	104,446	69,808	174,254	–	–	1,387,241
Charles-Henri Dumon	Direct Holding	628,000	194,946	142,164	337,110	–	(350,000)	615,110
Stephen Puckett	Direct Holding	434,695	104,472	55,505	159,977	–	(594,672)	–

1. Steve Ingham transferred 104,446 shares from the Incentive Share Plan and 69,808 from the Deferred Annual Bonus Plan into his direct holding in the year.
2. Charles-Henri Dumon transferred 194,946 shares from the Incentive Share Plan and 142,164 from the Deferred Annual Bonus Plan into his direct holding and also disposed of 350,000 out of his direct holding in the year.
3. Stephen Puckett transferred 104,472 shares from the Incentive Share Plan and 55,505 from the Deferred Annual Bonus Plan into his direct holding and also disposed of 594,672 out of his direct holding in the year.
4. Robin Buchanan acquired 39,678 shares on 15 August 2011.

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 2011 are as follows:

	Total award at 1 January 2011			Awarded during the year			Vested in year	Lapsed in year	Total award at 31 December 2011		
	Perf. shares	Non-perf. shares	Total shares	Perf. shares	Non-perf. shares	Total shares			Perf. shares	Non-perf. shares	Total shares
Steve Ingham	261,347	522,691	784,038	34,020	68,039	102,059	(215,122)	(107,562)	187,805	375,608	563,413
Charles-Henri Dumon	261,347	522,691	784,038	34,020	68,039	102,059	(215,122)	(107,562)	187,805	375,608	563,413
Stephen Puckett	261,347	522,691	784,038	34,020	68,039	102,059	(215,122)	(107,562)	187,805	375,608	563,413

1. The value of the award made under the Michael Page Incentive Share Plan in 2011 is £501,108 for each of the three executive directors who are eligible for an award and is based on the purchase price of the Company's ordinary shares on 11 March 2011 of 491p. The market value at the date of their award of the shares that vested in the year was 285p.
2. The total value of awards at 31 December 2011 for each individual Director in office at the balance sheet date is £1,965,185 and is calculated using the closing market price of the Company's ordinary shares at 31 December 2011 of 348.8p.
3. For awards made in 2011, the performance shares vest over three years and have a base EPS for the performance criteria of 18.62p.
4. In March 2011, Charles-Henri Dumon was granted deferred share options to acquire 68,039 ordinary shares and performance share options to acquire 34,020 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.

Deferred annual bonus

As described on pages 56, in the event that the Executive Directors' bonus entitlement is greater than 150% of salary, the excess above the individual's salary is deferred, invested in the Company's shares and delivered to the individual in two equal tranches on the first two anniversaries of the grant. In respect of 2011, a total of £0.1m will be awarded to the Executive Directors in March 2012, representing this excess and has been included in the emoluments table for the year as shown on page 58. There has been no charge made to the income statement in the year for the deferred element of the 2011 annual bonus. The charge for the year will be spread over future periods as described in the accounting policies in Note 1 on page 78. For full descriptions of the vesting conditions, see "Annual Bonus Plan" on page 56.

Details of awards made under the deferred Annual Bonus Plan that remain outstanding at 31 December 2011 are as follows:

	Total award at 1 January 2011 (shares)	Awarded during the year (shares)	Vested in year (shares)	Total award at 31 December 2011 (shares)
Steve Ingham	143,115	140,325	(143,115)	140,325
Charles-Henri Dumon	113,764	111,898	(113,764)	111,898
Stephen Puckett	113,764	111,898	(113,764)	111,898

The average market value of the shares vested in the year at the date of award was 187.5p.

Beneficial interests

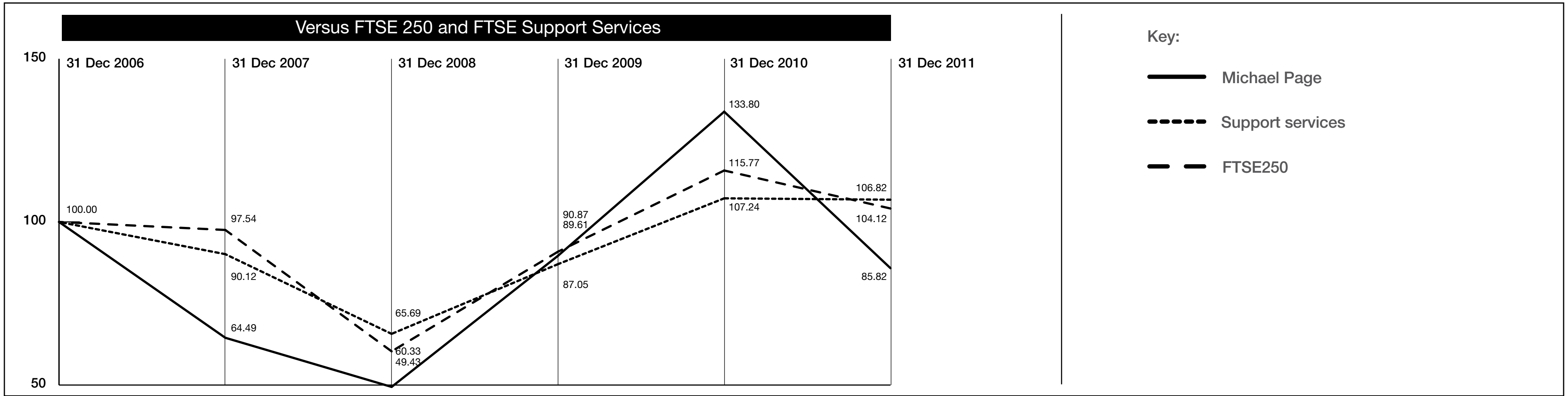
The beneficial interests of the Executive Directors who served during the year and their families in share options of the Michael Page International plc Executive Share Option Scheme at 31 December 2011 were as follows:

	Date of Grant	At 1 January 2011 (shares)	Exercised in year	Lapsed in year	At 31 December 2011 (shares)	Exercise price (pence)	Period of exercise
Steve Ingham	2001	93,471	(32,792)	(60,679)	–	175	2004-2011
	2005	50,000	–	–	50,000	190.75	2008-2015
	2010	400,000	–	–	400,000	381.5	2013-2020
Charles-Henri Dumon	2001	140,209	(49,187)	(91,022)	–	175	2004-2011
	2005	50,000	(50,000)	–	–	190.75	2008-2015
	2010	400,000	–	–	400,000	381.5	2013-2020
Stephen Puckett	2001	93,471	(32,792)	(60,679)	–	175	2004-2011
	2005	50,000	(50,000)	–	–	190.75	2008-2015
	2010	400,000	–	–	400,000	381.5	2013-2020

The market price of the shares at 31 December 2011 was 348.8p with a range during the year of 323p to 567p.

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

A general review of all the Executive Directors' contracts was carried out during 2011 to ensure they remain legally current and a number of minor amendments were made.
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 2011	Notice period	Provision for compensation on early termination	Other termination provisions
Executive					
Steve Ingham	31/12/10	no specific term	12 months	12 months salary plus other contractual benefits	None
Charles-Henri Dumon (Note 6)	13/06/03	no specific term	12 months	12 months salary plus other contractual benefits	None
Stephen Puckett (Note 1)	31/12/10	no specific term	12 months	12 months salary plus other contractual benefits	None
Non-Executive					
Sir Adrian Montague CBE (Notes 2 and 5)	27/02/10	12 months	None	None	None
Ruby McGregor-Smith	23/05/10	17 months	None	None	None
Dr Tim Miller (Note 3)	13/08/11	32 months	None	None	None
Hubert Reid	25/02/09	2 months	None	None	None
Reg Sindall	14/12/10	24 months	None	None	None
Robin Buchanan (Note 4 and 5)	10/08/11	32 months	None	None	None

1. Stephen Puckett announced in the Q2 and Half Year 2011 trading statement that he would be stepping down from the Board when a successor had been found. It was subsequently announced, on 23 January 2012, that Andrew Bracey would be joining the Group as Chief Financial Officer from 23 April 2012.
2. Sir Adrian Montague retired from the Board on 31 December 2011.
3. Dr Tim Miller's contract was renewed for a further three year term on 13 August 2011.
4. Robin Buchanan was appointed to the Main Board and the Audit, Remuneration and Nomination Committees for an initial three year term on 10 August 2011.
5. Sir Adrian Montague retired and Robin Buchanan was appointed as Chairman on 31 December 2011, whereupon he resigned from the Audit and Remuneration Committees.
6. Charles-Henri Dumon left the Board on 28 February 2012.

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 9) on 18 May 2012.

Audit requirement

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 58 to 61 inclusive, are audited. All other sections of the Remuneration Report are unaudited.

Reg Sindall
Chairman – Remuneration Committee
6 March 2012

Auditor's report

Independent auditor's 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 2011 which comprise the 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 26. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 123, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

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

Ernst & Young LLP.

Iain Wilkie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
6 March 2012

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Consolidated income statement

For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Revenue	2	**1,019,087**	832,296
Cost of sales		**(465,306)**	(390,089)
Gross profit	2	**553,781**	442,207
Administrative expenses		**(467,746)**	(370,680)
Operating profit before non-recurring items	2	**86,035**	71,527
Other income – non-recurring items	5	**–**	17,125
Operating profit	2	**86,035**	88,652
Financial income	6	**953**	1,107
Financial income – non-recurring items	5	**–**	11,335
Financial expenses	6	**(841)**	(438)
Profit before tax	2	**86,147**	100,656
Income tax expense	7	**(29,290)**	(25,203)
Income tax expense – non-recurring items	5, 7	**–**	(7,969)
Profit for the year	3	**56,857**	67,484
Attributable to:			
Owners of the parent		**56,857**	67,484
Earnings per share			
Basic earnings per share (pence)	10	**18.7**	21.6
Diluted earnings per share (pence)	10	**18.2**	21.1

The above results relate to continuing operations.

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the year	**56,857**	67,484
Other comprehensive income for the year		
Currency translation differences	**(3,405)**	290
Total comprehensive income for the year	**53,452**	67,774
Attributed to:		
Owners of the parent	**53,452**	67,774

Consolidated and parent company balance sheets

As at 31 December 2011

		Group		Company as restated (note 1)	
		2011	2010	2011	2010
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	2, 11	**33,210**	28,526	**–**	–
Intangible assets	2, 12	**39,744**	27,574	**–**	–
Investments	13	**–**	–	**478,791**	462,947
Deferred tax assets	17	**8,351**	12,441	**–**	–
Other receivables	14	**2,612**	1,145	**–**	–
		83,917	69,686	**478,791**	462,947
Current assets					
Trade and other receivables	14	**196,455**	168,305	**485,871**	470,941
Current tax receivable	8	**3,980**	2,810	**–**	1,305
Cash and cash equivalents	21	**64,417**	80,531	**23**	–
		264,852	251,646	**485,894**	472,246
Total assets	2	**348,769**	321,332	**964,685**	935,193
Current liabilities					
Trade and other payables	15	**(147,413)**	(122,795)	**(564,173)**	(510,830)
Bank overdrafts	16	**(6,249)**	–	**–**	–
Current tax payable	8	**(11,591)**	(16,583)	**–**	–
		(165,253)	(139,378)	**(564,173)**	(510,830)
Net current assets/(liabilities)		**99,599**	112,268	**(78,279)**	(38,584)
Non-current liabilities					
Other payables	15	**(2,685)**	(4,156)	**–**	–
Deferred tax liabilities	17	**(233)**	(364)	**–**	–
		(2,918)	(4,520)	**–**	–
Total liabilities	2	**(168,171)**	(143,898)	**(564,173)**	(510,830)
Net assets		**180,598**	177,434	**400,512**	424,363

Consolidated and parent company balance sheets (continued)

As at 31 December 2011

	Note	Group 2011 £'000	Group 2010 £'000	Company as restated (note 1) 2011 £'000	Company as restated (note 1) 2010 £'000
Capital and reserves					
Called-up share capital	18	**3,167**	3,216	**3,167**	3,216
Share premium	19	**57,215**	55,607	**57,215**	55,607
Capital redemption reserve	19	**932**	875	**932**	875
Reserve for shares held in the employee benefit trust	19	**(65,652)**	(75,361)	**(65,652)**	(75,361)
Currency translation reserve	19	**30,286**	33,691	**–**	–
Retained earnings		**154,650**	159,406	**404,850**	440,026
Total equity		**180,598**	177,434	**400,512**	424,363

These financial statements of Michael Page International plc, Company Number 3310225, were approved by the Board of Directors and authorised for issue on 6 March 2012. 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 2011

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 2010		**3,234**	**51,589**	**838**	**(19,409)**	**33,401**	**127,363**	**197,016**
Currency translation differences		–	–	–	–	290	–	290
Net profit recognised directly in equity		–	–	–	–	290	–	290
Profit for the year		–	–	–	–	–	67,484	67,484
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**290**	**67,484**	**67,774**
Purchase of own shares for cancellation		(37)	–	37	–	–	(15,086)	(15,086)
Purchase of shares held in the employee benefit trust		–	–	–	(61,757)	–	–	(61,757)
Issue of share capital		19	4,018	–	–	–	–	4,037
Transfer to reserve for shares held in the employee benefit trust		–	–	–	5,805	–	(5,805)	–
Credit in respect of share schemes		–	–	–	–	–	10,049	10,049
Credit in respect of tax on share schemes		–	–	–	–	–	280	280
Dividends	9	–	–	–	–	–	(24,879)	(24,879)
		(18)	4,018	37	(55,952)	–	(35,441)	(87,356)
Balance at 31 December 2010 and 1 January 2011		**3,216**	**55,607**	**875**	**(75,361)**	**33,691**	**159,406**	**177,434**
Currency translation differences		–	–	–	–	(3,405)	–	(3,405)
Net expense recognised directly in equity		–	–	–	–	(3,405)	–	(3,405)
Profit for the year		–	–	–	–	–	56,857	56,857
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**(3,405)**	**56,857**	**53,452**
Purchase of own shares for cancellation		(57)	–	57	–	–	(30,322)	(30,322)
Issue of share capital		8	1,608	–	–	–	–	1,616
Transfer to reserve for shares held in the employee benefit trust		–	–	–	9,709	–	(9,709)	–
Credit in respect of share schemes		–	–	–	–	–	12,703	12,703
Debit in respect of tax on share schemes		–	–	–	–	–	(5,774)	(5,774)
Dividends	9	–	–	–	–	–	(28,511)	(28,511)
		(49)	1,608	57	9,709	–	(61,613)	(50,288)
Balance at 31 December 2011		**3,167**	**57,215**	**932**	**(65,652)**	**30,286**	**154,650**	**180,598**

Statement of changes in equity – parent company

For the year ended 31 December 2011

Company	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Reserve for shares held in the employee benefit trust £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2010 (as previously reported)		**3,234**	**51,589**	**838**	**–**	**399,365**	**455,026**
Adjustments to opening balance		**–**	**–**	**–**	**(19,409)**	**31,352**	**11,943**
Balance at 1 January 2010 (as restated)	**1**	**3,234**	**51,589**	**838**	**(19,409)**	**430,717**	**466,969**
Profit for the year		–	–	–	–	45,030	45,030
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**45,030**	**45,030**
Purchase of own shares for cancellation		(37)	–	37	–	(15,086)	(15,086)
Issue of share capital		19	4,018	–	–	–	4,037
Purchase of shares held in the employee benefit trust		–	–	–	(61,757)	–	(61,757)
Transfer to reserve for shares held in the employee benefit trust		–	–	–	5,805	(5,805)	–
Credit in respect of share schemes		–	–	–	–	10,049	10,049
Dividends	9	–	–	–	–	(24,879)	(24,879)
		(18)	4,018	37	(55,952)	(35,721)	(87,636)
Balance at 31 December 2010 and 1 January 2011 (as restated)	**1**	**3,216**	**55,607**	**875**	**(75,361)**	**440,026**	**424,363**
Profit for the year		–	–	–	–	20,663	20,663
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**20,663**	**20,663**
Purchase of own shares for cancellation		(57)	–	57	–	(30,322)	(30,322)
Issue of share capital		8	1,608	–	–	–	1,616
Transfer to reserve for shares held in the employee benefit trust		–	–	–	9,709	(9,709)	–
Credit in respect of share schemes		–	–	–	–	12,703	12,703
Dividends	9	–	–	–	–	(28,511)	(28,511)
		(49)	1,608	57	9,709	(55,839)	(44,514)
Balance at 31 December 2011		**3,167**	**57,215**	**932**	**(65,652)**	**404,850**	**400,512**

Consolidated and parent company cash flow statements

For the year ended 31 December 2011

		Group		Company as restated (note 1)	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash generated from underlying operations	20	**103,325**	81,650	**59,067**	110,355
Net cash paid in respect of non-recurring items (NRI)	5	**–**	(12,558)	**–**	(12,558)
Cash generated from operations	20	**103,325**	69,092	**59,067**	97,797
Income tax (paid)/received		**(37,109)**	(12,408)	**1,303**	–
Net cash from operating activities		**66,216**	56,684	**60,370**	97,797
Cash flows from investing activities					
Purchases of investments		**–**	–	**(3,141)**	–
Purchases of property, plant and equipment		**(16,319)**	(7,371)	**–**	–
Purchases of intangibles		**(13,325)**	(8,774)	**–**	–
Proceeds from the sale of property, plant and equipment, and computer software		**237**	1,392	**–**	–
Interest received		**953**	1,107	**11**	72
Net cash (used in)/received from investing activities		**(28,454)**	(13,646)	**(3,130)**	72
Cash flows from financing activities					
Dividends paid		**(28,511)**	(24,879)	**(28,511)**	(24,879)
Interest paid		**(807)**	(439)	**–**	(141)
Issue of own shares for the exercise of options		**1,616**	4,037	**1,616**	4,037
Purchase of own shares for cancellation		**(30,322)**	(15,086)	**(30,322)**	(15,086)
Purchase of shares held in the employee benefit trust		**–**	(61,757)	**–**	(61,757)
Net cash used in financing activities		**(58,024)**	(98,124)	**(57,217)**	(97,826)
Net (decrease)/increase in cash and cash equivalents		**(20,262)**	(55,086)	**23**	43
Cash and cash equivalents at the beginning of the year		**80,531**	137,185	**–**	(43)
Exchange loss on cash and cash equivalents		**(2,101)**	(1,568)	**–**	–
Cash and cash equivalents at the end of the year	21	**58,168**	80,531	**23**	–

Notes to the financial statements

For the year ended 31 December 2011

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) as adopted by 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 £20.7m (2010: £45.0m). 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 28 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 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

Shares in Michael Page International plc held by the trust are shown as a reduction in shareholders' funds.

Change in accounting policy and prior year restatement

The assets and liabilities of the Employee Benefit Trust were previously only reported on consolidation. In 2011, the accounting policy has been amended such that they are also recorded within the parent company. The prior year comparatives for the company only have been restated accordingly. This had an effect of reducing the net assets by £39.8m with no impact on profit. The net assets, profit and cash flows of the Group are unaffected by this adjustment.

With the exception of the change in policy referred to above, the remaining policies, set out below, have been consistently applied to all the periods presented.

New accounting standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Euroland, therefore the amendment of the interpretation has no effect on the financial position or performance of the Group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments had no impact on the financial position or performance of the Group:

- IFRS 7 Financial Instruments — Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context;
- IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements;
- IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008);
- IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards);
- IAS 27 Consolidated and Separate Financial Statements; and
- IAS 34 Interim Financial Statements.

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards, where they apply to the Group, when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013 and is not expected to have a significant impact on the Group.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013, but has no impact on the Group.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Group is currently assessing the full impact of the remaining amendments. Should IFRS 9 be adopted by the EU, the Group will effect the standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013, but is not expected to have a significant impact on the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013 and will not have a significant impact on the Group.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard becomes effective for annual periods beginning on or after 1 January 2013 and will not have a significant impact on the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on its financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

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 28.

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

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

b) Cost of sales

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

c) Gross profit

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

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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 at least annually for impairment (see accounting policy h). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

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

(iii) Software under construction

Software under construction relates to cost capitalised in relation to the development of a new IT platform. Costs are capitalised when they fulfil the criteria in IAS 38 regarding internally developed intangible assets.

Amortisation of the asset will begin when development is complete and the asset is available for use. Amortisation will be expensed over the period of expected future benefit. Whilst still under construction, the asset is tested for impairment annually. The Group has performed the impairment test on the carrying amount of software under construction at 31 October 2011 and noted no impairment being necessary at 31 December 2011.

(iv) Trademark

Acquired trademarks are stated at cost and are written down over five years on a straight line basis, which represents the estimated useful life of the intangible.

(v) 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 (2010: £311.7m).

f) Property, plant and equipment

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

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

g) Investments

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

h) Impairment of assets

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

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

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

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

i) Taxation

Income tax expense represents the sum of the corporation tax and deferred tax charges.

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.

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.

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

(ii) Deferred Annual Bonus and Long Term Incentive Plans

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

o) Repurchase of share capital

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

p) Provisions

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

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The company currently has no assets that qualify for borrowing cost capitalisation.

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 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.

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.

- Note 14 – trade and other receivables

There is 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 economic climate in the respective markets, the ageing of the debt and the potential likelihood of default.

- Note 17 – deferred tax

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

- Note 18 – share-based payments

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.

t) Non-recurring items

Non-recurring items are those items the Group considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

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 including allocation of central administration cost. This is the measure reported to the Group's Chief Executive, the chief operating decision maker, 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	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
EMEA		**421,240**	332,202	**239,581**	188,706	**31,676**	22,272
United Kingdom		**324,863**	302,567	**129,991**	124,858	**18,317**	19,630
Asia Pacific	Australia and New Zealand	**106,196**	81,676	**50,172**	37,645	**11,453**	9,754
	Asia	**59,862**	38,630	**53,179**	34,569	**14,702**	12,562
	Total	**166,058**	120,306	**103,351**	72,214	**26,155**	22,316
Americas		**106,926**	77,221	**80,858**	56,429	**9,887**	7,309
		1,019,087	832,296	**553,781**	442,207	**86,035**	71,527
Non-recurring items (NRI)		**–**	–	**–**	–	**–**	17,125
Revenue/gross profit/operating profit		**1,019,087**	832,296	**553,781**	442,207	**86,035**	88,652
Interest income		**–**	–	**–**	–	**112**	12,004
Revenue/gross profit/profit before tax		**1,019,087**	832,296	**553,781**	442,207	**86,147**	100,656

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

Non-recurring items (NRI) in the prior year comparative relate wholly to the United Kingdom.

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, goodwill and other intangibles.

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

		Total Assets 2011 £'000	Total Assets 2010 £'000	Total Liabilities 2011 £'000	Total Liabilities 2010 £'000
EMEA		131,772	136,159	71,687	60,744
United Kingdom		106,455	96,563	51,100	41,359
Asia Pacific	Australia and New Zealand	28,323	28,292	11,855	10,410
	Asia	37,299	24,471	9,411	5,352
	Total	65,622	52,763	21,266	15,762
Americas		40,940	33,037	12,527	9,450
Segment assets/liabilities		344,789	318,522	156,580	127,315
Income tax		3,980	2,810	11,591	16,583
		348,769	321,332	168,171	143,898

		Property, Plant and Equipment 2011 £'000	Property, Plant and Equipment 2010 £'000	Intangible Assets 2011 £'000	Intangible Assets 2010 £'000
EMEA		10,396	10,104	669	776
United Kingdom		9,680	9,090	38,187	25,810
Asia Pacific	Australia and New Zealand	1,594	2,104	168	148
	Asia	2,648	996	105	369
	Total	4,242	3,100	273	517
Americas		8,892	6,232	615	471
		33,210	28,526	39,744	27,574

The analyses below 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Finance and Accounting	**521,380**	450,573	**248,028**	209,176
Legal, Technology, HR, Secretarial and Other	**205,184**	156,993	**105,575**	81,597
Engineering, Property & Construction, Procurement & Supply Chain	**164,656**	113,069	**101,291**	68,600
Marketing, Sales and Retail	**127,867**	111,661	**98,887**	82,834
	1,019,087	832,296	**553,781**	442,207

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

	Revenue		Gross Profit	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Permanent	**453,105**	355,979	**438,382**	343,787
Temporary	**565,982**	476,317	**115,399**	98,420
	1,019,087	832,296	**553,781**	442,207

3. Profit for the year

		2011 £'000	2010 £'000
Profit for the year is stated after charging/(crediting):			
Employment costs (Note 4)		328,502	255,435
Net exchange losses		107	307
Depreciation of property, plant and equipment – owned		10,524	9,310
Amortisation of intangibles		1,133	1,269
Impairment of trade receivables		8,148	6,370
(Profit)/loss on sale of property, plant and equipment and computer software		(22)	151
Fees payable to the company's auditor for the audit of the company's annual accounts		54	67
Fees payable to the company's auditor and their associates for other services to the group:			
	– The audit of the company's subsidiaries pursuant to legislation	351	463
Total audit fees		405	530
	– Other services pursuant to legislation	20	23
	– Tax services	240	195
	– Other services	10	66
Total non-audit fees		270	284
Total fees		675	814
Operating lease rentals	– land and buildings	28,126	25,226
	– plant and machinery	4,647	4,832

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 2011 were as follows:

	2011 Average No.	2010 Average No.	2011 No.	2010 No.
Management	216	175	227	184
Client services	3,456	2,652	3,570	3,089
Administration	1,388	1,108	1,489	1,225
	5,060	3,935	5,286	4,498

Employment costs (including Directors' emoluments) comprised:

	2011 £'000	2010 £'000
Wages and salaries	**268,177**	203,653
Social security costs	**35,272**	29,858
Pension costs – defined contribution plans	**11,767**	9,496
Share-based payments and deferred cash plan	**13,286**	12,428
	328,502	255,435

Details of Directors' remuneration for the year are provided in the Directors' Remuneration Report on pages 54 to 63.

No staff are employed by the parent company (2010: none) hence no remuneration has been disclosed. Remuneration for Directors for their services on behalf of the parent company are included in the Director's Remuneration Report on pages 54 to 63.

5. Non-Recurring Items (NRI) – VAT

In 2003, Michael Page submitted an initial claim to Her Majesty's Revenue and Customs (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 £10.5m, net of fees, of statutory interest. As a result, the principal and interest amounts were recognised in the June 2009 half year results.

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 then took place and on 5 March 2010, Michael Page International plc (MPI) announced that an agreement had been reached in principle, subject to legal contract, between MPI and HMRC in respect of the initial claim for a refund of overpaid VAT plus statutory interest to retain £28.4m (net of fees) of the £37.4m it received. However, given the background to the initial receipt and the subsequent review and reversal of its decision by HMRC, the Group reversed out the balances originally recognised in the 2009 half year results and as such did not recognise any amount in the Income Statement at the 2009 full year, due to the remaining uncertainty pending formal contractual agreement.

On 30 April 2010, a formal agreement was signed with HMRC. As a result, of the £50m originally received from HMRC, MPI retained £38m and returned £11.9m in May 2010. Accordingly, after fees, MPI recognised £28.4m as non-recurring income in the prior year 2010 Income Statement. Taxation of £8.0m on non-recurring items, net of expenses, was also provided in 2010, representing an effective tax rate of 28.0%.

During the year, we had correspondence and discussions with HMRC concerning the amended claims for a further refund of VAT and related interest, but the eventual outcome still remains uncertain.

A summary of the effects of the non-recurring item (NRI) in the prior year is shown in the tables below:

Effect on profit after tax	Underlying 2010 £'000	NRI 2010 £'000	Total 2010 £'000
Operating profit	71,527	17,125	88,652
Net interest	669	11,335	12,004
Profit before tax	72,196	28,460	100,656
Taxation	(25,203)	(7,969)	(33,172)
Profit after tax	46,993	20,491	67,484

There is no effect on profit after tax in the current year.

Effect on cash flows	Total 2011 £'000	Total 2010 £'000
Decrease in VAT related receivables	–	8,972
Decrease in VAT related payables	–	(49,990)
Non-recurring income recognised in the profit and loss account	–	28,460
Net effect on cash flows	–	(12,558)

Non-recurring items had no effect on the balance sheet in either 2011 or 2010.

6. Financial income/(expenses)

	2011 £'000	2010 £'000
Financial income		
Bank interest receivable	**953**	1,107
Interest on non-recurring items (note 5)	–	11,335
	953	12,442
Financial expenses		
Bank interest payable	**(841)**	(438)

7. Taxation on profits on ordinary activities

The charge for taxation is based on the effective annual tax rate of 34.0% on profit before tax (2010: 33.0%).

Analysis of charge in the year

	2011 £'000	2010 £'000
UK income tax at 26.5% (2010: 28%) for year	9,383	17,379
Adjustments in respect of prior year	(1,840)	1,126
Overseas income tax	21,682	13,790
	29,225	32,295
Deferred tax expense		
Adjustment in respect of prior period	311	–
Origination and reversal of temporary differences	(393)	(1,184)
Charge of tax losses recognised	147	2,061
Deferred tax expense	65	877
Total income tax expense in the income statement	29,290	33,172

Reconciliation of effective tax rate

	2011 £'000	%	2010 £'000	%
Profit before taxation	86,147		100,656	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	22,829	26.5	28,184	28.0
Effects of:				
Disallowable items and other permanent timing differences	3,336	3.9	1,292	1.3
Unrelieved overseas losses	1,312	1.5	1,304	1.3
Utilisation of losses not previously recognised	(370)	(0.4)	(4)	–
Recognition of overseas losses	(1,032)	(1.2)	–	–
Movement on deferred tax not recognised	–	–	(1,385)	(1.4)
Higher tax rates on overseas earnings	4,526	5.2	2,655	2.7
Movement of rate difference	218	0.3	–	–
Adjustment to tax charge in respect of prior periods	(1,529)	(1.8)	1,126	1.1
Tax expense and effective rate for the year	29,290	34.0%	33,172	33.0%

Tax recognised directly in equity	2011 £'000	2010 £'000
Relating to equity settled transactions	(5,774)	280

8. Current tax assets and liabilities

The current tax asset of £4.0m (2010: £2.8m), and current tax liability of £11.6m (2010: £16.6m) for the Group, and current tax asset of £nil (2010: £1.3m) for the parent company, represent the amount of income taxes recoverable and payable in respect of current and prior periods.

9. Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2010 of 6.12p per ordinary share (2009: 5.12p)	**18,739**	16,066
Interim dividend for the year ended 31 December 2011 of 3.25p per ordinary share (2010: 2.88p)	**9,772**	8,813
	28,511	24,879
Amounts proposed as distributions to equity holders:		
Proposed final dividend for the year ended 31 December 2011 of 6.75p per ordinary share (2010: 6.12p)	**20,458**	18,755

The proposed final dividend had not been approved by shareholders at 31 December 2011 and therefore has not been included as a liability. The comparative final dividend at 31 December 2010 was also not recognised as a liability in the prior year.

The proposed final dividend of 6.75p (2010: 6.12p) per ordinary share will be paid on 6 June 2012 to shareholders on the register at the close of business on 4 May 2012, 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.

10. Earnings per ordinary share

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

Earnings	2011	2010
Earnings for basic and diluted earnings per share (£'000)	**56,857**	67,484
Non-recurring items (NRI) (£'000) (note 5)	**–**	(20,491)
Earnings for basic and diluted earnings per share before NRI (£'000)	**56,857**	46,993
Number of shares		
Weighted average number of shares used for basic earnings per share ('000)	**304,458**	311,821
Dilution effect of share plans ('000)	**7,941**	7,653
Diluted weighted average number of shares used for diluted earnings per share ('000)	**312,399**	319,474
Basic earnings per share (pence)	**18.7**	21.6
Diluted earnings per share (pence)	**18.2**	21.1
Basic earnings per share before NRI (pence)	**18.7**	15.1
Diluted earnings per share before NRI (pence)	**18.2**	14.7

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.

11. Property, plant and equipment

	2011				2010			
Group	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost								
At 1 January	29,794	45,135	2,162	77,091	27,775	44,286	2,332	74,393
Additions	7,824	7,259	1,236	16,319	2,684	3,933	754	7,371
Disposals	(1,723)	(1,137)	(753)	(3,613)	(974)	(3,893)	(953)	(5,820)
Effect of movements in foreign exchange	(737)	(842)	(60)	(1,639)	309	809	29	1,147
At 31 December	35,158	50,415	2,585	88,158	29,794	45,135	2,162	77,091
Depreciation								
At 1 January	17,797	29,777	991	48,565	14,878	27,050	1,033	42,961
Charge for the year	4,249	5,686	589	10,524	3,609	5,167	534	9,310
Disposals	(1,727)	(1,084)	(576)	(3,387)	(675)	(2,932)	(700)	(4,307)
Effect of movements in foreign exchange	(278)	(452)	(24)	(754)	(15)	492	124	601
At 31 December	20,041	33,927	980	54,948	17,797	29,777	991	48,565
Net book value								
At 31 December	15,117	16,488	1,605	33,210	11,997	15,358	1,171	28,526

12. Intangible assets

Group	2011 Computer software £'000	2011 Computer software, assets under construction £'000	2011 Goodwill £'000	2011 Trademark £'000	2011 Total £'000	2010 Computer software £'000	2010 Computer software, assets under construction £'000	2010 Goodwill £'000	2010 Total £'000
Cost									
At 1 January	9,766	23,986	1,539	–	35,291	9,977	15,867	1,539	27,383
Additions	1,354	11,422	–	549	13,325	667	8,107	–	8,774
Disposals	(99)	–	–	–	(99)	(1,036)	–	–	(1,036)
Effect of movements in foreign exchange	(176)	27	–	–	(149)	158	12	–	170
At 31 December	10,845	35,435	1,539	549	48,368	9,766	23,986	1,539	35,291
Amortisation									
At 1 January	7,717	–	–	–	7,717	7,332	–	–	7,332
Charge for the year	1,050	–	–	83	1,133	1,269	–	–	1,269
Disposals	(110)	–	–	–	(110)	(1,005)	–	–	(1,005)
Effect of movements in foreign exchange	(116)	–	–	–	(116)	121	–	–	121
At 31 December	8,541	–	–	83	8,624	7,717	–	–	7,717
Net book value									
At 31 December	2,304	35,435	1,539	466	39,744	2,049	23,986	1,539	27,574

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:

	2011 £'000	2010 £'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%, representing the weighted average cost of capital for the Group, 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 2011 there was no impairment of intangible assets.

13. Investments

Company	Subsidiary undertakings (as restated note 1) £'000
Cost at 1 January 2011	462,947
Additions	15,844
Cost at 31 December	478,791

The additions in the year represent investment in Michael Page International Inc and a credit to the share schemes for subsidiaries employees. The Company's principal subsidiary undertakings at 31 December 2011, 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 Holdings Limited	United Kingdom	Holding company
Michael Page International Recruitment Limited*	United Kingdom	Recruitment consultancy
Michael Page International Southern Europe Limited*	United Kingdom	Holding company
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
Michael Page Financial Services SAS	France	Support services
Page Personnel SAS	France	Recruitment consultancy
Michael Page International (Deutschland) GmbH	Germany	Recruitment consultancy
Page Interim (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 (Maroc) SARL AU	Morocco	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 Empressa de Trabalho Temporário e Serviços de Consultadoria Lda	Portugal	Recruitment consultancy
Michael Page International Qatar	Qatar	Recruitment consultancy
Michael Page International RU LLC	Russia	Recruitment consultancy
Michael Page International (SA) (Pty) Limited	South Africa	Recruitment consultancy
Michael Page International (España) SA	Spain	Recruitment consultancy
Michael Page Holding (España) SL	Spain	Holding company
Page Personnel Seleccion España SA	Spain	Recruitment consultancy
Michael Page International (Sweden) AB	Sweden	Recruitment consultancy
Michael Page International (Switzerland) SA	Switzerland	Recruitment consultancy

Name of undertaking	Country of incorporation	Principal activity
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 Recruitment Pvt Ltd	India	Recruitment consultancy
Michael Page International (Japan) K.K.	Japan	Recruitment consultancy
Michael Page International (Malaysia) Sdn Bhd	Malaysia	Recruitment consultancy
Michael Page International (New Zealand) Limited.	New Zealand	Recruitment consultancy
Michael Page International Pte Limited*	Singapore	Recruitment consultancy
Michael Page International Argentina SA	Argentina	Recruitment consultancy
Michael Page International (Brasil) SC Ltd	Brazil	Recruitment consultancy
Page Personnel Recruit. Especializ. E Servs. Corpor. Ltda	Brazil	Recruitment consultancy
Michael Page International Canada Limited	Canada	Recruitment consultancy
Michael Page International Chile Ltda	Chile	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.

14. Trade and other receivables

	Group		Company	(as restated: note 1)
Current	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade receivables	**164,072**	141,120	**–**	–
Less provision for impairment of receivables	**(7,093)**	(6,397)	**–**	–
Net trade receivables	**156,979**	134,723	**–**	–
Amounts due from Group companies	**–**	–	**485,862**	470,935
Other receivables	**4,566**	5,035	**–**	–
Prepayments and accrued income	**34,910**	28,547	**9**	6
	196,455	168,305	**485,871**	470,941
Non-current				
Prepayments	**2,612**	1,145	**–**	–

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

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

15. Trade and other payables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current				
Trade payables	**8,664**	9,091	**–**	–
Amounts owed to Group companies	**–**	–	**564,162**	510,819
Other tax and social security	**44,415**	33,900	**–**	–
Other payables	**22,612**	20,340	**–**	–
Accruals	**71,115**	58,248	**11**	11
Deferred income	**607**	1,216	**–**	–
	147,413	122,795	**564,173**	510,830
Non-current				
Deferred income	**2,515**	1,830	**–**	–
Other tax and social security	**170**	2,326	**–**	–
	2,685	4,156	**–**	–

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 £2.2m (2010: £3.9m) relating to social charges on share based payments.

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

16. Bank overdrafts

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank overdrafts	**6,249**	–	**–**	–

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

Bank overdrafts are repayable on demand.

At 31 December 2011, the Group had available £37.5m (2010: £50.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group has a £50m committed facility, under which £6.2m was drawn in 2011.

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

17. Deferred tax

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

	Share-based payments £'000	Tax losses £'000	Other £'000	Total £'000
At 1 January 2010	(4,438)	(2,977)	(2,437)	(9,852)
Recognised in equity for the year	(3,698)	–	–	(3,698)
Recognised in profit or loss for the year	1,184	2,060	(2,367)	877
Exchange differences	–	–	596	596
At 1 January 2011	(6,952)	(917)	(4,208)	(12,077)
Recognised in equity for the year	3,322	–	–	3,322
Recognised in profit or loss for the year	392	(623)	267	36
Reserve	467	–	–	467
Exchange differences	–	4	130	134
At 31 December 2011	(2,771)	(1,536)	(3,811)	(8,118)

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:

	2011 £'000	2010 £'000
Deferred tax assets	(8,351)	(12,441)
Deferred tax liabilities	233	364
	(8,118)	(12,077)

At 31 December 2011, unremitted earnings of overseas Group companies amounted to £80.7m (2010: £60.9m). 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 £20.7m (2010: £8.2m) in respect of tax losses of overseas companies. These tax losses are available to offset future taxable profits in the respective jurisdictions.

All of the deferred tax asset for losses of £1.5m is dependent on generating future taxable profits. Of the recognised deferred tax asset, £0.4m is recognised within territories that were loss making in the current year.

18. Called-up share capital

	2011 £'000	2011 Number of shares	2010 £'000	2010 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	**3,216**	**321,590,147**	3,234	323,424,875
Shares issued	**8**	**789,336**	19	1,874,930
Cancellation of own shares	**(57)**	**(5,701,068)**	(37)	(3,709,658)
At 31 December	**3,167**	**316,678,415**	3,216	321,590,147

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 2011 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 2011	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding at 31 December 2011	Base EPS	Exercise price per share	Exercise period
2001 (Note 1)	1,071,922	–	(254,754)	(817,168)	–	n/a	175p	March 2004 – March 2011
2002 (Note 2)*	66,300	–	(31,300)	(5,000)	30,000	10.6	186p	March 2005 – March 2012
2002 (Note 2)*	68,000	–	(33,200)	(5,000)	29,800	5.8	186p	March 2006 – March 2012
2003 (Note 2)*	135,300	–	(20,000)	–	115,300	5.8	81.5p-86.1p	April 2006 – April 2013
2004 (Note 2)*	283,000	–	(61,500)	–	221,500	4.1	171p-190.3p	March 2007 – March 2014
2005 (Note 2)*	654,619	–	(248,000)	–	406,619	7.5	190.75p-191.5p	March 2008 – March 2015
2006 (Note 2)*	631,500	–	(123,915)	–	507,585	15.5	309.9p	March 2009 – March 2016
2008 (Note 2)	2,380,581	–	–	(1,949,581)	431,000	30.4	255.94-285p	March 2011 – March 2018
2009 (Note 3)	6,450,911	–	(70,972)	(310,772)	6,069,167	n/a	187.5-211.84p	March 2012 – March 2019
2010 (Note 2)	11,354,583	–	(16,667)	(296,333)	11,041,583	6.6	381.5-383.0p	March 2013 – March 2020
2011 (Note 3)	–	4,127,000	–	(74,722)	4,052,278	n/a	491.0-492.9p	March 2014 – March 2021
Total 2011	23,096,716	4,127,000	(860,308)	(3,458,576)	22,904,832			
Weighted average exercise price 2011 (£)	2.98	4.91	2.02	2.80	3.39			
Total 2010	16,617,218	11,467,500	(1,874,930)	(3,113,072)	23,096,716			
Weighted average exercise price 2010 (£)	2.46	2.15	3.82	3.91	2.98			

*These options have fully vested

1,313,304 options were exercisable at the end of 2011 at a weighted average exercise price of £2.24 (2010: £2.14). The weighted average share price at the date of exercise was £4.78.

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 or 2011.

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 was only exercisable to the extent that share price growth targets were satisfied over a period of at least 3 years. None of these options vested unless the Company's share price achieved 50% growth after 3 years and not later than 5 years. At that point one third of this portion of the options vested.

Vesting then increased progressively for further share price growth until full vesting occurred where there was 200% growth after 3 years and not later than 5 years. These hurdles rose from the fifth anniversary of the date of grant at compound rates of growth of 8.45% and 24.57% respectively. On the tenth anniversary of the grant, March 2011, the remaining 817,168 unvested options lapsed.

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 94.

For the 2010 share option grant for Executive Directors only, the vesting of awards will be subject to profit before tax performance conditions measured over a three year period. 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.

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.

A further grant under the SOS plan was made in 2011. The performance condition for the 2011 grant is also directly linked to the Group's Operating Profit. If Operating Profit is in excess of £100m, 1% of the award will vest for every additional £1m of Operating Profit achieved, up to a maximum of 100% at Operating Profit of £200m or more.

Share Option valuation and measurement

In 2011, options were granted on 11 March with the estimated fair values of the options granted on that day of £1.28. In 2010, options were granted on 9 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.

18. Called-up share capital (continued)

Share Option valuation and measurement

The options outstanding at 31 December 2011 have an exercise price in the range of 81.5 pence to 492.9 pence and a weighted average contractual life of 7.8 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	
	2011	2010	2011	2010	2011	2010
Share price (£)	**4.91**	3.82	**4.91**	–	**4.91**	–
Average exercise price (£)	**4.91**	3.82	**Nil**	–	**Nil**	–
Weighted average fair value (£)	**1.28**	1.17	**4.65**	–	**4.73**	–
Expected volatility	**31%**	38%	**31%**	–	**31%**	–
Expected life	**5 years**	5 years	**3 years**	–	**2 years**	–
Risk free rate	**2.84%**	2.99%	**2.84%**	–	**2.84%**	–
Expected dividend yield	**1.83%**	2.10%	**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 £12.7m (2010: £10.0m) 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 56 and 57, and are settled by the physical delivery of shares, currently satisfied by shares held in the Employee Benefit Trust, to the extent that service and performance conditions are met.

19. Reserves

Share premium

The share premium account has been established to represent the excess of proceeds over the nominal value for all share issues, including the excess of the exercise share price over the nominal value of the shares on the exercise of share options.

Capital redemption reserve

The movement in the capital redemption reserve relates to the cancellation of the Company's own shares.

Reserve for shares held in the employee benefit trust

At 31 December 2011, the reserve for shares held in the employee benefit trust consisted of 16,739,896 ordinary shares (2010: 18,955,701 ordinary shares) held for the purpose of satisfying awards made under the Incentive Share Plan, the Annual Bonus Plan and the Share Option Scheme (SOS), representing 5.3% of the called-up share capital with a market value of £58.4m (2010: £105.2m).

There are 13,363,693 of these shares held in the trust that are treated as non-dilutive on which dividends are waived.

Currency translation reserve

Since first-time adoption of the International Financial Reporting Standards, the currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are integral to the operations of the Company.

20. Cash flows from operating activities

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Profit before tax and non-recurring income	**86,147**	100,656	**20,663**	45,030
Non-recurring income	**–**	(17,125)	**–**	(17,125)
Profit before tax and non-recurring income	**86,147**	83,531	**20,663**	27,905
Depreciation and amortisation charges	**11,657**	10,579	**–**	–
(Profit)/loss on sale of property, plant and equipment, and computer software	**(22)**	151	**–**	–
Share scheme charges	**12,732**	10,049	**–**	–
Net finance income – including NRI	**(112)**	(12,004)	**(10)**	(11,264)
Operating cash flow before changes in working capital and NRI	**110,402**	92,306	**20,653**	16,641
Increase in receivables	**(32,688)**	(41,107)	**(14,927)**	(17,647)
Increase in payables	**25,611**	30,451	**53,341**	111,361
Cash generated from underlying operations	**103,325**	81,650	**59,067**	110,355
Decrease in HMRC related receivables	**–**	8,972	**–**	8,972
Decrease in HMRC related payables	**–**	(49,990)	**–**	(49,990)
Non-recurring income	**–**	28,460	**–**	28,460
Cash generated from operations	**103,325**	69,092	**59,067**	97,797

21. Cash and cash equivalents

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash at bank and in hand	**57,758**	73,178	**23**	–
Short-term deposits	**6,659**	7,353	**–**	–
Cash and cash equivalents	**64,417**	80,531	**23**	–
Bank overdrafts	**(6,249)**	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**58,168**	80,531	**23**	–
Net funds	**58,168**	80,531	**23**	–

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.

22. Financial risk management

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

(i) credit risk

(ii) liquidity risk

(iii) market risk

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

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. 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 2011 amounted to £157.0m (2010: £134.7m).

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 £69.6m (2010: £54.0m) 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 51 days in excess of the initial credit period (2010: 41 days).

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2011 (£'000)	Provision 2011 (£'000)	Gross trade receivables 2010 (£'000)	Provision 2010 (£'000)
Not past due	**88,099**	**721**	81,685	982
Past due 0-30 days	**47,951**	**35**	38,755	162
Past due 31-150 days	**22,680**	**995**	16,145	718
More than 150 days	**5,342**	**5,342**	4,535	4,535
	164,072	**7,093**	141,120	6,397

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 3% 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:

	2011 £'000	2010 £'000
Balance at beginning of the year	**6,397**	6,959
Impairment losses recognised on receivables	**8,148**	6,370
Amounts written off as uncollectable	**(1,086)**	(1,279)
Amounts recovered during the year	**(3,611)**	(3,062)
Impairment losses reversed	**(2,755)**	(2,591)
Balance at end of the year	**7,093**	6,397

The majority of the allowance for doubtful debts are individually impaired trade receivables with a balance of £3.5m (2010: £3.2m) 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.

22. Financial risk management (continued)

(i) Credit risk (continued)

Exposure to credit risk

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

	Carrying amount 2011 £'000	2010 £'000
EMEA	**78,694**	68,043
United Kingdom	**40,965**	40,142
Asia Pacific	**23,514**	15,098
Americas	**13,806**	11,440
	156,979	134,723

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

	Carrying amount 2011 £'000	2010 £'000
EMEA	**1,265**	1,079
United Kingdom	**9,925**	8,713
Asia Pacific	**8,755**	5,983
Americas	**5,541**	3,026
	25,486	18,801

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 14. 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:

2011	Carrying amount Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	6,038	2,048	578	–
Accruals and other payables	48,445	30,960	33,919	2,685
Bank overdraft	6,249	–	–	–

2010	Carrying amount Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	5,625	3,010	456	–
Accruals and other payables	37,597	24,885	25,386	4,156
Bank overdraft	–	–	–	–

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 31 December 2010.

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.

(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 103. 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 Group's only interest bearing assets and liabilities at 31 December 2011 relate to cash and bank overdrafts.

The average interest rate paid on bank overdrafts was 1.91% (2010: 1.82%).

22. Financial risk management (continued)

Currency rate risk

The Group publishes its results in Pounds Sterling and conduct its business in many foreign currencies. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements. The Group is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currencies of some of its subsidiaries and the translation of the results and underlying net assets of 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 Company 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. Derivatives are disclosed within cash on the face of the balance sheet.

	Contract amounts		Derivatives at fair value	
Derivatives Financial Instruments	2011 £m	2010 £m	2011 £m	2010 £m
Derivative Assets	**49.1**	30.8	**49.1**	31.1
Derivative Liabilities	**(49.1)**	(30.8)	**(49.8)**	(30.9)
Net Derivative (Liabilities)/Assets	**–**	–	**(0.7)**	0.2

Sensitivity analysis – currency risk

A 10% 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 103. 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 2010.

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 right, which therefore should not be considered a projection of likely future events and losses.

Sensitivity analysis – currency risk (continued)

	2011 Equity £'000	PBT £'000
Euro	(3,291)	185
Australian Dollar	(1,833)	(324)
Swiss Franc	(1,800)	(381)
Hong Kong Dollar	(711)	(114)
Brazilian Real	(1,572)	(676)
United States Dollar	578	859
Other	(3,025)	(1,382)

	2010 Equity £'000	PBT £'000
Euro	(2,816)	287
Australian Dollar	(1,799)	(819)
Hong Kong Dollar	(1,879)	(751)
Swiss Franc	(642)	(369)
Brazilian Real	(1,333)	(743)
United States Dollar	356	618
Other	(1,609)	(656)

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

23. Commitments

Operating lease commitments

At 31 December 2011 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Leases which expire:				
Within one year	**4,042**	2,758	**553**	1,150
Within two to five years	**60,085**	32,566	**7,386**	3,942
After five years	**29,853**	54,174	**–**	–
	93,980	89,498	**7,939**	5,092

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 £1.1m as at 31 December 2011 (2010: £1.2m) relating to property, plant and equipment. The Group had contractual capital commitments of £5.3m as at 31 December 2011 (2010: £2.0m) relating to computer software.

24. Contingent liabilities

The Company has provided guarantees to other Group undertakings amounting to £80k (2010: £80k) 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 2011 amounted to £5.5m (2010: £4.6m).

25. Events after the balance sheet date

Between 31 December 2011 and 5 March 2012, 222,272 options were exercised, leading to an increase in share capital of £2,223 and an increase in share premium of £955,269.

26. Related party transactions

Identity of related parties

The Company has a related party relationship with its Directors and members of the Executive Board, and subsidiaries (Note 13).

Transactions with key management personnel

Key management personnel are deemed to be the Directors and members of the Executive Board as detailed in the biographies on page 35. 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 54 to 63. Over and above these transactions, equity settled transactions for the year were £2.2m (2010: £1.6m). Transactions with the remaining members of the Executive Board are disclosed below:

Related party transactions

	2011 £'000	2010 £'000
Short-term employee benefits	**3,413**	1,853
Pension costs – defined contribution plans	**139**	91

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.

Company

Transactions between the Company 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
	20,654	17,671	**485,862**	470,935	**564,162**	510,819

Five year summary

	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Revenue	831,640	972,782	716,722	832,296	**1,019,087**
Gross profit	478,094	552,702	351,694	442,207	**553,781**
Operating profit	149,432	140,501	20,203	88,652*	**86,035**
Profit before tax	147,441	140,056	21,068	100,656*	**86,147**
Profit attributable to equity holders	101,734	97,339	12,430	67,484*	**56,857**
Conversion	31.3%	25.4%	5.7%	20.0%*	**15.5%**
Basic earnings per share (pence)	31.1	30.3	3.9	21.6*	**18.7**

*Includes non-recurring items (Note 5).

Shareholder information and advisers

Annual General Meeting

To be held on 18 May 2012 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 2011

To be paid (if approved) on 6 June 2012 to shareholders on the register on 4 May 2012.

Company Secretary

Kelvin Stagg

Company number

3310225

Registered office, domicile and legal form

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

The address of its registered office is:

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

Tel: 01932 264144
Fax: 01932 264297

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Solicitors

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

Registrars

Capita Registrars Ltd
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Joint corporate brokers

Citigroup
33 Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank
Winchester House
1 Great Winchester Street
London EC2N 2DB

Bankers

HSBC Bank plc
West End Business
Banking Centre
70 Pall Mall
London SW1Y 5GZ

Deutsche
Bank Netherlands N.V.
De Entree 99
1101 HE Amsterdam
The Netherlands

Key dates

Ex-Dividend date	2 May 2012
Record date	4 May 2012
Annual General Meeting	18 May 2012
Payment of proposed final ordinary dividend	6 June 2012
Interim results announcement	13 August 2012

Articles of association

The following summarises certain provisions of the Company's Articles of Association (as adopted on 21 May 2010) and applicable English Law. The summary is qualified in its entirety by reference to the Companies Act 2006 of Great Britain (the "Act"), as amended, and the Company's Articles of Association.

Under the Act, the Memorandum of Association of the Company has now become a document of record, and no longer contains any operative provisions.

Incorporation

The Company is incorporated under the name Michael Page International plc and is registered in England and Wales with registered number 3310225.

Share capital

The Act abolished the concept of, and requirement for a company to have, an authorised share capital. As such, the Company no longer has an authorised share capital.

Alteration of capital

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares; and

(c) 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.

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 15 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 all general meetings (which shall be called extraordinary general meetings) shall be called by at least 21 clear days' notice. Subject to the provisions of the Act, the Company may resolve to reduce the notice period for general meetings (other than annual general meetings) to 14 days on an annual basis. The Company proposes to renew its authority to hold general meetings on 14 days' notice for another year in item 16 of the Annual General Meeting 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 and every duly appointed proxy present shall have one vote. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every member present in person or by a duly appointed proxy or corporate representative shall have one vote for every share of which he is a holder or in respect of which his appointment as proxy or corporate representative has been made. 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 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 conferred 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 member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and speak and vote at a meeting of the Company. 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

If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class 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 (excluding any shares of that class held as treasury shares) or with the sanction of a special 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 (excluding any shares of that class held as treasury shares), save that at any adjourned meeting any holder of shares of the class (other than treasury shares) present 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 or the holding of such shares as treasury 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 partly by the distribution of specific 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 shares 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 (to not more than four transferees) by the relevant system concerned.

The Directors may in their absolute discretion 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 (whether fully paid or not) 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 transferees.

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.

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 Articles of Association and any directions given by special resolution. If the quorum is not fixed by the Directors, the quorum shall be two.

Subject to the provisions of the Company's Articles of Association, the Directors may delegate any of their powers:

(a) to such person or committee;

(b) by such means (including power of attorney);

(c) to such an extent;

(d) in relation to such matters or territories; and

(e) on such terms and conditions

as in each case they think fit, 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) the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other directors and/or the funding by the Company of this expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors have been given or are to be given substantially the same arrangements;

(d) the purchase or maintenance for any director or directors of insurance against liability;

(e) 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;

(f) any arrangement for the benefit of the employees and directors and/or former employees and former 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; and

(g) any transaction or arrangement with any other company in which he is interested, directly or indirectly (whether as a director or shareholder or otherwise), provided that he is not the holder of or beneficially interested in at least 1% 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 1% of the voting rights available to members of the relevant company.

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 proposed transaction or arrangement with the company to declare the nature of his interest at a meeting of the Directors of the company (save that a director need not declare an interest if it cannot reasonably be regarded as giving rise to a conflict of interest). The definition of "interest" includes the interests of spouses, civil partners, 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, retirement and removal

At each annual general meeting, there shall retire from office by rotation:

(a) all Directors of the Company who held office at the time of the two preceding annual general meetings 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 the 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.

In addition to any power of removal under the Act, the Company may, by special 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 who is willing to act as a director, and is permitted by law to do so, to be a director instead of him. The newly appointed person shall be treated, for the purposes of determining the time at which he or any other director is to retire 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 as soon as:

(a) that person ceases to be a director under the provisions of the Act or is prohibited by law from being a Director;

(b) a bankruptcy order is made against that person;

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

(e) notification is received by the Company from that person that he is resigning or retiring from his office as director, and such resignation or retirement has taken effect in accordance with its terms;

(f) in the case of an Executive Director, his appointment as such is terminated or expires and the Directors resolve that he should cease to be a Director;

(g) that person is absent from Directors' meetings for more than six consecutive months (without permission of the other Directors) and the Directors resolve that he should cease to be a Director; or

(h) a notice in writing is served on him signed by all the Directors stating that that person shall cease to be a Director with immediate effect.

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

Amendments to the articles of association

Subject to the Act, 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 a special 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.

Annual General Meeting

Notice of meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Page House, The Bourne Business Park, 1 Dashwood Lang Road, Addlestone, Weybridge, Surrey, KT15 2QW on Friday 18 May 2012 at 12.00 noon for the following purposes:

1. To receive the accounts and the reports of the directors and the auditors for the year ended 31 December 2011.
2. To declare a final dividend on the ordinary share capital of the Company for the year ended 31 December 2011 of 6.75p per share.
3. To elect Robin Buchanan as a director of the Company (Note 8).
4. To re-elect Steve Ingham as a director of the Company (Note 8).
5. To elect Andrew Bracey as a director of the Company (Note 8).
6. To re-elect Ruby McGregor-Smith as a director of the Company (Note 8).
7. To re-elect Dr. Tim Miller as a director of the Company (Note 8).
8. To re-elect Reg Sindall as a director of the Company (Note 8).
9. To propose the following ordinary resolution:

   That the Directors' Remuneration Report for the year ended 31 December 2011 be received and approved.
10. To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
11. To authorise the directors to determine the remuneration of the auditors.
12. To propose the following ordinary resolution (Note 9):

    That in accordance with section 366 and 367 of the Companies Act 2006 (the '2006 Act') the Company, and all companies that are subsidiaries of the Company at the date on which this Resolution 12 is passed or during the period when this Resolution 12 has effect, be generally and unconditionally authorised to:

    (a) make political donations to political parties (or independent election candidates), as defined in the 2006 Act, not exceeding £25,000 in total;

    (b) make political donations to political organisations other than political parties, as defined in the 2006 Act, not exceeding £25,000 in total; and

    (c) incur political expenditure, as defined in the 2006 Act, not exceeding £25,000 in total;

    during the period commencing on the date of passing this resolution and ending on the date of the next Annual General Meeting of the Company provided that the authorised sum referred to in paragraphs (a), (b) and (c) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this Resolution shall not exceed £75,000.
13. To propose the following ordinary resolution (Note 10):

    That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £1,046,509, provided that this authority, shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 18 August 2013, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

14. To propose the following special resolution (Note 11):

That the directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 13 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record date, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution 14) to any person or persons of equity securities up to an aggregate nominal amount of £158,562, and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

15. To propose the following special resolution (Note 12):

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each of the Company on such terms and in such manner as the directors may from time to time determine, provided that:

(a) the maximum number of ordinary shares hereby authorised to be acquired is 31,712,398 representing approximately 10% of the issued ordinary share capital of the Company as at 9 April 2012;

(b) the minimum price which may be paid for each ordinary share is 1p;

(c) the maximum price which may be paid for any such ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased;

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or 18 August 2013 whichever is earlier unless previously renewed, varied or revoked by the Company in general meeting; and

(e) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

16. To propose the following special resolution (Note 13):

That a General Meeting other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

The Board consider that all the proposals to be considered at the Annual General Meeting are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount to 1,426,919 shares representing 0.5% of the existing issued share capital of the Company (excluding treasury shares).

By order of the Board

Kelvin Stagg
Company Secretary
Michael Page International plc
Page House, 1 Dashwood Lang Road
The Bourne Business Park
Addlestone, Surrey, KT15 2QW
Registered in England No. 3310225
9 April 2012

Notes

1. A member entitled to attend and vote at the meeting (the 'Meeting') may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company, but must attend the Meeting to represent you. Your proxy will vote as you instruct and must attend the Meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.

3. A proxy form which may be used to make this appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras), lines are open Monday to Friday, 8.30am to 5.30pm. If you require additional copies you may photocopy the proxy.

4. In order to be valid an appointment of proxy must be returned (together with any authority under which it is executed or a copy of the authority certified (or in some other way approved by the directors)) by one of the following methods:

   - in hard copy form by post, by courier or by hand to the Company's Registrar, at, PXS, 34 Beckenham Road, Beckenham BR3 4TU;
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in Note 6 below;

   and in each case must be received by the Company not less than 48 hours before the time of the Meeting.

5. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy) or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. Resolutions 3 to 8 – election/re-election of directors:

   Resolutions 3 to 8 deal with the election/re-election of the directors in accordance with the UK Corporate Governance Code (which has replaced the Combined Code on Corporate Governance). The Governance Code provides for all directors of FTSE 350 companies to be subject to election/re-election by their shareholders every year. The Governance Code applies on a "comply or explain" basis and applies to financial years beginning on or after 29 June 2010. Accordingly, in keeping with the Board's aim of complying with the Code, unless not in the best interests of the Company and its shareholders, each member of

the board is standing for re-election, and in the cases of Robin Buchanan and Andrew Bracey for election, by the shareholders at this year's Annual General Meeting. Biographical information on each of the directors is contained on pages 33 and 34 of the Annual Report and Accounts. The Chairman confirms that, following formal performance evaluation, all directors standing for election/re-election continue to perform effectively and demonstrate commitment to the role.

9. Resolution 12 – political donations:

   For the purpose of this resolution, 'political donations', 'political organisations' and 'political expenditure' have the meanings given to them in Section 363-365 of the 2006 Act.

   In accordance with its Business Principles, it is the Company's policy not to make contributions to political parties. There is no intention to change it. However, what constitutes a 'political party', a 'political organisation', 'political donations' or 'political expenditure' under the Companies Act 2006 is not easy to decide as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, among other things, may fall within this. Therefore, notwithstanding that the Company has not made a political donation in the past, and has no intention of, either now or in the future, making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the Board has decided to put forward Resolution 12 to renew the authority granted by shareholders at the last Annual General Meeting of the Company. This will allow the Company to continue to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, Resolution 12 has also been extended to cover any of these activities by the Company's subsidiaries.

10. Resolution 13 – directors' authority to allot shares:

    If passed, Resolution 13 will give the directors authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £1,046,509 representing approximately 33% of the Company's issued ordinary share capital (excluding treasury shares) as at 9 April 2012 (the latest practicable date before publication of this notice). This power will last until the conclusion of the next Annual General Meeting in 2013.

    The directors have no present intention of exercising this authority.

    As at the date of this letter the Company does not hold any ordinary shares in the capital of the Company in treasury.

11. Resolution 14 – disapplication of pre-emption rights:

Resolution 14 will give the directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 13 for cash without complying with the pre-emption rights in the Companies Act 2006 in certain circumstances. This authority will permit the directors to allot:

(a) shares up to a nominal amount of £1,046,509, (representing one-third of the Company's issued share capital) on an offer to existing shareholders on a pre-emptive basis (in each case subject to adjustments for fractional entitlements and overseas shareholders as the directors' see fit); and

(b) shares up to a maximum nominal value of £158,562, representing approximately 5% of the issued ordinary share capital of the Company as at 9 April 2012 (the latest practicable date prior to publication of this notice) otherwise than in connection with an offer to existing shareholders.

The directors have no present intention of exercising this authority.

The directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. The Principles provide that companies should not issue for cash shares representing in excess of 7.5% of the Company's issued share capital in any rolling three-year period, other than to existing shareholders, without prior consultation with shareholders.

12. Resolution 15 – buyback authority:

Resolution 15 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 31,712,398 (representing approximately 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 9 April 2012 (the latest practicable date prior to publication of this notice)) and sets minimum and maximum prices. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2013.

The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while they are held in treasury and no voting rights attach to treasury shares.

If Resolution 15 is passed at the Meeting, it is the Company's current intention to cancel all of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the directors will need to reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so.

As at 9 April 2012 (the latest practicable date prior to the publication of this notice), there were 22,882,584 warrants and options to subscribe for shares in the capital of the Company representing 7.2% of the Company's issued share capital (excluding treasury shares). If this authority to purchase the Company's ordinary shares and the existing authority to purchase taken at last year's AGM (which expires at the end of this year's AGM) were to be exercised in full, these options would represent 8.0% of the Company's issued share capital (excluding treasury shares).

13. Resolution 16 – length of notice for general meetings:

    This is a resolution to allow the Company to hold general meetings (other than Annual General Meetings) on 14 days notice.

    Before the introduction of the Companies (Shareholders' Rights) Regulations 2009: (The 'Shareholders' Rights Regulations') on 3 August 2009, the minimum notice period permitted by the 2006 Act for general meetings (other than annual general meetings) was 14 days. One of the amendments made to the 2006 Act by the Shareholders' Rights Regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for annual general meetings) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

    The Board is therefore proposing Resolution 16 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than annual general meetings. The approval will be effective until the Company's next annual general meeting, when it is intended that the approval be renewed. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive.

14. To have the right to attend and vote (whether in person or by proxy) at the Meeting or adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the register of members by no later than 6.00 pm on 16 May 2012 (or if the Meeting is adjourned, at 6.00 pm on the date which is two days prior to the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting or adjourned meeting.

15. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

16. As at 9 April 2012 (being the latest business day prior to the publication of this notice), the Company's issued share capital consists of 317,181,520 ordinary shares. The Employee Benefit Trust holds 10,548,099 ordinary shares of the Company carrying no voting rights. No shares are held in treasury. Therefore the total voting rights in the Company are 306,633,421.

17. The contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting, details of the totals of the voting rights that members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: http://investors.michaelpage.com

18. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that is to be laid before the Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish on its website.

19. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting that is put by a member attending the Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

20. Copies of the directors' service contracts with the Company, and the terms and conditions of the non- executive directors, are available for inspection at the registered office of the Company during usual business hours (Saturdays, Sundays and public holidays excepted) and will be available at the place of the Meeting from 8.00 am until its conclusion.

21. You may not use any electronic address in this notice of meeting to communicate with the Company for any purpose other than those expressly stated.

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
6 March 2012

S Puckett
Group Finance Director
6 March 2012

Notes

ACCOUNTING, ACTUARIAL, TAX & TREASURY
AGENCY
BUYING & MERCHANDISING
CONSTRUCTION
CONSULTANCY, STRATEGY & CHANGE
DESIGN & DEVELOPMENT
DIGITAL
EDUCATION
ENGINEERING & MANUFACTURING
EXECUTIVE INTERIM
EXECUTIVE SEARCH
FACILITIES MANAGEMENT
FINANCE
FINANCIAL SERVICES
HEALTHCARE
HOSPITALITY & LEISURE
HUMAN RESOURCES
INSURANCE
LEGAL
LIFE SCIENCES
LOGISTICS
MARKETING
MINING & RESOURCES
NOT-FOR-PROFIT
OFFSHORE
OIL & GAS
POLICY
PROCUREMENT & SUPPLY CHAIN
PROPERTY
PUBLIC SECTOR
RETAIL OPERATIONS & RETAIL BANKING
SALES
SECRETARIAL
TAXATION
TECHNOLOGY
TREASURY

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Page Personnel

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