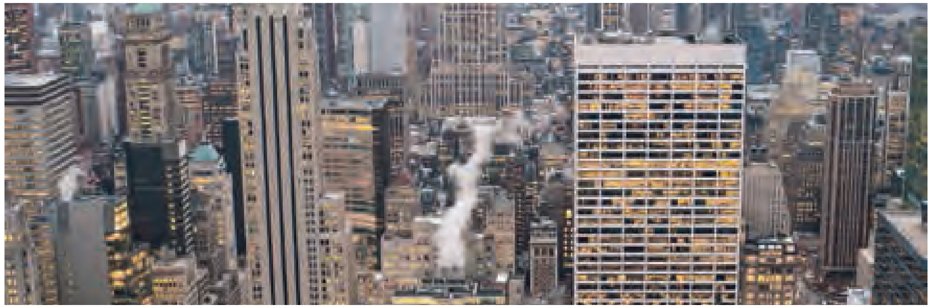

ANNUAL REPORT AND ACCOUNTS 2012

PageGroup

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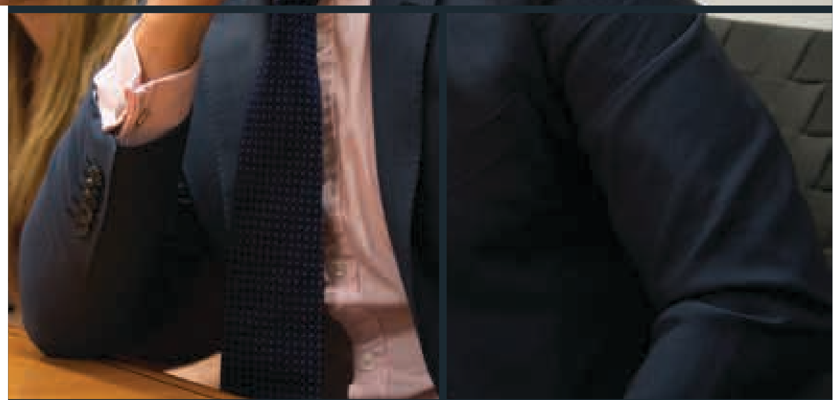
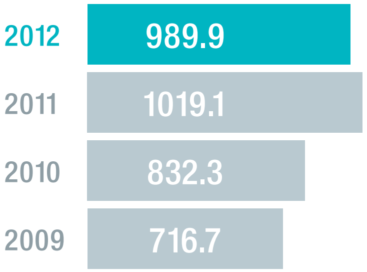
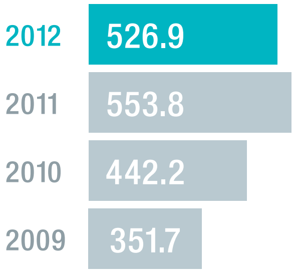


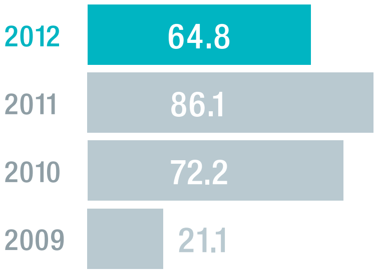
In just thirty-seven years, PageGroup has grown to become one of the world's best-known and most respected recruitment consultancies. Today, we are proud to set the standard within our profession for specialist service, with a personal touch.



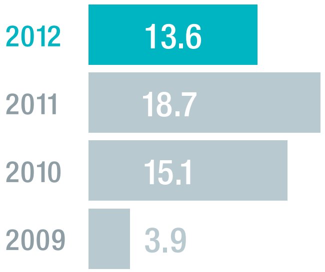
REVENUE (£M)



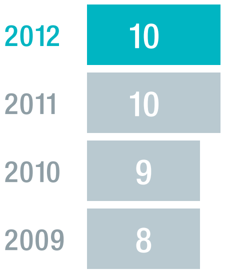
GROSS PROFIT (£M)



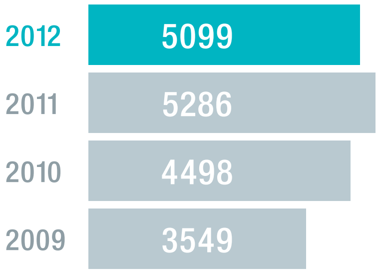
PROFIT BEFORE TAX (£M)*



EARNINGS PER SHARE (P)*



DIVIDEND PER SHARE (P)



HEADCOUNT AT YEAR END

*Before exceptional items

- Group gross profit reduced by 4.9% or -1.5% in constant currency
- 77% of gross profit generated outside the UK vs. 61% five years ago
- 58% of gross profit generated from non-Finance and Accounting disciplines vs. 46% five years ago
- Gross profit from permanent placements reduced by 7% or -3% in constant currency
- Gross profit from temporary placements increased by 2% or +5% in constant currency
- Strong balance sheet with net cash at 31 December 2012 of £61.4m

OUR GLOBAL OFFICES

UNITED KINGDOM
Aberdeen
Birmingham
Brighton
Bristol
Cambridge
Cardiff
Chiswick
Coventry
Edinburgh
Glasgow
Guildford
Kingston
Leeds
Leicester
Liverpool
London
Maidstone
Manchester
Milton Keynes
Newcastle
Nottingham
Oxford
Reading
Sheffield
Slough
Southampton
St Albans
Swindon
Watford
Weybridge

CANADA
Montreal
Toronto

BELGIUM
Antwerp
Brussels

USA
Boston
Chicago
Houston
Iselin
New York
Philadelphia
San Francisco
Stamford

IRELAND
Dublin

COLOMBIA
Bogota

MEXICO
Mexico City

FRANCE
Bordeaux
Cergy Pontoise
Lille
Lyon
Marseille
Massy
Monaco
Nantes
Neuilly sur Seine
Noisy Le Grand
Orleans
Paris
Rennes
Rouen
Strasbourg
Toulouse
Versailles

PORTUGAL
Lisbon
Porto

SPAIN
Barcelona
Bilbao
Madrid
Seville
Valencia

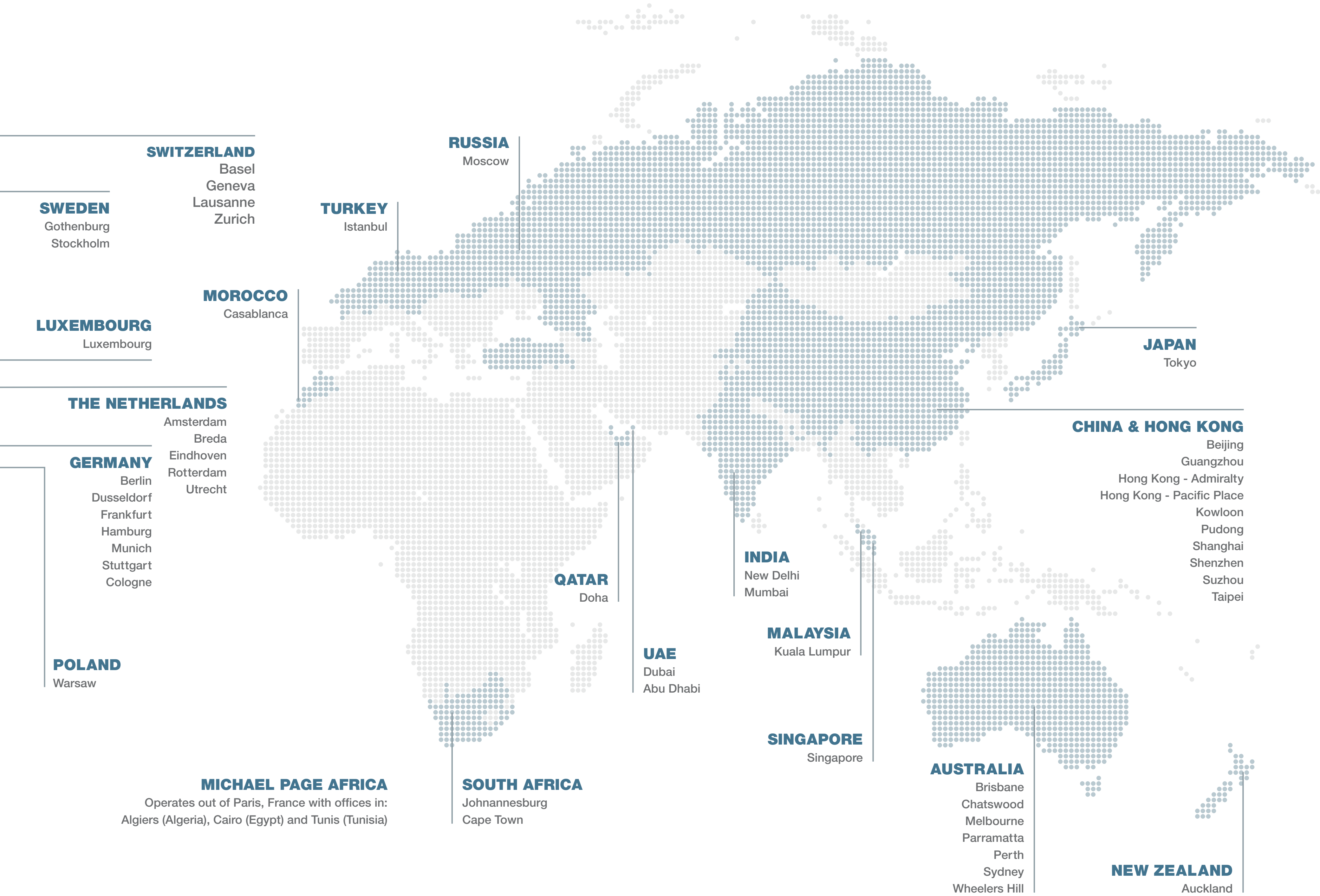
AUSTRIA
Vienna

BRAZIL
Alphaville
Barra da Tijuca
Belo Horizonte
Campinas
Curitiba
Porto Alegre
Recife
Rio de Janeiro
São José dos Campos
São Paulo - Central
São Paulo - Vila Olímpia

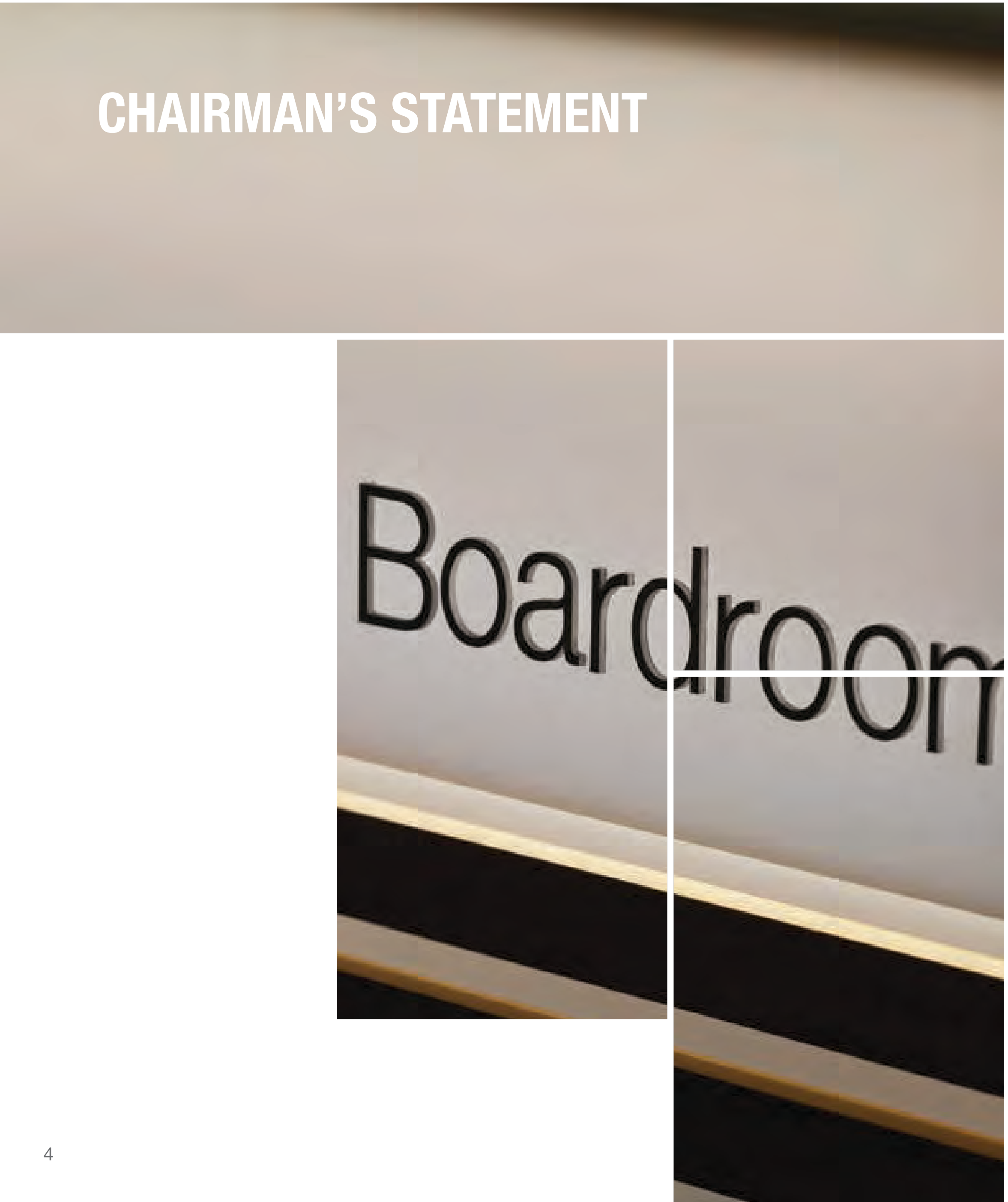
CHILE
Santiago

ITALY
Bologna
Milan
Padova
Rome
Turin

ARGENTINA
Buenos Aires


SWITZERLAND
Basel
Geneva
Lausanne
Zurich
SWEDEN
Gothenburg
Stockholm
LUXEMBOURG
Luxembourg
THE NETHERLANDS
Amsterdam
Breda
Eindhoven
Rotterdam
Utrecht
GERMANY
Berlin
Dusseldorf
Frankfurt
Hamburg
Munich
Stuttgart
Cologne
POLAND
Warsaw
RUSSIA
Moscow
TURKEY
Istanbul
MOROCCO
Casablanca
QATAR
Doha
UAE
Dubai
Abu Dhabi
INDIA
New Delhi
Mumbai
MALAYSIA
Kuala Lumpur
SINGAPORE
Singapore
JAPAN
Tokyo
CHINA & HONG KONG
Beijing
Guangzhou
Hong Kong - Admiralty
Hong Kong - Pacific Place
Kowloon
Pudong
Shanghai
Shenzhen
Suzhou
Taipei
AUSTRALIA
Brisbane
Chatswood
Melbourne
Parramatta
Perth
Sydney
Wheelers Hill
NEW ZEALAND
Auckland
MICHAEL PAGE AFRICA
Operates out of Paris, France with offices in:
Algiers (Algeria), Cairo (Egypt) and Tunis (Tunisia)
SOUTH AFRICA
Johannesburg
Cape Town

CHAIRMAN'S STATEMENT



BUSINESS STRENGTHS

When I became Chairman, I shared with you my assessment of the strengths of the business:

- A focused strategy of organic growth - rolling out our brands into country after country, city after city, discipline after discipline
- An expanding presence in the world's growth markets
- Powerful brands recognised around the globe
- One of the strongest "make it happen" cultures I have come across in forty years
- A work hard/play hard/go anywhere management team; and
- A small and effective Board

Those strengths have been reinforced during 2012. Your Board has reviewed and embraced the strategy of worldwide organic growth in multiple disciplines and geographies. We have continued to open offices in growth markets. We have established the PageGroup brand for our corporate activities so as not to dilute the power of our three operating brands, Michael Page, Page Personnel and Page Executive. We have redesigned the executive leadership team to create one global company, organisation and culture. In doing so, we have also reduced the cost of this team. We have further strengthened our Board.

We remain free of the constraints that hold back so many businesses in this difficult environment. We still have: no debt; no unfunded pension scheme; no acquisition integration issues; no layers of bureaucracy; and no burdensome fixed costs.

Performance

There is one constraint we do have. Our industry and our company are more exposed to global economic troubles than some. 2012 was a difficult year for the macro-economy in most countries. Despite this, PageGroup delivered a creditable performance with gross profit down 4.9% compared to 2011, a decrease of only 1.5% at constant rates of exchange.

In these tough times the company is looking to get the maximum effectiveness and efficiency out of its investments in operations and infrastructure. Some progress has been made on this already. More will follow in the months to come. Further details of our performance and our plans are 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. Given our results, we intend to maintain our dividend at the same level as 2011, i.e. pay a final dividend of 6.75p for the 2012 financial year, bringing the full year dividend to 10p (2011: 10p).

The Board

In the last Annual Report I explained that the Board was undergoing considerable change.

Andrew Bracey, our new Chief Financial Officer, started in April 2012 and has already made valuable contributions. In May 2012, following Hubert Reid's retirement from the Board, Ruby McGregor-Smith, our Audit Committee Chairman, became our Senior Independent Director. I mentioned last March that we were looking for another non-executive. We are delighted that Simon Boddie has joined the Board. Following the announcement of our 2012 Preliminary results, in April he will succeed Ruby as Chairman of the Audit Committee.

Our Remuneration Committee Chairman, Reg Sindall, who had begun making important improvements to our compensation system, had, for personal reasons, to leave the Board. We were sorry to lose him. However, we are very fortunate to have appointed David Lowden to take over the Chairmanship of the Committee. The outcome of the Remuneration Committee's work can be seen in the Remuneration Report.

> Our people navigate the economic ups and downs. They make the changes happen. We are very grateful to them.

Governance

Two topics have dominated the UK discussion on Corporate Governance. Senior executive pay and boardroom diversity. On executive director pay, we have made five particularly important changes. We have capped previously uncapped pay, we have made executive director incentives both more strategic and longer term, we have set performance criteria for all incentive payments, we have introduced claw-back provisions, and we have increased shareholding guidelines. I should emphasise that PageGroup will continue to pay the market rate to attract and keep executives of the highest calibre and we will reward performance for shareholders.

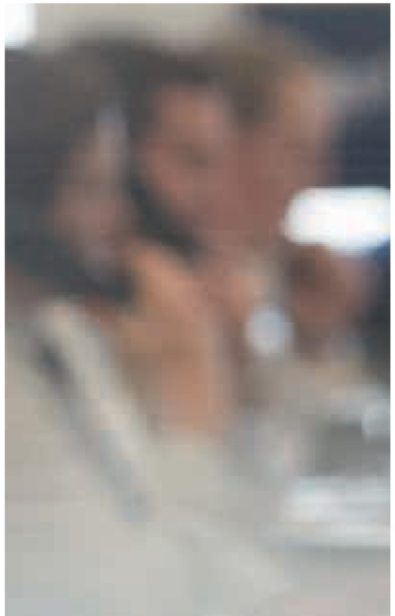
On diversity, the Board had two goals this year. As a global group we need extensive international experience and are keen to see a higher proportion of women on the Board. Our three new directors have worked in multiple countries in all regions of the world. A higher proportion of women on our board would not only bring different skills and perspectives but also support our gender diversity objectives across the Group. We continue to look for outstanding individuals who can bring such diversity to our Board.

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 team and on the Board. We always ask, "What is the right thing to do?" so that everyone involved with PageGroup 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 2013 are clear. We will continue to execute our organic growth strategy. We will develop our worldwide leadership team. We will push for greater returns from our investments in support systems and processes. We will build on the improvements we have made in designing a global company. The Board will concentrate on supporting and challenging our management to ensure this happens. The macro-economy is tough. PageGroup will continue to go through considerable change. Our people navigate the economic ups and downs. They make the changes happen. We are very grateful to them.

Robin Buchanan, Chairman
March 2013



NEW BRAND... SAME STRATEGY WHAT THE PAGEGROUP REBRAND MEANS FOR OUR INVESTORS

Our strategy and approach remain unchanged: organic growth by region and discipline, a focus on growth markets, development of internal management expertise and a structure that champions our own talent.

The PageGroup rebrand brings clarity to our operations; it reflects that we are specialists – by job function, sector, geography and process. In an increasingly fragmented recruitment landscape, this specialist approach combined with our established global network gives us a better ability to reach more candidates and clients. Our aim is higher levels of engagement; to continue to establish and build professional partnerships for the long-term and to move away from transaction-led relationships. The rebrand also addresses the need to demonstrate a clear brand proposition in a marketplace that is growing in complexity. People want the reassurance of a business with a strong track record; PageGroup's brands are presented in a way that is recognisable and consistent across sectors, markets, audiences and media channels.

OUR BRAND STRUCTURE

PageGroup

PageExecutive | MichaelPage | PagePersonnel

Some of our operations

MichaelPage Informatica | MichaelPage Design | PageExecutive Interim | PagePersonnel Banque | PagePersonnel Finance

PageGroup retains the core brands of Michael Page and Page Personnel with no operational change. We have rationalised our executive search operations by introducing Page Executive.

Our new brand structure consolidates our operations to allow us to capitalise on the range of opportunities within professional recruitment that lie outside the remit of the original, core brand. Page Personnel and our executive search businesses have reached a significant size and market reputation so we want to reflect their success and potential, alongside our original brand Michael Page, with a new corporate name that represents our core operating companies equally.

Retaining 'Page' across all of our brands capitalises on our history and builds on our success.

REBRAND: FROM MICHAEL PAGE INTERNATIONAL TO PAGEGROUP

To recognise our diversification and remit, the corporate group Michael Page International became known as PageGroup in October 2012. We updated our corporate identity to reflect the strong growth to date, and the potential expansion of our core operating brands in the future.

PageGroup

New PageGroup website.

Page Executive

The executive search business of PageGroup, Page Executive, offers a range of search, selection and management solutions for organisations to attract and retain their leadership talent. The roles we focus on typically sit at the sub-board and board levels. Page Executive has a global presence, operating across Africa, Asia Pacific, Europe, North and Latin America.

Our approach
A flexible approach to talent attraction based on client requirements. Global reach combined with local expertise. Diverse shortlists based on a thorough search of the market. Results delivered quickly and accurately. These are the characteristics you can expect when you partner with Page Executive to identify your business leaders.

How we reach our audience
Page Executive has a developed network of senior contacts across our operating territories and markets. This enables us to approach and attract the top talent in the market for organisations wishing to make a leadership hire. We also run managed selection campaigns which can include high profile or niche advertising.

Opportunities for growth
Page Executive aims to diversify by market sector and geography, across our international network.

Michael Page

Michael Page is the original PageGroup brand and is established as the first business in each new country that we enter. Michael Page is comprised of 14 disciplines - each providing a service to a specialist area of the market. Operating at the qualified professional and management level, Michael Page recruits on a permanent, temporary, contract and interim basis. Michael Page operates in 34 countries worldwide, across Africa, Asia Pacific, Europe, North and Latin America.

Our approach

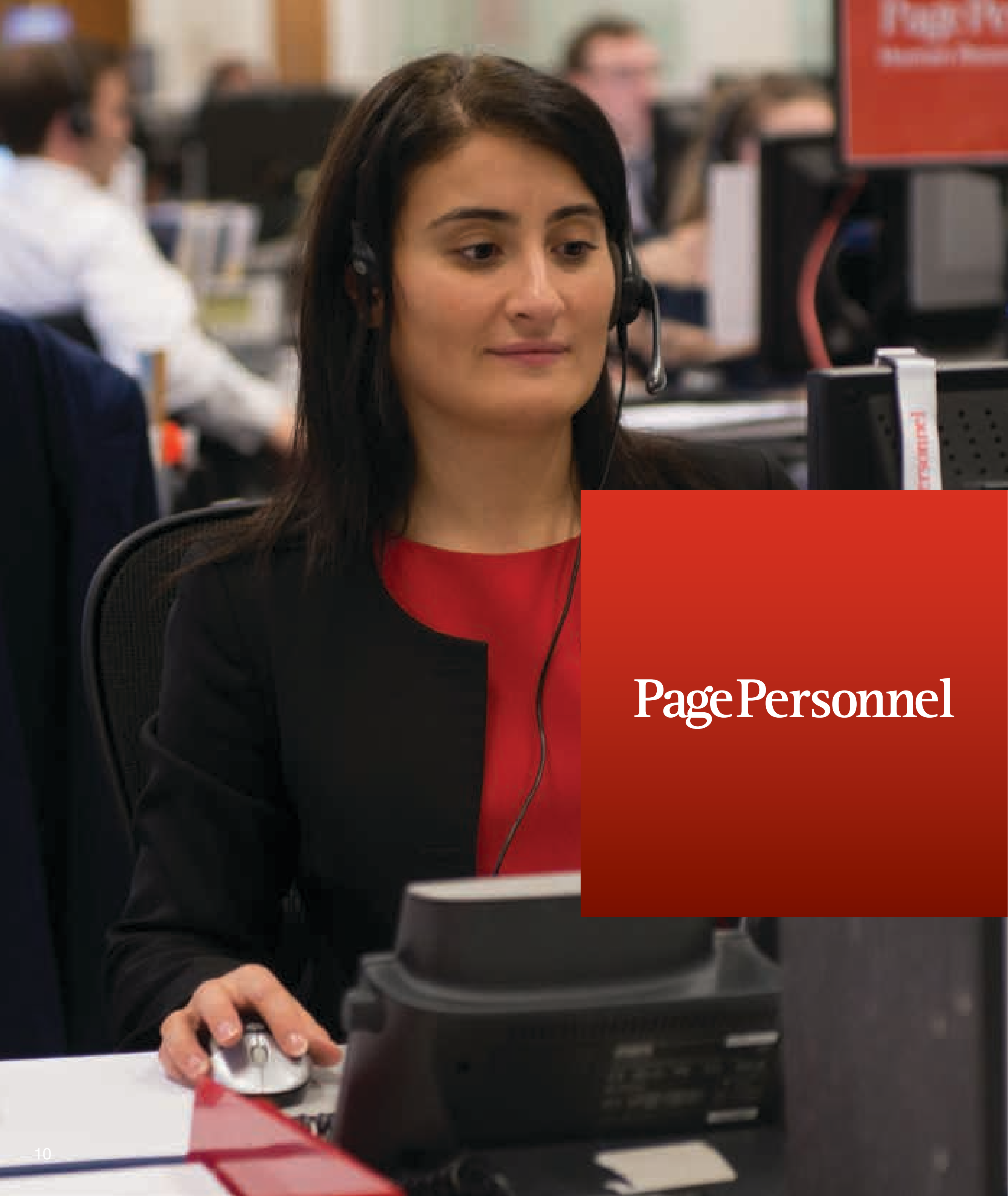
At Michael Page, we focus on developing a thorough understanding of our clients' businesses, from technical and soft skill requirements to future growth plans. We are then able to partner effectively to manage their recruitment requirements to support expansion, diversification, or change programmes.

How we reach our audience

Michael Page specialises in the selection of employees for employers, utilising a variety of methods to source candidates – from our industry-leading databases, to social media, to networking and managed advertising campaigns.

Opportunities for growth

Michael Page aims to grow by expansion: by establishing new specialist disciplines and by increasing our operations geographically, and into new market sectors in the regions in which we currently operate.



Page Personnel offers specialist recruitment services to organisations requiring employees or people looking for jobs at the technical and administrative support, professional clerical and junior management levels. Page Personnel operates in 21 countries across Asia Pacific, Europe, North and Latin America.

Our approach

Employers and candidates in a high activity, high volume market require a responsive recruitment partner – a service that Page Personnel is proud to provide. Speed and accuracy define our proposition; we react quickly to ensure that organisations have access to the skills they require. Page Personnel operates in the permanent, contract and temporary recruitment fields.

How we reach our audience

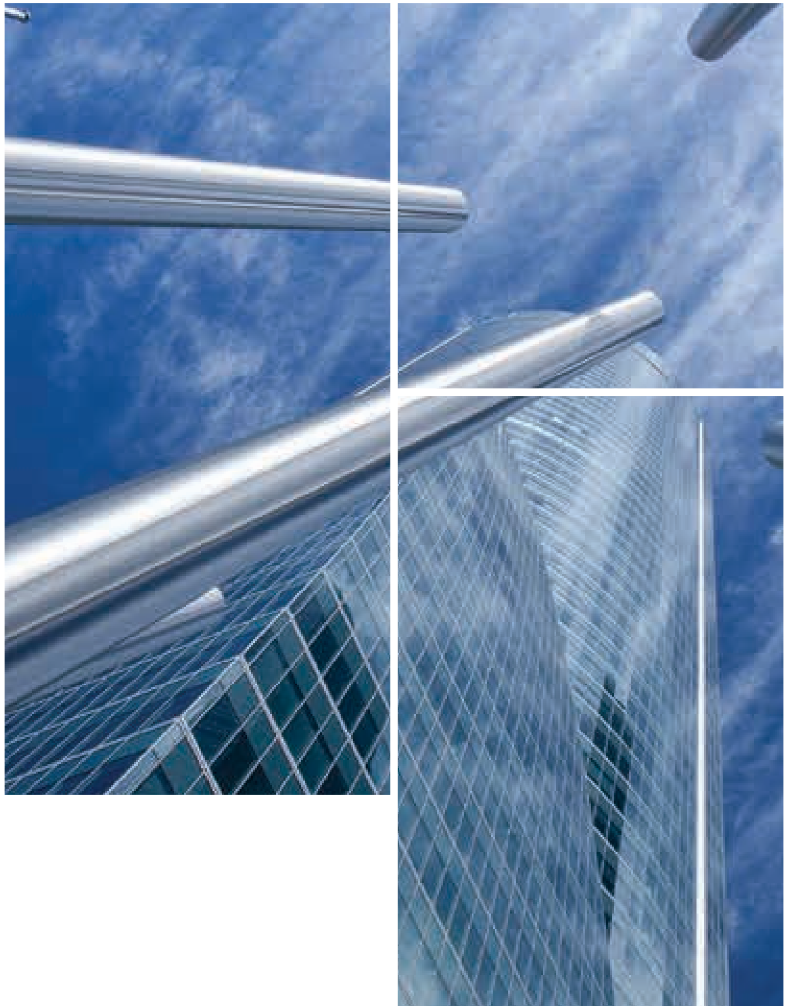
Page Personnel supports employers needing to make hiring decisions quickly by maintaining and actively growing a pool of qualified candidates, ready for their next opportunity.

Opportunites for growth

Page Personnel is one of the fastest growing PageGroup businesses, diversifying by market and geography across our international network.


PageGroup

BUSINESS REVIEW



We believe our review is a balanced and comprehensive analysis of the development and performance of the company. The business review discusses the following areas:

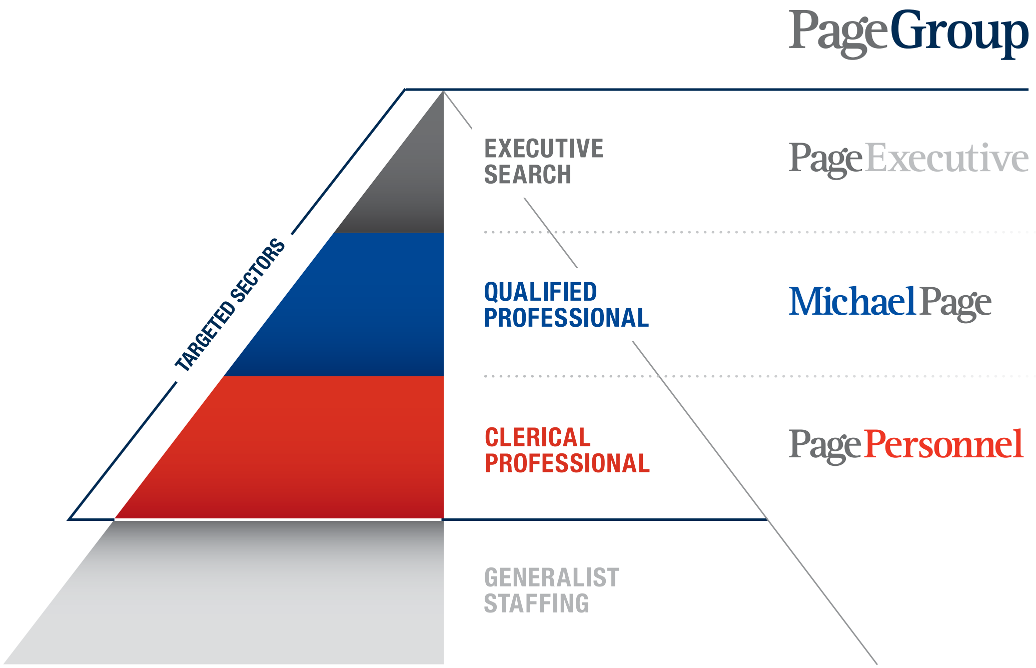
GROUP STRATEGY

The Group's strategy is to expand and diversify the business by industry sectors, by professional disciplines, by geography and by level of focus (Page Personnel, Michael Page or Page Executive), with the objective of being the leading specialist recruitment consultancy in each of its 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 PageGroup management, ensuring we have the best and most experienced, home-grown talent in each key role. When we invest in a new business, we do so only with a long-term objective and in the knowledge that at some point there will be periods when economic activity slows. While it is difficult to predict accurately when these slowdowns will occur and how severe they will be, it has been our practice in the past, and remains our intention, 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 we can increase headcount rapidly to achieve growth. When market conditions tighten, these teams then reduce in size, largely through natural attrition. Consequently, our cost base reduces



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

Disciplines Countries Teams
Offices Teams Disciplines
Teams Disciplines Countries
Offices CULTURE Teams
Teams Disciplines Countries
Countries Disciplines Teams
Teams Disciplines Offices Teams

PageGroup website launched in 2012

in a slowdown. Having invested many 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 means 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 more 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 slowdown, the business has continued to produce strong cash flows as working capital requirements reduce. However, in uncertain markets, a strong balance sheet is essential to support the business through difficult periods and, as economic conditions improve, to fund increased working capital requirements as the business grows.

REVIEW OF 2012

With challenging economic conditions remaining throughout 2012, currency exchange rates moving against us and tough year-on-year comparators, we believe we have performed well.

As the demand for recruitment services increases, the number of positions to be filled rises, candidate shortages begin to emerge, the time-to-hire period reduces and there is less pressure on pricing. With the increased uncertainty and resultant reduction in market confidence, many of these factors trended negatively, albeit to differing degrees in our geographic regions. This created an environment where productivity fell with less gross profit per fee earner. The Group's strategy of organic growth, as well as maintaining market presence and a degree of spare capacity, means that the Group is operationally geared, which resulted in a proportionally greater reduction in operating profit than in gross profit. This conversion of gross profit to operating profit was also reduced by the amount of investment being made to facilitate and maintain growth in our newer markets, typically where we see longer term potential.

*Amounts stated in constant rates of exchange

During the course of 2012, we maintained our strategy of organic investment in developing and diversifying our business. The rollout of disciplines under the Michael Page, Page Personnel and Page Executive brands continued and we launched new businesses in two new countries in Bogota, in Colombia, and in Casablanca, in Morocco. We also opened four new offices in Cape Town, Macaé (Rio de Janeiro), Suzhou and Taipei.

Revenue

Reported revenue for the year was 2.9% lower (0.3%* higher) at £989.9m (2011: £1,019.1m). As in previous economic slowdowns, permanent placement activity is impacted more than temporary. The latter being more resilient to slowing activity levels. As economic conditions and market confidence remained poor throughout 2012, this trend was reflected in revenue, with revenue from permanent placements in 2012 falling by 6.9% (down 3.4%*) to £422.0m (2011: £453.1m), representing 42.6% (2011: 44.5%) of Group revenue. Revenue from temporary placements for the year grew by 0.3% (up 3.3%*) to £567.9m (2011: £566.0m).

During the course of 2012, we maintained our strategy of organic investment in developing and diversifying our business.

Gross profit

Gross profit for the year fell by 4.9% (down 1.5%*) to £526.9m (2011: £553.8m). Gross profit increased by 2%* year-on-year in the first half, but as market conditions deteriorated, the year-on-year growth rate slowed to -5%* in the second half.

Group gross margin decreased to 53.2% (2011: 54.3%), largely as a result of the shift in the mix of business due to the growth in temporary compared to permanent placements. Gross profit from permanent placements fell by 6.6% (down 3.2%*) to £409.7m (2011: £438.4m), representing 77.8% (2011: 79.2%) of Group gross profit. The gross margin from permanent placements remained broadly flat at 97.1% (2011: 96.8%). Gross profit from temporary placements increased by 1.6% (up by 5.0%*) to £117.2m (2011: £115.4m), representing 22.2% (2011: 20.8%) of Group gross profit. The gross margin achieved on temporary placements was 20.6% (2011: 20.4%) and was relatively stable throughout 2012.

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 improving 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.

> 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.

As a result of the continuing macroeconomic uncertainty and the slowing in our growth rates, following selective increases in our headcount in the first half, headcount reduced by 66 in the third quarter and by 156 in the fourth quarter. Our headcount at the end of 2012 was 5,099, which is 187 (3.5%) lower than at the end of 2011.

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.

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. However, when economic conditions weaken and recruitment activity slows, these factors work in reverse and are compounded by a shortening of earnings visibility. This is reflected in the 24.3% decrease in operating profit from £86.0m in 2011, to £65.1m before exceptional items in 2012. Accordingly, the Group's conversion rate of operating profit before exceptional items from gross profit fell to 12.4% (2011: 15.5%).

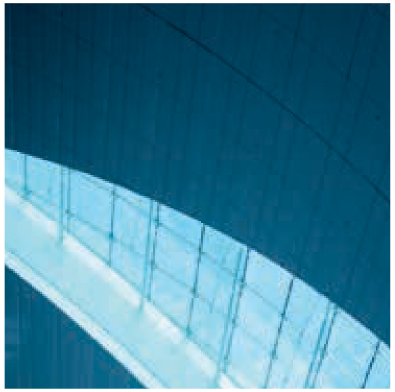
Administrative expenses in the year decreased by 1.3% to £461.7m (2011: £467.7m), largely as a result of the decrease in headcount. Administrative expenses included £13.2m of share-based payment charges (2011: £13.0m) in respect of the Group's deferred annual bonus scheme, long-term incentive plan and share option schemes.

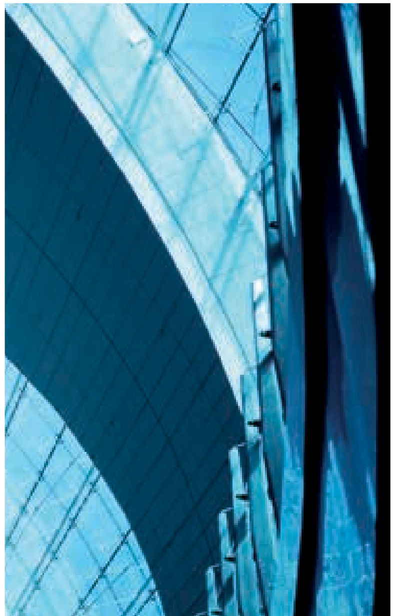
During the first half of 2012, we restructured the Group's management, which resulted in the removal of the Continental Europe and Americas regional management team, including one Executive Director. Severance packages for this team, (employed by the Group for many years and largely based in France, with accompanying high employment protection and social charges), totalled £7.8m, within which were £1.5m of accelerated share plan related charges. These have been presented as an exceptional charge in the income statement. The payback period for this investment is around two years.

> The majority of our cost base, around 75%, relates to our staff, with the other main components being property and information technology costs.

2012 REGIONAL REVIEW

Continental Europe, Middle East & Africa (EMEA)





In EMEA, the Group's largest region, contributing 41% of Group gross profit for the year (2011: 43%), revenue fell by 4.3% (increased by 2.2%*) to £403.2m (2011: £421.2m) and gross profit fell by 8.8% (fell by 2.8%*) to £218.4m (2011: £239.6m). Market conditions in Continental Europe worsened during the year, with the economic uncertainty impacting market confidence. The weakening of the Euro relative to Sterling also impacted the results, with year-on-year reported growth rates some 5% lower than in constant currency.

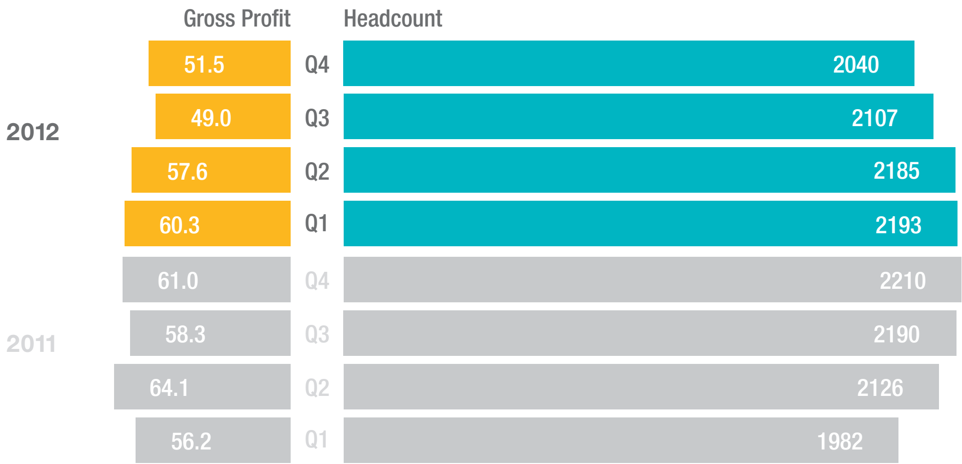
Generally in Europe the employer has less flexibility with permanent staff than in most other regions. With challenging market conditions, Europe as a whole has been impacted more severely, as clients are even more reluctant to hire permanent staff if there is an alternative viable temporary or contractor option. In France and Germany, gross profit was down as a result of the greater part of the business being permanent recruitment. However, our temporary businesses have grown.

Elsewhere, our larger businesses such as Spain, Italy, Switzerland and Holland were similarly affected. The newer investments such as Africa, Austria, Luxembourg, Qatar, Russia, Turkey and the UAE all performed well. In most of the European countries in which we operate, we are the market leader and by continuing to manage our cost base with gross profit performance, we remain profitable in all major countries.

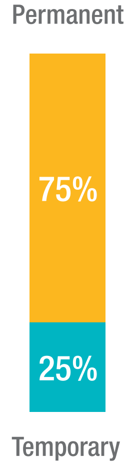
Headcount in the region was 2,210 at the start of the year and decreased by 7.7% to 2,040 by the end of December, reflecting the difficult market conditions. With the lower level of gross profit, the region recorded a fall in operating profit before exceptional items to £22.1m (2011: £31.7m), a conversion rate of 10.1% (2011: 13.2%).

During the year, we launched a new business in Casablanca, Morocco, and opened a new office in Cape Town, South Africa.

GROSS PROFIT (£M) & HEADCOUNT



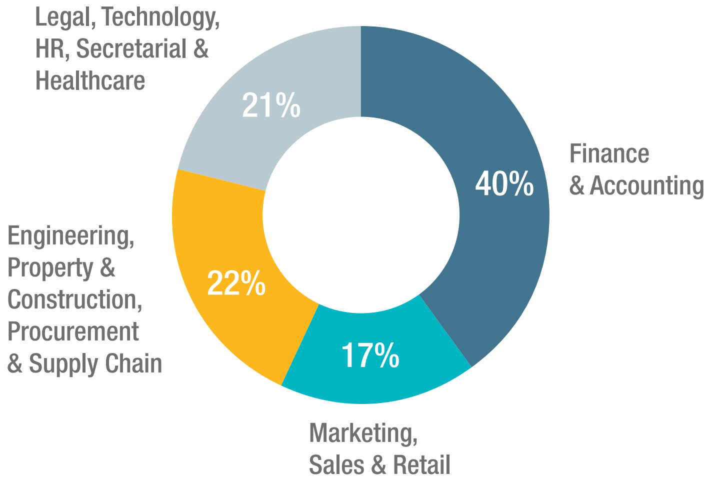
GROSS PROFIT RATIO



HIGHLIGHTS

- Profitable in all major countries.
- Newer businesses such as Africa, Middle East, Austria, Luxembourg, Russia and Turkey all performed well.
- Opened new offices in Casablanca and Cape Town.

GROSS PROFIT BY DISCIPLINE



£218m
Gross profit

£22m
Operating profit*

41%
Gross profit of PageGroup

2040
Headcount (-8%)

78
Offices

14
Disciplines

*Before exceptional items

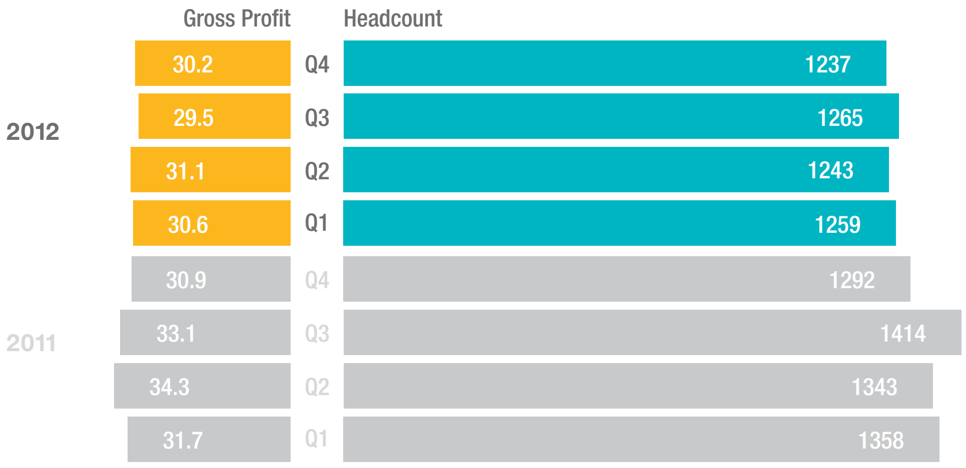
2012 REGIONAL REVIEW
United Kingdom

The UK contributed 23% of Group gross profit in 2012 (2011: 24%). Revenue fell by 8.9% to £295.9m (2011: £324.9m) and gross profit fell by 6.6% to £121.4m (2011: £130.0m). The gross margin in the UK remained broadly flat at 41%, with both the mix of permanent and temporary gross profit and their respective gross profit margins remaining largely the same as in 2011.

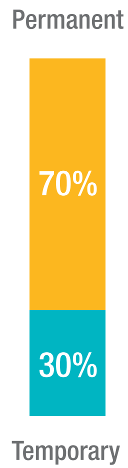
Market conditions remained difficult but stable throughout 2012, with clients and candidates remaining cautious. Our UK business is well-diversified in terms of geography and disciplines, as well as the mix of permanent and temporary revenues and is substantially less dependent on Financial Services than in the past (now only 4% of UK gross profit). Our strongest performances in the UK came from more technical disciplines such as procurement, supply chain, logistics, property and construction, technology, digital and energy. These have helped to offset the more established disciplines.

UK headcount was 1,292 at the start of the year and decreased to 1,237 by the end of December, a reduction of 4.3%. The headcount trend followed the performance of the business, falling throughout the year, with the exception of the third quarter when we hired a small number of graduates continuing our investment in training and exporting talent. In a difficult economic environment, operating profit before exceptional items for the full year was 13.9% lower at £15.8m (2011: £18.3m), representing a conversion rate of 13.0% (2011: 14.1%).

GROSS PROFIT (£M) & HEADCOUNT



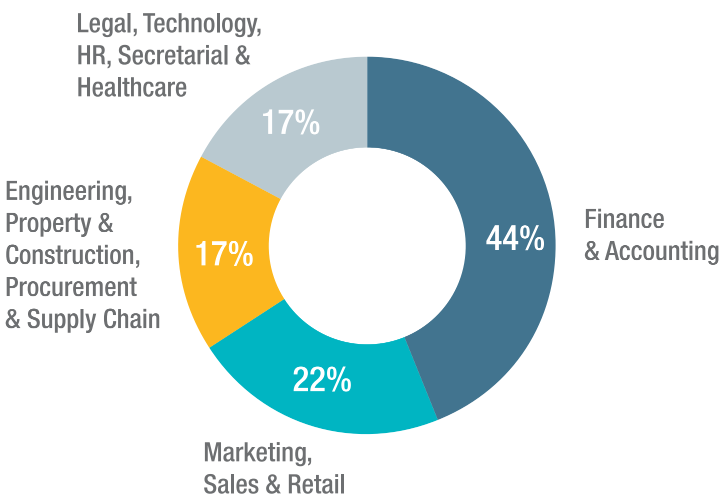
GROSS PROFIT RATIO



HIGHLIGHTS

- Market conditions tough but stable.
- UK remains diversified in geography, disciplines and permanent/temporary revenue mix.
- Technical disciplines such as procurement, supply chain and logistics performed well.

GROSS PROFIT BY DISCIPLINE



£121m
Gross profit

£16m
Operating profit*

23%
Gross profit of PageGroup

1237
Headcount (-4%)

32
Offices

12
Disciplines

*Before exceptional items

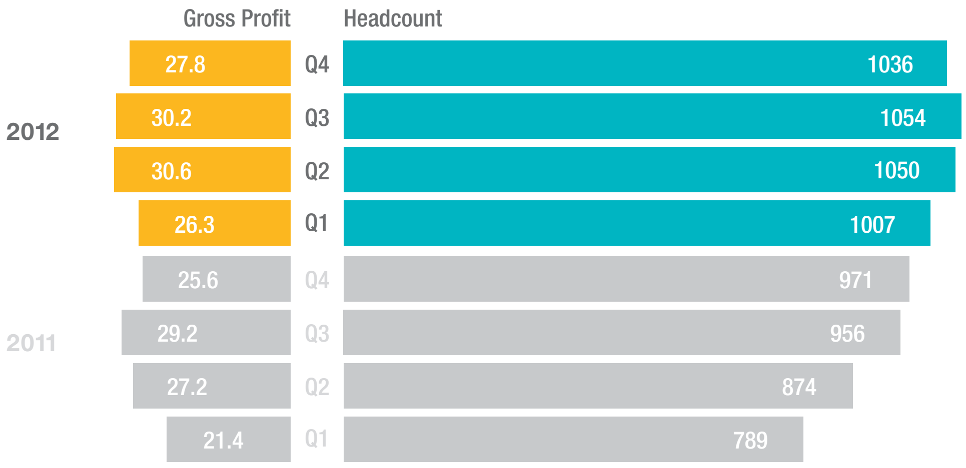
2012 REGIONAL REVIEW
Asia Pacific

The Asia Pacific region contributed 22% of Group gross profit in 2012 (2011: 19%). Revenue increased by 15.7% (increased by 14.6%*) at £192.2m (2011: £166.1m) and gross profit increased by 11.1% (increased by 9.8%*) at £114.9m (2011: £103.4m), with all countries in the region showing growth. Operating profit increased to £29.0m (2011: £26.2m), representing a conversion rate of 25.2% (2011: 25.3%), flat on 2011 as a result of headcount growth in the first half and new business investment in the region, including two new offices.

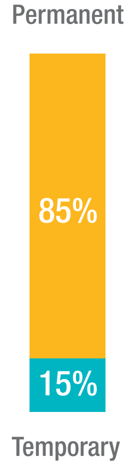
Headcount across the Asia Pacific region increased from 971 at the start of the year, to 1,036 at the end of the year, an increase of 7%, reflecting both increased activity levels and our intention to continue building a substantial business in Asia over the medium to long-term.

In Australia and New Zealand, gross profit grew 3%*, notably due to growth in Western Australia, driven by the mining and commodities sector. However, these sectors experienced a slowing in the second half of 2012. In Asia, gross profit grew 17%*. Our businesses across Japan and Greater China remained resilient and we opened new offices in Taipei and Suzhou. Our newest businesses in Malaysia and India both finished 2012 with strong performances.

GROSS PROFIT (£M) & HEADCOUNT



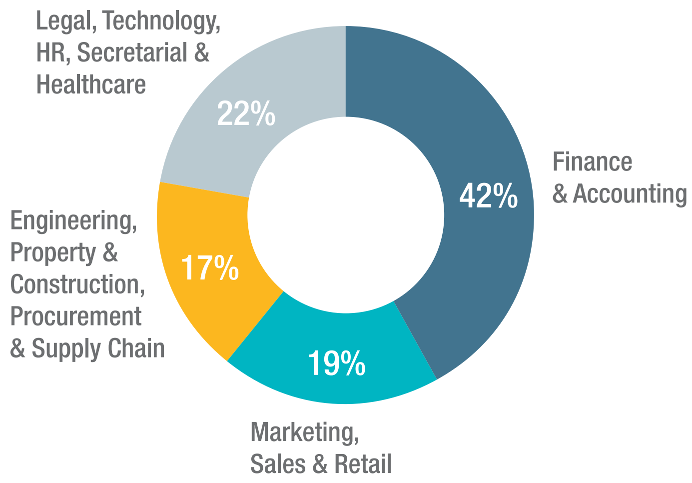
GROSS PROFIT RATIO



HIGHLIGHTS

- Asia +17% gross profit growth in constant currency.
- Australia and New Zealand +3% gross profit growth in constant currency.
- New offices opened in Taipei and Suzhou.
- Strong performances from our newest businesses Malaysia and India.

GROSS PROFIT BY DISCIPLINE



£115m
Gross profit

£29m
Operating profit

22%
Gross profit of PageGroup

1036
Headcount (+7%)

24
Offices

13
Disciplines

2012 REGIONAL REVIEW
The Americas

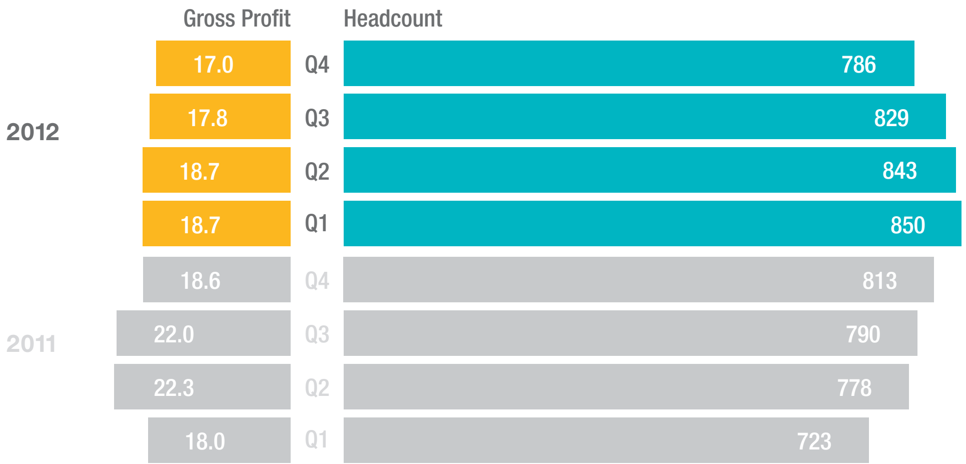
The Americas region contributed 14% of Group gross profit in 2012 (2011: 14%). Revenue for the region fell by 7.8% (fell by 1.3%*) to £98.6m (2011: £106.9m) and gross profit fell by 10.7% (down 3.7%*) to £72.2m (2011: £80.9m). With falls in revenue and gross profit, the region produced an operating loss of £1.7m (2011: profit £9.9m). This was in part due to management changes in North America and it represented a conversion rate of -2.3% (2011: 12.2%). Headcount in the region decreased by 3.3% from 813 to 786 at the end of the year, with limited increases in the first quarter offset by reductions during the latter part of the year.

Approximately two-thirds of the Americas region is in Latin America, of which our largest business is in Brazil, our fourth largest country in gross profit terms. Brazil's economy slowed towards the end of 2011 and through the first half of 2012. This quickly impacted hiring decisions and therefore our business. With 15 offices, in what is an underdeveloped recruitment market, as hiring volumes shrink a proportion of recruitment is brought back in house. However, we have a strong and well-established Brazilian management team and we continue to invest to ensure we are able to capitalise on our market-leading position when economic conditions improve.

Elsewhere in Latin America our businesses performed well. Chile and Mexico delivered record performances in 2012 and our new office in Bogota, Colombia, had a strong start. We also opened an additional office in Macaé, Rio de Janeiro, to invest further in our growing global Oil and Gas business.

In North America, we were impacted by the difficulties in the financial services sector and year-on-year gross profit was down by 3% in constant currency in the first half. We have strengthened significantly the management team in the region and the early signs of these changes are promising.

GROSS PROFIT (£M) & HEADCOUNT

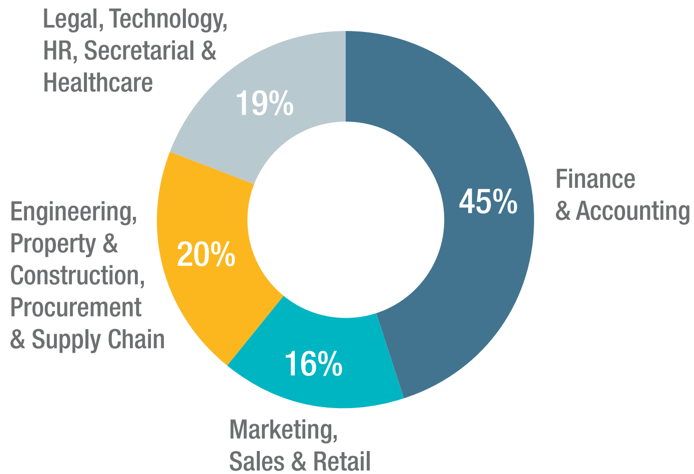


GROSS PROFIT RATIO

HIGHLIGHTS

- Clear market leader in Latin America with 5 countries, 20 offices and 538 headcount.
- Continuing to invest in platform for future growth.
- Launched in Bogota, Colombia and opened new office in Macaé, Rio de Janeiro.

GROSS PROFIT BY DISCIPLINE



£72m
Gross profit

£2m
Operating loss

14%
Gross profit of PageGroup

786
Headcount (-3%)

30
Offices

13
Disciplines

Discipline development

Our strategy of diversifying the Group by professional disciplines has continued with the investment in the roll-out of existing and new disciplines throughout our country and office network. Structurally, the Group is now more broadly diversified, having a wider range of disciplines.

Over the last 25 years there has been a consistent strategy of diversifying PageGroup, so it is less dependent on any one profession or industry. The heritage of the business is in placing candidates 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 PageGroup brands are strongest and therefore tends to be the discipline we start with when we enter a new geographic market, following which we roll out other disciplines. While Finance and Accounting remains our largest area of business, it now represents approximately 42% of the Group's 2012 gross profit. Revenue from Finance and Accounting placements fell by 10.7% (fell by 7.8%*) to £465.4m (2011: £521.4m) and gross profit fell by 11.1% (fell by 8.1%*) to £220.6m (2011: £248.0m).

> Placements of candidates in Engineering, Property & Construction and Procurement & Supply Chain roles accounted for around 20% of Group gross profit.

Placements of candidates in Engineering, Property & Construction and Procurement & Supply Chain roles accounted for around 20% of Group gross profit. Revenue from these disciplines increased by 8.0% (12.2%*) to £177.9m (2011: £164.7m) and gross profit increased by 1.5% (5.9%*) to £102.8m (2011: £101.3m).

Legal, Technology, Human Resources, Secretarial and Other disciplines generated around 20% of Group gross profit. Revenue from these disciplines increased by 7.2% (10.5%*) to £220.0m (2011: £205.2m) and gross profit increased by 0.8% (4.4%*) to £106.4m (2011: £105.6m). Placements of Marketing, Sales and Retail professionals generated around 18% of Group gross profit. Revenue from these disciplines fell by 1.0% (increased by 1.9%*) to £126.6m (2011: £127.9m) and gross profit fell by 1.8% (increased by 1.3%*) to £97.1m (2011: £98.9m).

FINANCIAL REVIEW OF 2012

2012 Exceptional items

The Group has taken a restructuring cost in the first half of 2012 of £7.8m, relating to changes in management structure where an entire layer of management was removed. These costs represent direct expenditure incurred as a result of the restructuring and are not associated with the ongoing costs of the Group.

Intangible assets

We expect to commence operating our new software in 2013, which will generate operational efficiencies, and therefore savings, as it is rolled-out across the business. We intend to begin the amortisation of this intangible asset in 2013. It is our current intention to amortise the software and associated development costs over 5 years or their useful life, whichever is the shorter.

Taxation

Tax on profit was £20.8m (2011: £29.3m). This represented an effective tax rate of 36.5% (2011: 34.0%). The rate is higher than the effective UK Corporation Tax rate for the year of 24.5% due to disallowable items of expenditure and profits being generated in countries where corporation tax rates are higher than in the UK. The effective tax rate is higher than in 2011 due to the increased relative sizes of both the French Professional tax and non-deductible share option charges to the underlying profits. Excluding these two items, the overall tax charge would have been £16.1m, or 28.3%.

> The Group has taken a restructuring cost in the first half of 2012, relating to changes in management structure where an entire layer of management was removed.

Share repurchases and share options

During the year, the Group's employee benefit trust purchased 5.0m shares for £18.0m at an average price of £3.57 to satisfy employee share plan awards. No shares were repurchased and cancelled during the year.
At the beginning of 2012, the Group had 22.9m share options outstanding, of which 1.3m had vested, but had not been exercised. In March 2012, 5.0m share options were granted under the Group's Share Option Scheme. During the course of the year, options were exercised over 3.6m shares, generating £7.8m in cash and 1.5m share options lapsed. At the end of 2012, 22.8m share options remained outstanding, of which 3.5m had vested, but had not been exercised.

Earnings per share and dividends

In 2012, basic earnings per share before exceptional items was 13.6p (down 27.3%) (2011: 18.7p) and diluted earnings per share before exceptional items was 13.5p (2011: 18.2p). After exceptional items, basic earnings per share was 11.9p (2011: 18.7p) and diluted earnings per share was 11.7p (2011: 18.2p). The weighted average number of shares for the year was 305.3m (2011: 304.5m).

In line with the Group's strategy for returns to shareholders, the dividend is being maintained at a level that the Board believes is sustainable. A final dividend of 6.75p, (2011: 6.75p) per ordinary share is proposed, which, together with the interim dividend of 3.25p (2011: 3.25p) per ordinary share, holds the total dividend for the year at 10.0p per ordinary share (2011: 10.0p). The proposed final dividend, which amounts to £20.5m, will be paid on 21 June 2013 to those shareholders on the register as at 24 May 2013.

Our capital expenditure is driven primarily by two main factors, being headcount, in terms of expenditure on office accommodation and infrastructure, as well as the development and maintenance of our IT systems.

BALANCE SHEET

The Group had net assets of £181.4m at 31 December 2012 (2011: £180.6m). The increase in net assets comprises profit after tax for the year of £36.2m, credits relating to share schemes of £10.5m, cash received from the exercise of share options of £7.8m, offset by adverse currency movements of £5.2m, share repurchases by the employee benefit trust of £18.0m and dividends paid of £30.6m. Our capital expenditure is driven primarily by two main factors, being headcount, in terms of expenditure on office accommodation and infrastructure, as well as the development and maintenance of our IT systems. Capital expenditure, net of disposal proceeds, decreased to £16.5m (2011: £29.4m), reflecting the reduction in headcount and a lower level of capital expenditure in the development of our new IT systems.

The most significant item in the Group balance sheet is trade receivables of £141.7m at 31 December 2012 (2011: £157.0m). The decrease in trade receivables reflects both the decreased activity and a decrease in debtor days to 47 (2011: 50 days). The movement in debtor days is due largely to the increased proportion of revenue being derived from temporary placements where our debtor days are lower than from permanent placements.

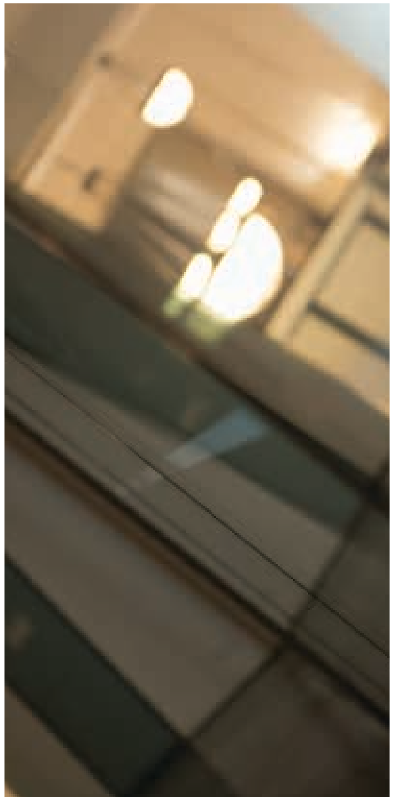
CASH FLOW

The Group started the year with net cash of £58.2m. In 2012, we generated £62.3m from operations, after a decrease in working capital of £2.4m (2011: increase of £7.1m), reflecting decreased activity. Tax paid was £24.4m and net capital expenditure was £16.5m (2011: £29.3m), with net interest paid of £0.3m. During the year, £18.0m was spent on the repurchase of shares into the employee benefit trust to satisfy future share plan awards, £7.8m was received from the exercise of share options and dividends of £30.6m were paid. The Group had net cash of £61.4m at 31 December 2012.

NET CASH AND GROUP BORROWING FACILITIES

At 31 December 2012, the Group had net cash of £61.4m (2011: £58.2m). The net cash position comprised gross cash deposits of £70.8m with 18 separate banks.

In June 2012, the Group extended its £50m three-year multi-currency committed revolving credit facility with Deutsche Bank for a further three months to facilitate a smooth transition of funding arrangements. In July 2012, it was replaced by a £50m three-year Invoice Financing arrangement with HSBC Bank. This arrangement provides a term drawdown borrowing facility in Sterling, with availability directly linked to UK trade receivables. The arrangement is subject to conventional banking covenants. In November 2012, the Group also put in place a £10m committed overdraft facility with Deutsche Bank to facilitate smooth operation of its European cash management structure.



KEY PERFORMANCE INDICATORS ("KPIs")

Financial and non-financial key performance indicators (KPIs) used by the Board to monitor progress are listed in the table right.

KPI	2012	2011	Definition, method of calculation and analysis
Gross margin	53.2%	54.3%	Gross profit as a percentage of revenue. Gross margin has decreased slightly, due largely as a result of the mix of permanent and temporary placements. In tougher trading conditions, there tends to be a swing to lower margin temporary placements. **Source: Consolidated income statement in the financial statements**
Conversion before exceptional items	12.4%	15.5%	Operating profit as a percentage of gross profit showing the Group's effectiveness at controlling the costs and expenses associated with its normal business operations and the level of investment for future growth. Conversion has declined compared to last year, reflecting the impact of the economic uncertainty on demand for the Group's services, lower productivity and the investment in maintaining market presence and carrying spare capacity. **Source: Consolidated income statement in the financial statements**.
Productivity (gross profit per fee earner)	£140.4k	£149.5k	Represents productivity of fee earners and is calculated by dividing the gross profit for the year by the average number of fee earners and directors. The higher the number, the higher their productivity. Productivity is a function of the numbers and experience of fee earners, the impact of pricing and the general conditions of the recruitment market. The decrease in productivity this year is as a result of a general worsening of market conditions. **Source: Internal data.**
Fee earner: support staff ratio	71:29	72:28	Represents the balance between operational and non-operational staff. The balance in the year reflects the relative increase in support staff in new infrastructure over the movement in the number of fee earners. **Source: Internal data.**
Debtor days	47	50	Represents the length of time before the Group receives payments from its debtors. Calculated by comparing how many days' billings it takes to cover the debtor balance. The decrease in the year reflects an increased focus on cash collections and a greater proportion of temporary business, with the average debtor days being lower for the temporary business compared to the permanent business. **Source: Internal data.**

The movements in KPIs are consistent with the business performance as discussed in the Business Review. The source of data and calculation methods year-on-year are on a consistent basis.

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.

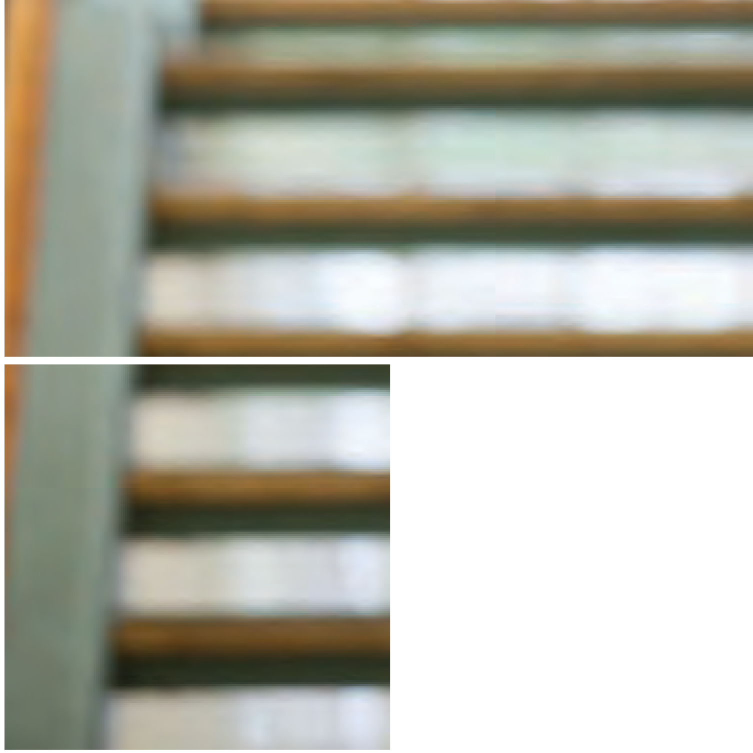
At the end of 2012, the Group was operating in 34 countries around the world and carried out transactions recorded in twenty-five local currencies.

FOREIGN EXCHANGE

At the end of 2012, the Group was operating in 34 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 2012, when compared to those prevalent during 2011. 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 2011 and 2012	Movement in the year end exchange rate used for Balance Sheet translation between 2011 and 2012
Euro	7%	3%
Swiss Franc	5%	2%
Brazilian Real	16%	15%
US Dollar	-1%	5%
Australian Dollar	0%	3%
Hong Kong Dollar	-1%	4%
Singapore Dollar	-2%	-1%
Japanese Yen	0%	18%

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.

PRINCIPLE 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 PageGroup 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 is continually monitored to ensure business critical services are available and maintained as far as practically possible. Due to the rapid advancement of technology, there is a risk that systems could become outdated with the potential to affect efficiency and have an impact on revenue and client service. This risk is mitigated by regular reviews of the Group's technology strategy to ensure that it supports the overall Group strategy.

Legal

The Group operates in a large number of jurisdictions that have varying legal and compliance regulations. The Group takes its responsibilities seriously and ensures that its policies, systems and procedures are continually updated to reflect best practice and to comply with the legal requirements in all the markets in which it operates. In order to reduce the legal and compliance risks, fee earners and support staff receive regular training and updates of changes in legal and compliance requirements.

SUMMARY AND CURRENT TRADING

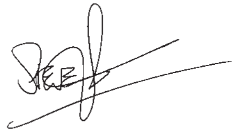
Despite market conditions deteriorating considerably since Q2, the Group delivered a good performance in a tough economic environment with gross profit down 4.9% compared to 2011, a decrease of only 1.5% at constant rates of exchange.

As in previous economic slowdowns, we have reacted according to the prevailing economic climate in each market in which we operate and managed each business appropriately, adjusting headcount to reflect market conditions, while continuing to invest where we have opportunities for long-term growth. Group headcount remained broadly flat in the first half, increasing in areas where we had growth, principally Asia and our newer businesses and reducing in other areas, largely from natural attrition. Reflecting the increasingly challenging conditions since the first quarter, in the second half our headcount reduced, through natural attrition, by 222 people.

We continue to invest in geographic diversification where we see long-term growth potential. In 2012 we opened offices in Cape Town and a further office in Macaé (Rio de Janeiro), adding to the new offices in Taipei, Suzhou, Bogota, and Casablanca opened earlier in the year. It is a clear priority that we continue to manage the cost base to reflect market conditions, whilst investing to create a platform for greater growth when markets improve. We believe strongly that we have the balance right.

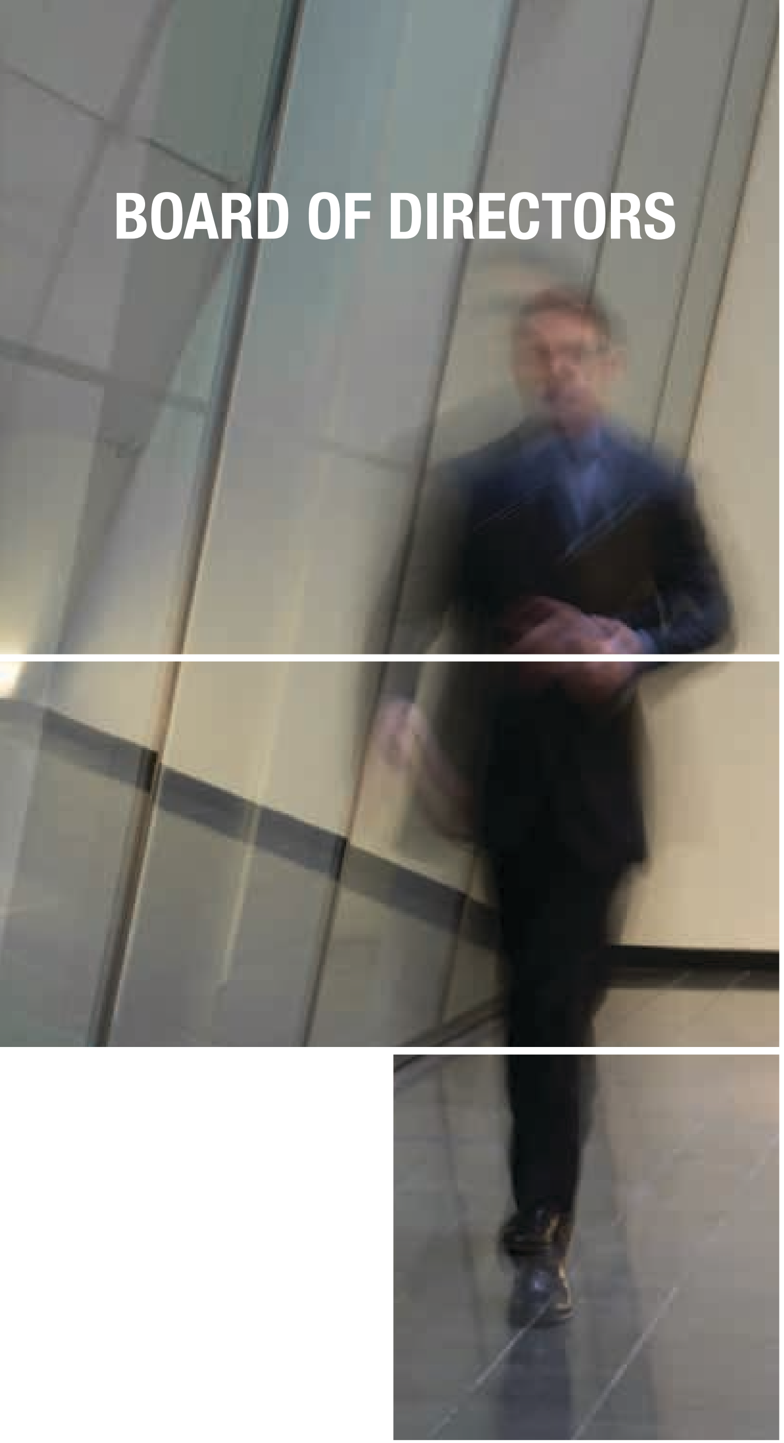
We are encouraged by the improvement in the growth rate in Group gross profit we recorded in the fourth quarter of 2012, with three of our four regions recording a sequential improvement. While the strength of any recovery is uncertain, we believe that with a strong balance sheet, an outstanding geographic footprint and spare capacity in the business, we are well positioned to respond to improvements in market conditions in 2013.

We will next update the market on our first quarter trading in an announcement on 16 April 2013.



Steve Ingham, Chief Executive Officer
5 March 2013

Andrew Bracey, Chief Financial Officer
5 March 2013



BOARD OF DIRECTORS

ROBIN BUCHANAN
Chairman

Robin was appointed to the Board of Michael Page in August 2011 and became Chairman of the Board that December. He is also a non-executive director of Schroders plc and LyondellBasell NV. He is a member of the Trilateral Commission, a Senior Adviser to Bain & Company, and an adviser to private equity firms, family offices and voluntary organisations. Prior to joining the Board of Michael Page, Robin served as Dean and President of London Business School and as the Senior Partner of Bain & Company in the United Kingdom. Past board appointments include Bain & Company Inc., Shire plc and Liberty International plc. He qualified as a Chartered Accountant with a predecessor firm of Deloitte Touche Tohmatsu. Robin is also Chairman of the Nomination Committee.

STEVE INGHAM
Chief Executive Officer

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 Officer on 6 April 2006. Steve is a member of the Great Ormond Street Hospital's Corporate Partnership Board, and on 8 January 2013 he was appointed to the Board of Debenhams plc as a Non-Executive Director.

ANDREW BRACEY
Chief Financial Officer

Andrew joined Michael Page from Ocado Group plc where he was Chief Financial Officer and Executive Director. 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.

SIMON BODDIE

Independent Non-Executive Director

Simon is a Chartered Accountant and has been Group Finance Director of Electrocomponents plc since September 2005. Simon joined Electrocomponents plc from Diageo where he held a variety of senior finance positions over a 13 year career, latterly as Finance Director of Key Markets. Simon was appointed to the Board of Michael Page International plc on 24 September 2012 and is a member of the Remuneration, Audit and Nomination Committees.

DAVID LOWDEN

Independent Non-Executive Director

David is Senior Independent Director and Chairman of the Remuneration Committee of Berendsen plc, Non-Executive Director and Chairman of the Audit Committee at William Hill plc, and Chairman of Rice 2 Limited. David was a member of the Board of TNS plc, the marketing services business, from 1999 to 2009, becoming Chief Executive Officer in 2006. Before joining TNS plc he held senior financial positions with Asprey plc, A.C. Nielsen Corporation and Federal Express Corporation. David is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

DR TIM MILLER

Independent Non-Executive Director

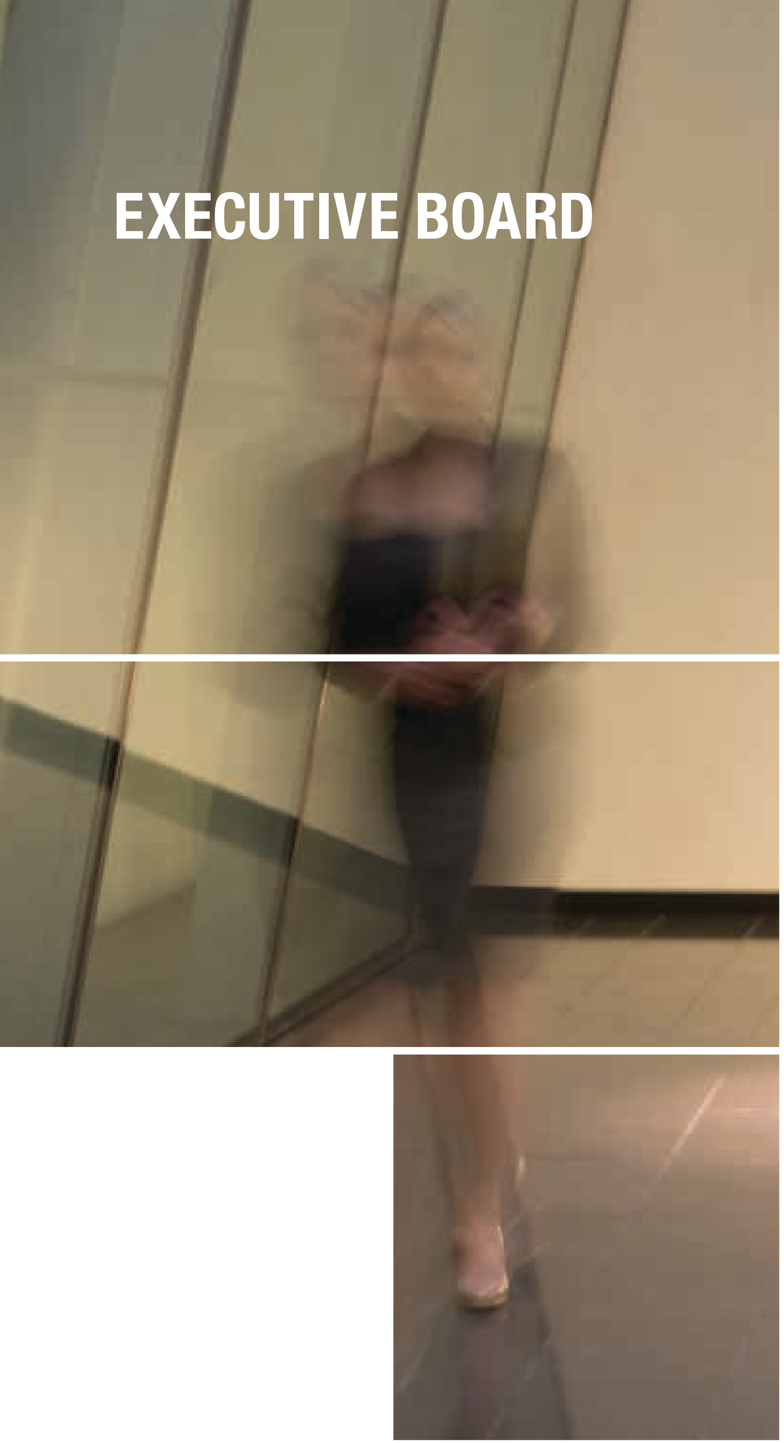
Tim was appointed a Director of Standard Chartered Bank in December 2004. Tim is responsible for the Corporate Real Estate, Corporate Secretariat, Legal, Compliance & Assurance, Internal Audit and Global Research functions. Tim is also Chairman of Standard Chartered Korea and Chairman of the Bank's Environment Committee. Outside the Bank, Tim is 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. Tim was appointed to the Board on 15 August 2005. Tim is a member of the Audit, Nomination and Remuneration Committees.

RUBY MCGREGOR-SMITH

Independent Non-Executive Director

Ruby McGregor-Smith is the Chief Executive of MITIE Group PLC. She was appointed to the Board of Michael Page International plc on 23 May 2007 and is the Senior Independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. She qualified as a Chartered Accountant with BDO Stoy Hayward. In December 2002 she joined MITIE Group PLC as Group Finance Director and was appointed Chief Operating Officer in September 2005 before being appointed CEO in March 2007. Ruby is a member of the BitC's (Business in the Community's) Board of Trustee Directors, a member of the CBI's Presidents Committee and the Public Services Strategy Board. In March 2012 she was also appointed as the Chairperson of the Women's Business Council, a working group set up by the Home Secretary, to make a list of recommendations to ministers on the best ways to maximise women's contributions and opportunities in the workplace.

EXECUTIVE BOARD



PATRICK HOLLARD

Executive Board Director LATAM, Southern & Western USA

Patrick 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 LATAM, Southern and Western USA regions.

OLIVER WATSON

Executive Board Director UK, UAE, South Africa, Eastern USA & Canada

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, Middle East, Scotland and Ireland. He is now responsible for the UK, UAE, South Africa, Eastern USA and Canada regions.

OLIVIER LEMAITRE

Executive Board Director Europe

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

GARY JAMES

Executive Board Director
Asia Pacific

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 was appointed Managing Director of the Asia Pacific region in August 2006, moving to Australia, then on to Singapore.

FABRICE LACOMBE

Executive Board Director France, Central & Eastern Europe

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 charge of Page Personnel France in 2007. He became Regional Managing Director for France and Africa in 2010. He is now responsible for France, Central and Eastern Europe.

MARK LOCKTON-GODDARD

Chief Information Officer

Mark joined from PricewaterhouseCoopers (PwC) where he was a Director in the Business and Technology Transformation Consulting business for 3 years. Prior to that he worked for other 'Big 4' accounting and consulting firms for over 15 years. In that time he assisted a range of FTSE 250 businesses across multiple sectors, including recruitment and professional services, to reduce complexity and drive operational performance through the better use of technology.

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 2012.

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 69 to 112.

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 29 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 67.

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:

- an invoice discounting facility that terminates on a change of control, with prepaid amounts becoming payable; 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.

▲ Non-Executive Directors
▼ Senior Independent Director

- **Robin Buchanan** ▲ (Chairman)
- **Steve Ingham** (Chief Executive)
- **Simon Boddie** ▲ (appointed 24 September 2012)
- **Andrew Bracey** (Chief Financial Officer) (appointed 23 April 2012)
- **Charles-Henri Dumon** (left the board on 28 February 2012)
- **David Lowden** ▲ (appointed 22 August 2012)
- **Ruby McGregor-Smith** CBE ▲▼
- **Dr Tim Miller** ▲
- **Stephen Puckett** (retired on 18 May 2012)
- **Hubert Reid** ▲▼ (retired on 18 May 2012)
- **Reg Sindall** ▲ (retired on 22 August 2012)

On 31 December 2011 Sir Adrian Montague retired from the position of Chairman and from the Board. On the same day Robin Buchanan was appointed as Chairman.

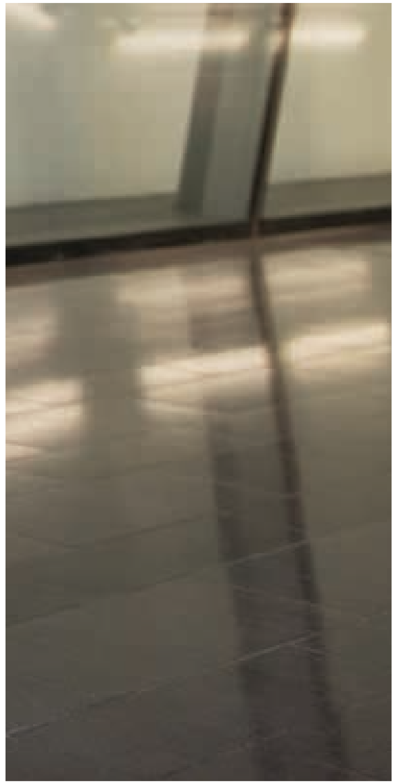
In January 2012, Andrew Bracey agreed to join the Board as Chief Financial Officer and was appointed on 23 April 2012. Andrew joined PageGroup from Ocado Group plc where he was Chief Financial officer and Executive Director.

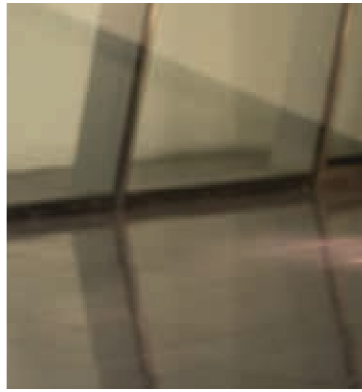
Hubert Reid retired from the Board at the 2012 Annual General Meeting, with Ruby McGregor- Smith taking over the role of Senior Independent Director.

Reg Sindall left the Board on 22 August 2012, with David Lowden replacing him as Chairman of the Remuneration Committee. David was also appointed as a Non-Executive Director and member of the Audit and Nomination Committees.

Simon Boddie was appointed as a Non-Executive Director and member of the Audit, Remuneration and Nomination Committees on 24 September 2012 and on 28 February 2012, Charles-Henri Dumon, Managing Director – Continental Europe and The Americas, left the Board.

In accordance with the new UK Corporate Governance Code, David Lowden and Simon Boddie will offer themselves for election and all the other Directors will offer themselves for re-election at the Annual General Meeting. Biographical details for all the Directors are shown on pages 30 and 31.





David Lowden and Simon Boddie will offer themselves for election and all the other Directors will offer themselves for re-election at the Annual General Meeting.

The beneficial interests of Directors in office at 31 December 2012 in the shares of the Company at 31 December 2012 and at 5 March 2013 are set out in the Remuneration Report on pages 54 to 67. Both 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 £36.2m (2011: £56.9m).

A final dividend for 2011 of 6.75 pence per ordinary share was paid on 6 June 2012. An interim dividend for 2012 of 3.25 pence per ordinary share was paid on 5 October 2012. The Directors recommend the payment of a final dividend for the year ended 31 December 2012 of 6.75 pence per ordinary share on 21 June 2013 to shareholders on the register on 24 May 2013 which, if approved at the Annual General Meeting, will result in a total dividend for the year of 10.0 pence per ordinary share (2011: 10.0 pence).

CREDITOR DAYS

The Company acts as a holding company for the Group. Creditor days for the Company were nil (2011: nil) as the Company does not undertake any transactions with suppliers. The Group's creditor days at the year end were 31 (2011: 30 days).

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2012, 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 (FMR)	34,514,751	10.85%
Sleep, Zakaria and Co (Nomad)	21,552,513	6.78%
Causeway Capital Management LLC	17,948,293	5.64%
Capital Group of Companies	16,719,500	5.26%
Franklin Resources Inc	16,274,200	5.12%
Artisan	15,483,502	4.87%
Lone Pine Capital	15,425,920	4.85%
Baillie Gifford & Co	14,227,203	4.47%
Standard Life Investments (Vidacos)	12,985,079	4.08%
Kames Capital	12,092,178	3.80%
Natixis	9,827,350	3.09%

The following DTR5 notifications were received after 31 December 2012.

Holder	Number of ordinary shares	% of issued share capital
Artisan	21,133,914	6.64%
Franklin Resources Inc	15,308,070	4.81%
Causeway Capital Management LLC	15,218,870	4.79%
Capital Group of Companies	15,177,493	4.77%
Lone Pine Capital	15,173,738	4.77%

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 18 May 2012, the Company renewed its authority to make market purchases of its own ordinary shares up to a maximum of 10% of the issued share capital. During the year, the Group's Employee Benefit Trust repurchased 5.0m shares to satisfy employee share plan awards. The total nominal value of the shares repurchased was £0.1m and represented 1.6% of the issued share capital. The shares were purchased for a consideration of 18.0m including expenses. No shares were repurchased and cancelled during the year.

1.1m 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 the key motivators behind our CR strategy.

Our staff

We never forget that the people who work at PageGroup 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. This 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 have 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 are 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.

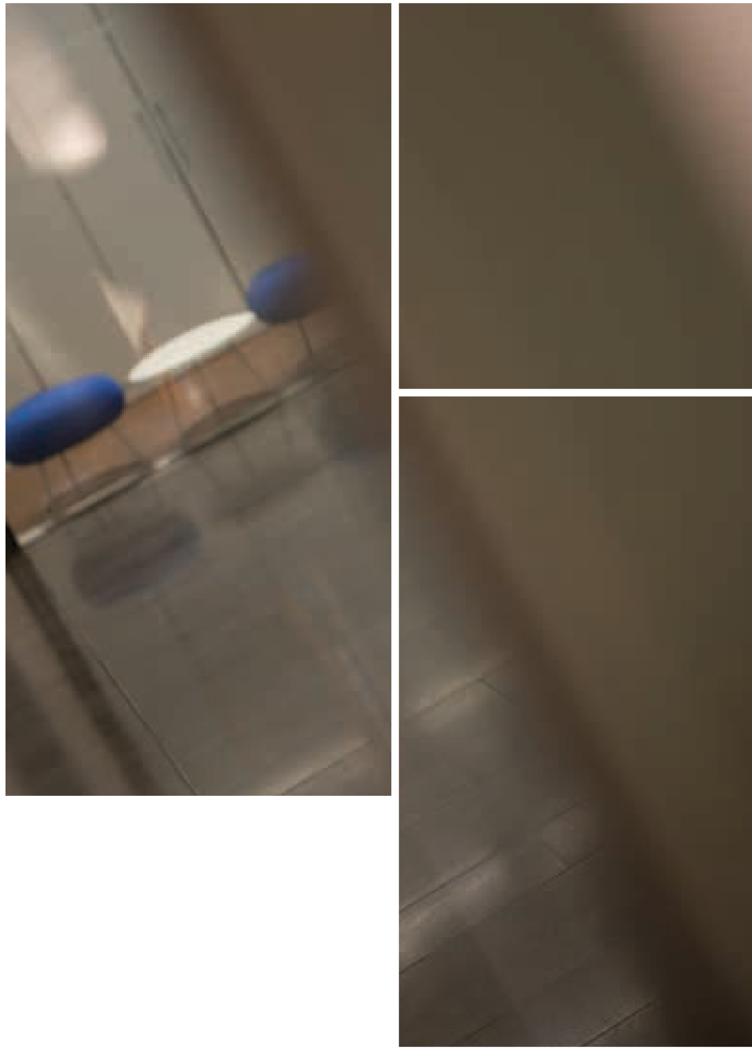
Ethical, responsible practices and total commitment to minimise our impact on the environment, are the key motivators behind our CR strategy.

Our investors

We are 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.



OPEN PAGE - INCLUSION FOR ALL

Our inclusion promise

Inclusion in recruitment and employment is about recognising and appreciating that every individual is different. It's about ensuring that everyone, whether they are a candidate seeking work through PageGroup or one of our own employees, is valued and respected. Regardless of individual characteristics, a person's suitability for recruitment, training or promotion is always based on professional merit. At PageGroup, we are committed to promoting inclusion and continually developing our understanding and approaches to upholding an inclusive working environment.

The nature of our international business means inclusion in the global marketplace is essential for us to understand the people we employ and services we offer. We are determined to lead the way on inclusion within the recruitment industry and we work closely with our clients to support their diversity strategies, from consultation through to delivery on how to source and recruit from a truly diverse talent pool.

> We are determined to lead the way on inclusion within the recruitment industry.

CORPORATE MEMBERSHIPS

In order to give us even greater insight into inclusion issues, we have joined forces with the below organisations as a corporate member. 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.

Business Disability Forum

A not-for-profit member organisation that makes it easier and more rewarding to do business with, and employ, disabled people.

Employers Network for Equality & Inclusion

Works to achieve and promote best practice in equality and inclusion in the workplace.

Clearkit

The UK's leading auditor of disability and inclusion best practice in recruitment.

REC Diversity Pledge

Is an initiative run by the REC and Jobcentre Plus which is a commitment made by recruiters to harness the talent and potential of everyone to achieve business success.

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. For example, in the UK we participate in the Sunday Times Best 100 Companies to work for, in which we've been recognised for eight years. With over 1,000 companies entering, we were delighted to see us rank the 58th best company to work for in the UK. However it is not just in the UK where we are recognised as a great place to work as we also place top in Actualidad Económica Magazine's 100 best companies to work for in Spain, and Apertura Magazine's best small/mid company to work for in Argentina.

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 at PageGroup we are passionate about our 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 PageGroup we are 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
- **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.
- Bi-annual global newsletters.
- Quarterly team building events.
- 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. PageGroup 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 PageGroup 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.

> PageGroup at all times conducts its business with the highest standards of integrity and honest.

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.

PageGroup 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 PageGroup 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. PageGroup has adequate anti-corruption procedures in place and maintains a zero-tolerance approach against corruption. Facilitation payments are also not permitted within PageGroup's operations.

> PageGroup has adequate anti-corruption procedures in place and maintains a zero-tolerance approach against corruption.

OUR CORE VALUES

Our five values are key to our success. They are the roots of PageGroup 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 influence 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.

Be passionate
It's our passion to provide the best service for our clients and candidates that triumphs over our competition.

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 PageGroup.

Work as a team
Teamwork is essential in any company and ours is 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.

Make it fun
Of course we are 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.

TALENT DEVELOPMENT

Women@Page

The best companies are those that are truly diverse. In 2012 we introduced the Women@Page initiative to help us achieve better gender diversity across all levels of our global business. The initiative is being driven by Fabrice Lacombe, a member of our Executive Board. We aim to create an inclusive working environment by developing the pipeline of female talent and retaining that talent. We have established a Women@Page steering group who have monthly global conference calls to introduce and drive a number of key programmes that will be rolled out to the business. The first programme is the Global Mentoring Programme.

The Global Mentoring Programme has been launched in the UK and France, currently focusing on female managers. We worked with an external training consultancy to provide the best training for our mentors to ensure they are well prepared and effective mentors to their mentees. All mentees were formally welcomed by the country managing director and given a brochure explaining the aspirations and logistics of the programme. Mentors were carefully paired with individuals with whom they had no prior contact and over the last few months they have been travelling to a variety of locations to conduct their first meetings.
In South Africa, Michael Page has launched a learning scheme for women, the Michael Page South Africa Learnership Programme, to show its commitment to skills

Meeting my mentor for Women@Page and getting the opportunity to work with a managing director outside of Page Personnel was inspirational. It has not only given me more confidence in my abilities as a manager, but has put a lot of my potential worries about the future in perspective. It's been really useful to get an objective perspective from a senior colleague outside of my own discipline.
Mentee, UK

development and female empowerment in South Africa. The 12 month programme offers seven full time positions to women from disadvantaged backgrounds and gives opportunity to gain professional hands-on experience across Michael Page disciplines, as well providing theoretical foundations through a fully funded course in Business Administration.

CHARITY AND COMMUNITY

Charitable donations

PageGroup made charitable donations of £194k during the year (2011: £171k).

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, PageGroup joined forces with The Brokerage Citylink to support the City of London Business Traineeship Programme to help combat this issue. The initiative works with London borough schools to raise awareness of the career opportunities in the City and brings together school and college leavers with City firms for placements between six and thirteen weeks.

In 2012, we brought another five high-achieving, aspiring students on-board who were keen to gain an insight into the recruitment industry. This year, one of our trainees, Shermeen Begum, was recognised for her stand-out work achieving 'Trainee of the Year' from a group of over 100. Individuals that do their traineeship at PageGroup 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.

Working with local communities

In France, we are actively involved in supporting a non-government organisation supporting blind people. One member of staff has taken on a puppy that will be raised and trained as a guide dog for the blind. Hopsi travels into the Lyon office everyday to learn how to be around people and how to behave in the office so that he can go on to guide a blind person who works in a similar office environment.

In South Africa, Michael Page has formed a partnership with Chakaza School, an educational institution housing more than 700 children from the ages of 6 to 12 in the rural area of Mpumalanga. It has recently been declared a non fee paying school because of the poverty in the region. The school's vision is to develop pupils holistically from an academic, sporting and cultural perspective despite financial and broader social challenges. Our partnership with the school will assist with addressing these issues. In particular, our 2012 contribution aided the construction of a kitchen to feed the pupils, something the school had been working towards for a number of years.

In London, staff volunteered their time to help an elderly couple maintain their garden. The couple had both been suffering serious health problems and were unable to maintain their passion for gardening and their previously immaculate garden suffered. Our team visited their home to work on their garden to cut down the overgrowth and made it look presentable once again. The couple were thrilled and very appreciative that we were able to give them our time.

Page Personnel gave me the opportunity to really enhance my personal life by taking on Hopsi. The whole office needed to agree to accept my project and actively participate in his development. Now Hopsi is firmly part of daily life in the office, his playful character has a real positive effect on the team.
Nicolas Bonnet, Page Personnel Lyon

Sharing our skills

In Scotland, we have a close and long-standing relationship with Craigroyston High School in Edinburgh, regularly holding interview skills workshops for the pupils to help improve their employability skills. In 2012, we launched the PageGroup Scholarship Award which will see the winning pupil receive a trophy and certificate as well as a paid internship in our Edinburgh office. A representative from our Scotland business was invited to attend the Duke of Rothesay 'Seeing is Believing' event held at the school where we shared discussions with Prince Charles and a number of business leaders from the area. The 'Seeing is Believing' programme was established by His Royal Highness to give business leaders an insight into how they can play a role in addressing some of the key challenges facing urban and rural communities.

Teams in France support Nos Quartiers ont du Talent, a non-government organisation, through a unique project. PageGroup executives join together to help graduates from underprivileged areas regarding their job search, focusing on CV writing, covering letters, preparation for job interviews as well as building their self-esteem and career development. By the end of 2012, we saw 17 mentors actively supporting 44 graduates throughout the year.

In the UK, our business set up a 'first of its kind' pilot scheme with the University College Hospital Macmillan Cancer Centre in London, which helps rehabilitate cancer patients in a numbers of areas. PageGroup staff were invited to put our specialist skills to use and be involved in a unique pilot to support those affected by cancer. The purpose was to help patients become better prepared for re-entering the workplace through running workshops on CV writing and interview skills and putting them in a stronger position when applying for new opportunities.

> **In the UK, our business set up a 'first of its kind' pilot scheme with the University College Hospital Macmillan Cancer Centre in London.**

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, PageGroup has supported a number of charities and local projects around the world.

In South Africa, our business has a partnership with the Children of the Dawn charity where levels of contribution are directly linked to company performance. The better the results of our business in South Africa, the more we are able to contribute in terms of financial support to the Children of the Dawn, which is a huge motivational factor for our employees. Our success in 2011 resulted in a donation that enabled us to support 25 orphaned and vulnerable children in 2012. The contribution provided in-depth care such as nutrition and schooling support, counselling, monitoring of health and access to leisure activities.

The UK charity partner is currently Macmillan Cancer Support. To date we have raised over £192k to fund four Macmillan Cancer Nurse Specialists within four major UK cities. In 2012, our charity champion network has held a number of quiz nights, in London, Edinburgh, Glasgow, and Manchester. We've celebrated the Queens Jubilee and the London Olympics with cake sales and sweepstakes. Some have pushed themselves to their physical limits through marathons, throwing themselves out of planes and climbing mountains.

In July, 90 people from PageGroup in the UK participated in the fourth annual Yorkshire Three Peaks challenge; a 25 mile trek across Yorkshire's largest peaks in aid of Macmillan Cancer Support. The weather was not on their side, but despite wind, heavy rain, hail and at times snow, their sheer determination got them round. The fastest group completed the challenge in an impressive six hours 25 minutes. Everyone made a huge effort to fundraise for Macmillan and as a team raised £40k. Over the four years we've organised this event, we've raised over £200k.

ENVIRONMENT

Taking responsibility for our environment

PageGroup 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, vehicle use and business travel, as well as office-based waste such as paper and toners.

At PageGroup, we are acutely aware of our responsibility and work hard to minimise our impact on the environment on a global scale. In a number of areas, we strive to make a difference and act responsibly in terms of recycling, whereby PageGroup increased its recycling wastage by 8% from 2011. PageGroup also seeks to act responsibly in conservation and usage.

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PageGroup has initiated KPI's based on GHG direct and indirect emissions, water consumption and waste generation. These enable PageGroup to monitor its efficiencies, and focus on minimising fuel combustions, energy and waste. In 2012, Trucost was commissioned to assess PageGroup's 2012 environmental data. Data was collated over a range of sites and offices to reflect our total environmental impact. This data is available in the 2012 Corporate Responsibility report found on the PageGroup website. Along with policies on how to use our resources responsibly around the offices, we also have our own internal "MoreGreen" scheme, which offers staff the opportunity to purchase 'green' products at reduced prices.

Reducing our carbon footprint

PageGroup fully recognise its responsibilities in relation to its carbon footprint. 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, waste and maximising efficiency
- Promoting efficient purchasing, which will both minimise waste and allow materials to be recycled where appropriate
- Employing sound waste management practices
- Putting in place procedures and supporting information that enables compliance with the law, regulation and code of practice relating to environmental issues
- Monitoring environmental performance and making improvements where possible on a global scale
- Adopting a systematic energy use data collection procedure and audit across all sites with yearly or half-yearly monitoring
- Deploying an environmental monitoring system across PageGroup operations which will ensure systematic, robust, effective environmental data collection.

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.

This 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:

www.pagegroup.co.uk/investors/responsibilities/society-and-environment.aspx

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.

> Further details of our CR activities and impacts are shown in our main CR report.

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 Report;
- Remuneration Report;
- 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.

The Annual General Meeting will be held on 6 June 2013.

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 6 June 2013, together with explanatory notes, appear in the Notice of Meeting set out on pages 119 to 129 and is available on our website at **www.pagegroup.co.uk/investors/shareholder-information/agm**

DIRECTORS' CONFIRMATION

The directors confirm that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess and provide the company's performance, business model and strategy.

By order of the Board

Kelvin Stagg
Company Secretary
5 March 2013

PageExecutive

PageGroup

MichaelPage

PagePersonnel

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”), as adopted by the Financial Reporting Council (the “FRC”). The FRC published the Code in May 2010, which applies to financial years beginning on or after 29 June 2010.

A new edition of the Code was published in September 2012 and applies to reporting periods beginning on or 1 October 2012. The FRC has advised that companies reporting on reporting periods beginning before 1 October 2012 should continue to report against the June 2010 edition of the Code, although they are encouraged to consider whether it would be beneficial to adopt some or all of the new provisions in the revised code earlier than formally expected.

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 2012. Where practicable, the Company has also adopted the new provisions in the revised code.

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 2012. 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 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 2012. 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 Officer 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, Robin Buchanan, 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 Officer are separate. The division of responsibilities between the Chairman and Chief Executive Officer are clearly established, set out in writing and agreed by the board.

Senior Independent Director (SID)

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

The SID also provides a sounding board for the Chairman and serves as an intermediary for the other Directors when required. The SID works with the Chairman, other directors and / or shareholders to resolve significant issues or if there is a dispute between the Chairman and Chief Executive.

The SID also leads meetings with the other Non-Executive Directors without the Chairman present in order to evaluate and appraise the performance of the Chairman, at least on an annual basis and on such other occasions as are deemed appropriate.

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 the tables 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 and diversity

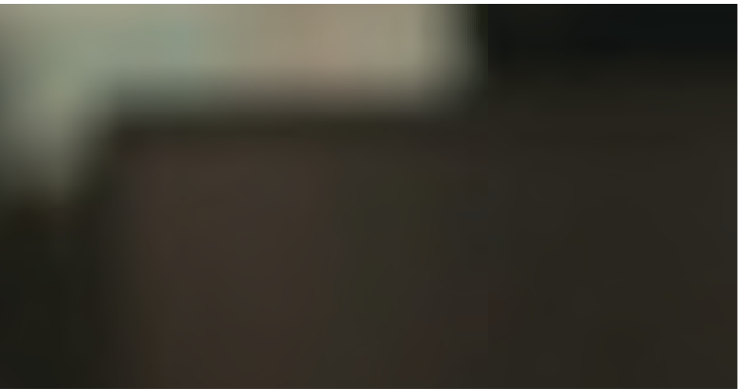
The Board follows formal and transparent procedures when appointing directors. All shortlisted candidates are interviewed by the Chairman and the Chief Executive Officer, and all candidates in the final shortlist are interviewed by the

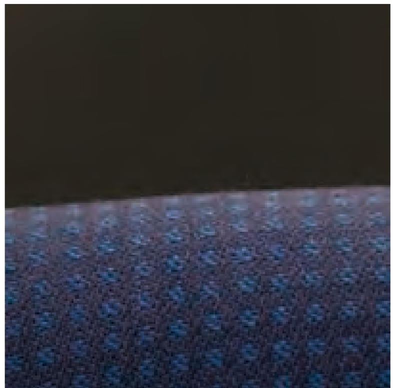
> Michael Page International plc is an organisation founded on the principle of encouraging talented people to realise their full potential at all levels in the business.

Nomination Committee. Evaluations of all candidates are discussed with all members of the Nomination Committee and recommendations are 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 and has in place a wide range of activities to support the development and promotion of talented individuals, including women. 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 as important as diversity at every other level in the business. In a small Board it is our policy to seek diversity, including diversity in gender, as part of 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 focus especially 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. In each of the two Non-Executive Director appointments this year, instructions included explicit requests for candidates with broad international experience. Gender diversity was also stressed.





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.

	Board
Attendance at Board Meetings (Committee attendance shown for Committee members only)	**11**
Meetings attended	
Steve Ingham	11
Andrew Bracey (appointed 23 April 2012)	6
Charles-Henri Dumon (left the Board on 28 February 2012)	2
Stephen Puckett (resigned 18 May 2012)	5

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total Non-Executive Meetings	**11**	**8**	**7**	**4**
Meetings attended				
Robin Buchanan	11	8	7	4
Simon Boddie (appointed 24 September 2012)	3	2	4	-
David Lowden (appointed 22 August 2012)	3	2	4	-
Ruby McGregor-Smith	9	7	7	4
Dr Tim Miller	9	7	5	4
Hubert Reid (resigned 18 May 2012)	6	4	2	4
Reg Sindall (resigned 22 August 2012)	4	4	2	2

During the year, the Nomination Committee oversaw the search for two new non-executive directors assisted by The Inzito Partnership. Detailed role profiles were agreed by the Committee. Then a shortlist of suitable candidates was selected to go forward to an interview process. This resulted in the recommendation of the appointment of David Lowden who joined on 22 August 2012 and Simon Boddie who joined on 24 September 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 6 June 2013, Simon Boddie and David Lowden will offer themselves for election, with the remaining Directors 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

In line with the requirements of the UK Corporate Governance Code for an external Board evaluation every three years, the Board, as part of its commitment to ensuring effectiveness and evaluating its performance, together with that of its Directors and Committees, has engaged the services of an external company to conduct a Board Evaluation exercise. Due to the extensive changes to the Executive and Non-Executive Directors in the year, the Board agreed to defer the start of the review until April 2013 to allow the Board as a whole and in particular the newer directors time to provide meaningful feedback into the process.

The review will be conducted by Board and Committee meeting observations, and interviews of each of the directors and key non-Board contributors. The findings will be presented to the individual directors to give feedback on their performance and also presented to the Board as a whole. Where areas of improvement are identified, actions will be agreed upon and training will be provided as required. This report will also be used to measure progress against the improvement areas in the following year's review. The scope of the review will cover directors' performance individually and collectively, overall composition and diversity of the board, and all aspects of procedure and effectiveness.

Succession planning

One of the basic premises behind the strategic development of the PageGroup 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 an inherent 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 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, and for themselves.

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 130. A statement by the auditors about their reporting responsibilities is shown in the Independent Auditors' Report on page 68.

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 30 and 31).

The Board believes that Ruby McGregor-Smith, Simon Boddie and David Lowden have recent and relevant financial experience. The other member of the Audit Committee, Dr Tim Miller has wide experience in regulatory and risk issues. The Committee met eight times in 2012 to fulfil its duties and included attendance by the external auditor where required. The Chairman of the Audit Committee also met with the external auditors during the year without the presence of management.

> The Audit Committee comprises the independent Non-Executive Directors and is chaired by Ruby McGregor-Smith.

In 2012, the Audit Committee discharged its responsibilities as set out in the terms of reference, which can be found on our website **www.page.com/investors**

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. It reports to the Board annually on how it has discharged its responsibilities.

> Ernst & Young LLP are the Group's external auditors.

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, 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 Chief Financial Officer and, if the fee exceeds a certain level, the Audit Committee.

The Directors review, at least annually, the effectiveness of the Group's system of internal controls.

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.

Effectiveness of External Audit

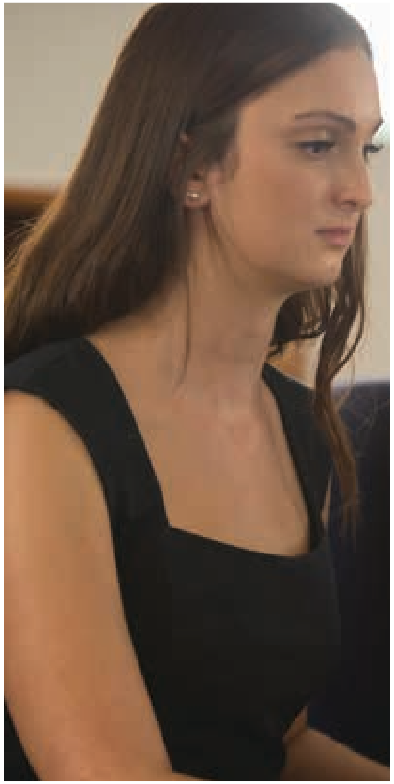
The effectiveness of the external audit process is dependent on appropriate audit risk identification. At the start of the audit cycle we receive a detailed audit plan from Ernst & Young LLP, identifying their assessment of these key risks. These risks are tracked through the year whenever we receive reporting from them.

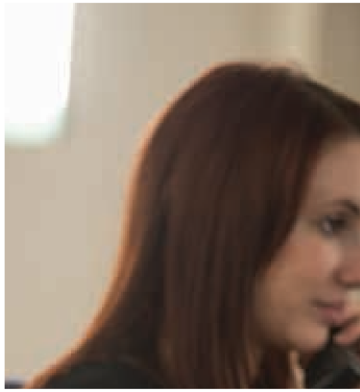
Meetings are held between the Chairman of the Audit Committee and the external auditor during the year without management being present to provide additional opportunity for open dialogue and feedback from the Committee and the auditor. Matters typically discussed may include, amongst other items, the auditor's assessment of business risks and related management activity, external auditor independence and confirmation that there has been no restriction in scope placed on them by management, the transparency and openness of interactions with management and records made available, and how they have exercised their professional scepticism.

In the previous year, with Deloitte LLP having been the group auditors since 1998, the Audit Committee recommended to the Board that is was appropriate to put the Group audit out to competitive tender. Ernst & Young LLP were successful in that process. 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 UK Corporate Governance 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 1999 (updated in 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 2012. The Group operates 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 2012 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, and 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;

The Group operates in accordance with the current Turnbull guidance.

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

Quarterly re-forecasting
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.

The Remuneration Committee comprises the independent Non-Executive Directors and, since 22 August 2012, is chaired by David Lowden.

REMUNERATION

Remuneration Committee

The Remuneration Committee comprises the independent Non-Executive Directors and, since 22 August 2012, is chaired by David Lowden, who took over the Chairmanship from Reg Sindall. 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 three times a year and is also attended by the Chief Executive Officer, 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 67 of this 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 Officer and the Chief Financial Officer. 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.

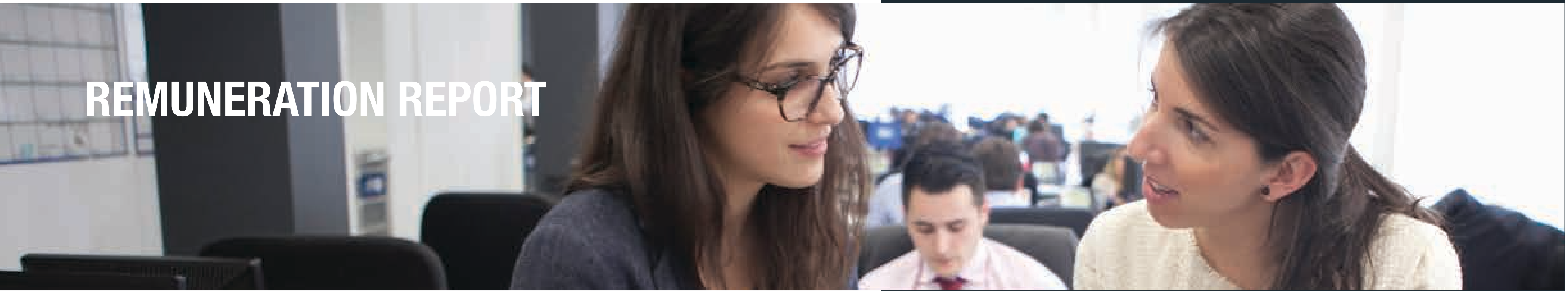
When requested by shareholders, individual matters can be discussed with the Chairman or if appropriate, the Senior Independent Director. In addition, the Chairman of the Remuneration Committee consulted widely on the changes to Executive Director Remuneration and is available to discuss remuneration topics with shareholders. The Group has a website with an investor section (www.page.com/investors) that contains Company announcements and other shareholder information.

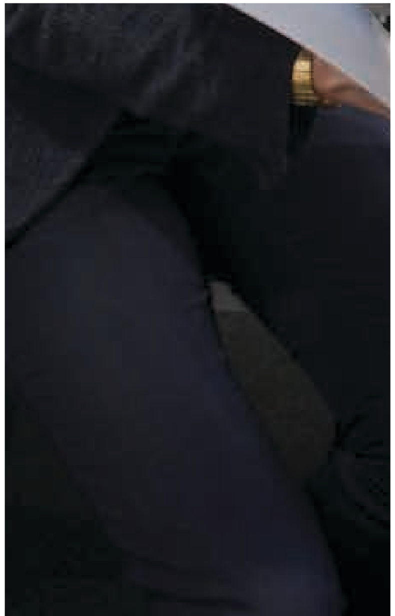
Annual Report

The Annual Report is designed to present a balanced and understandable view of the Group's activities and prospects. The Business Review provides an assessment of the Group's affairs and position. The Annual Report and Interim Report are sent to all shareholders on the Register.

The Group has a website with an investor section (www.page.com/investors) that contains Company announcements and other shareholder information.

REMUNERATION REPORT





Dear shareholder

As the new Chairman of the Remuneration Committee of PageGroup, I am writing to explain the rationale for the changes we are proposing to our executive remuneration framework.

While it was our intention to introduce changes with effect from January 2012, as you will be aware, the business leadership underwent significant change with the departures of Stephen Puckett and Charles-Henri Dumon and the arrival of Andrew Bracey. There were also a number of changes in the Non-Executive Directors on the Board, with Sir Adrian Montague, Hubert Reid and Reg Sindall all leaving the Board, Robin Buchanan becoming Chairman, and Simon Boddie and myself joining.

The executive changes have had a significant impact on the roles and responsibilities of the executive directors and senior management team. The Committee therefore considered it appropriate to further review the remuneration structure in the context of these changes, whilst maintaining the core principles and ensuring it continues to be aligned with the business strategy and creation of shareholder value.

This review has now been completed and the Remuneration Committee has determined that a number of changes should be made to the existing structure for 2013 and subsequent years. These include shifting the mix of fixed and variable remuneration to a greater percentage fixed component and reducing the volatility of pay, by introducing caps on annual bonuses, long-term incentives and on total pay. The review also reduces the cash components of the annual bonus, setting performance criteria against all of the long-term incentives and enhancing shareholding guidelines. A full disclosure of the proposed changes is provided in this 2012 remuneration report and shareholders will be asked to approve the revised remuneration framework at the AGM on 6 June.

PRINCIPLES OF THE REVIEW

As we have explained previously, the current remuneration structure was established in 2001 when PageGroup was appreciably smaller. When that structure was introduced, PageGroup had 109 offices in 14 countries and employed 1,506 fee earners. It was making a gross profit of £243m and had a market capitalisation of £656m. PageGroup now has 164 offices in 34 countries, gross profit in 2012 of £527m and as at the end of 2012, a market capitalisation of £1,255m. While the existing remuneration structure served the business well since the IPO, being strongly aligned to profit, it is no longer fit for purpose due to significant changes in the size and shape of the business, the increased responsibilities of the Chief Executive, and also the changes to UK corporate governance in the last decade.

In particular, both shareholders and the Board have had increasing concerns that the current remuneration structure is too focused on short-term performance and may not adequately encourage longer-term decision-making. This structure has also resulted in remuneration being unduly volatile. It has created the dual risk of potential overpayment in years of significant profit and did not provide a strong retention tool for the strong management team in periods of economic downturn. This management continuity and retention is critical for a company that has built its success on organic growth and promotion from within the business. Indeed, the importance of senior management retention is raised frequently in meetings with shareholders. PageGroup has an entirely home-grown operational management team that has typically between 15 and 25 years each of PageGroup experience, including the CEO with 26 years. That longevity is particularly important in such a cyclical people business.

This has led the Remuneration Committee to seek to establish pay arrangements that keep the clear link to delivery of performance to shareholders and that have a greater retentive element, more suitable for a more mature and global business. At the same time the remuneration scheme should recognise the recent changes to the management structure, which removed four senior executives, leading to annual savings of c. £3m p.a., and a considerable increase in the responsibilities of the Chief Executive. The Remuneration Committee also took the opportunity to ensure that the remuneration arrangements are in compliance with the Corporate Code.

The Remuneration Committee believes it is in shareholders' interests to pay competitive market salaries, profit based bonuses, which are less vulnerable to excessive fluctuations and introduce a long-term incentive plan based on more conventional three-year performance time horizons rather than driven by short-term annual performance.

In summary, we are therefore proposing:

- Rebalancing the fixed vs. variable weighting of remuneration components towards lower volatility;
- Capping the previously uncapped maximum bonus and reducing the cash bonus available;
- Introducing an element of the bonus focused on key strategic objectives;
- Capping the previously uncapped maximum long term incentive and making the entire award subject to EPS targets as well as the achievement of specific strategic objectives;
- Introducing enhanced shareholding requirements; and
- Introducing clawback arrangements.

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

David Lowden
Remuneration Committee Chairman
5 March 2013

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 Officer 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. David Lowden was appointed as Chairman of the Remuneration Committee on 22 August 2012 replacing Reg Sindall who retired from the Main Board and its Committees on 22 August 2012. The Board would like to thank Reg Sindall for his valuable contribution in this role. As well as reviewing the overall executive remuneration structure for the business going forward, the Committee has continued to review the current year 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 purpose of the Remuneration Committee is to review the remuneration policy for the Chairman, Executive Directors and other senior executives.

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 has no other connection to the company and 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.

> It seeks to provide a remuneration package that aligns strongly the interests of Executive Directors with those of the shareholders.

REMUNERATION POLICY

The objective of the Group's remuneration policy is to drive shareholder value by attracting and retaining 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 66. As the Remuneration Committee has proposed changes to the remuneration structure for the Executive Directors from 2013, this report details the current year remuneration policies and then separately the proposals for 2013 onwards.

EXECUTIVE DIRECTORS' REMUNERATION FOR 2012

The remuneration for 2012 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 and is disclosed on page 59.

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. Since flotation the Group has operated 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.

Incentives are aligned with Group performance and shareholder value to ensure a total remuneration package geared to performance.

As outlined above, there were a number of changes to the board of directors during 2012, with Charles-Henri Dumon leaving the Board in February 2012 and Stephen Puckett being replaced by Andrew Bracey in April 2012. This led to a change in the roles and responsibilities of the Chief Executive Officer. In light of these changes and as part of a future transition to a new remuneration structure described in further detail later in this report, Steve Ingham's salary for 2012 was increased by 14.8% to £450,000. No further changes were made to his benefits for 2012. The Committee decided not to increase the base salaries for Charles-Henri Dumon or Stephen Puckett during 2012. Andrew Bracey received a base salary of £360,000 p.a. effective from his appointment on 23 April 2012. The table below shows the base salaries of each Executive Director in 2011 and 2012, in the currency in which they were paid.

Director	Currency	2012 ('000s)	2011 ('000s)	% Change
Steve Ingham	Sterling	450	392	14.8
Stephen Puckett	Sterling	299	299	-
Andrew Bracey	Sterling	360	-	-
Charles-Henri Dumon	Swiss Francs	653	653	-

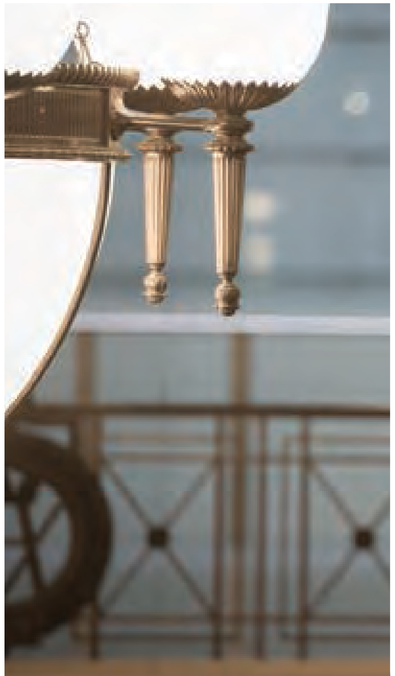
ANNUAL BONUS PLAN

In 2012, the Annual Bonus Plan operated for Steve Ingham and, for the proportion of the year during which he served, Stephen Puckett. Charles-Henri Dumon did not receive a bonus during 2012. Andrew Bracey did not participate in the bonus pool in 2012 and had a maximum bonus opportunity of 150% of salary, subject to the achievement of stretching financial and personal targets set by the Committee.

The Annual Bonus Plan makes awards from a pool of profits earned during the financial year. In 2012, the bonus pool for the participating Executive Directors was equal to 3.85% of profits earned above a threshold equal to half of targeted profits for the year. Had profits exceeded 1.1 times the targeted level, then an additional 1.3% of profits earned above the targeted level would have been 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. Despite what the Committee believed was a strong performance of the business in tough trading conditions, due to the overall reduction in profit the Committee decided not to vary the 2012 bonus pool.

The targeted level of profits for 2012 was £93.0m, as defined above, and was set at the start of 2012 by reference to market expectations and internal forecasts at that time. Due to the downturn in market conditions during 2012, 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 participating executive directors reduced by 23.4% compared to 2011. However, the amount of the bonus pool for the Executive Directors was adjusted down further as a result of taking into account the changes to the Board, both in terms of those executive directors included in the pool and the changes to Steve Ingham's responsibilities during the year. This resulted in the overall pool being allocated being reduced from the 3.85% of profits (as defined above) used in previous years, to 2.59%.



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 2012 results, the total amount deferred for the Executive Directors is £0.1m (2011: £0.1m).

As mentioned previously, Andrew Bracey did not participate in the bonus pool in 2012, but received a bonus that was assessed from a maximum bonus opportunity of 150% of salary. The Committee decided to award 75% of the 100% opportunity that was subject to the achievement of financial targets and 100% of the 50% opportunity that was subject to personal targets. As a result, Andrew Bracey received a bonus of 125% of his base salary, or £450,000.

LONG-TERM INCENTIVES

The Company currently operates two forms of long-term incentive for Executive Directors and senior management, being the Incentive Share Plan and the Executive Share Option Scheme. As in 2011, no awards were made in 2012 under the Executive Share Option Scheme.

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 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. Awards vest after a three year period. 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; and
- If awards do not vest after three years, they automatically lapse.

Based on the 2012 results, the total award available to be made in 2013 was £4,664,148. Of this, £556,500 was allocated to Steve Ingham, being an award of 12% of the pool, slightly up on the proportion awarded in previous years in recognition of his increased responsibilities (2011: 10%). Andrew Bracey was awarded £360,000, being 100% of his base salary. Awards totalling £3,750,000 will be made to other senior employees. Details of the awards made in 2012 to the Executive Directors are disclosed on page 61. 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 March 2013. As such, the performance criteria on the Performance Shares and Performance Share Options awarded under the Incentive Share Plan in 2009 were tested at the end of 2012 and having exceeded the required 10% over the growth in UK RPI per annum over the four year period, they will vest in full on 10 March 2013. No awards were made under the Incentive Share Plan in 2010 and thus there are no other Incentive Share Plan awards to test for performance against the 2012 results.

SHARE AWARD

Andrew Bracey was granted a deferred share award on appointment of 75,472 shares, being one-times base salary of £360,000 converted into shares at 477p. This grant was made in two equal awards, which will vest after one and two years from the date of Andrew's appointment, subject to his continuing employment.

EMOLUMENTS

The aggregate emoluments, excluding pensions, of the Directors of the Company who served during the year are shown in the table opposite. Emolument notes:

1. Steve Ingham is the highest paid director.
2. Charles-Henri Dumon's salary, benefits and compensation amounts were paid in Swiss Francs.
3. Benefits include, inter alia, items such as company car or cash alternative, fuel and medical insurance.
4. Represents the performance proportion of the Incentive Share Plan awarded in March 2009 and the non-performance proportion of the Incentive Share plan to be awarded in March 2013.

2012	Salary & Fees	Benefits (Note 3)	Annual Bonus	Deferred Annual Bonus	Incentive Share Plan (Note 4)	Compensation Amounts	Total
Executive	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Steve Ingham (Note 1)	450	28	675	76	659	-	1,888
Andrew Bracey	249	17	450	-	360	-	1,076
Charles-Henri Dumon (Note 2)	59	19	-	-	-	2,531	2,609
Stephen Puckett	159	15	250	-	-	-	424
Non-Executive							
Robin Buchanan	220	-	-	-	-	-	220
Ruby McGregor-Smith	58	-	-	-	-	-	58
Dr Tim Miller	47	-	-	-	-	-	47
Simon Boddie	13	-	-	-	-	-	13
David Lowden	21	-	-	-	-	-	21
Hubert Reid	19	-	-	-	-	-	19
Reg Sindall	36	-	-	-	-	-	36
Total	1,331	79	1,375	76	1,019	2,531	6,411

2011	Salary & Fees	Benefits (Note 3)	Annual Bonus	Deferred Annual Bonus	Incentive Share Plan	Compensation Amounts	Total
Executive	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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

PENSION BENEFITS

Executive Directors are eligible to participate in the Group pension plan which is a defined contribution scheme. In 2012, each Executive Director received a pension contribution or a cash alternative as a percentage of their base salary, as shown opposite.

Director	2012	% of Base Salary	2011	% of Base Salary
Steve Ingham	113	25	98	25
Stephen Puckett	40	25	75	25
Andrew Bracey	48	20	-	-
Charles-Henri Dumon	22	25	115	25

DIRECTORS' INTERESTS AND SHARE OWNERSHIP REQUIREMENTS

It is PageGroup 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 2012, both 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 in the adjacent table. For the Directors in office at the balance sheet date there has been no change in these interests from 31 December 2012 to 5 March 2013.

1. Steve Ingham transferred 146,511 shares from the Incentive Share Plan and 33,422 from the Deferred Annual Bonus Plan into his direct holding in the year.
2. Andrew Bracey was awarded 75,472 shares on 23 April 2012 that will vest in equal annual tranches over two years, subject to his remaining in employment at that time.
3. Charles-Henri Dumon disposed of 615,110 out of his direct holding in the year.
4. Stephen Puckett transferred 146,511 shares from the Incentive Share Plan and 26,636 from the Deferred Annual Bonus Plan into his direct holding and also disposed of 173,147 out of his direct holding in the year.

	Ordinary shares of 1p	At 1 January 2012	Transferred in year		Total transferred in year	Acquired in year	Disposal in year	As at 31 December 2012
			ISP	ABP				
Robin Buchanan	Direct Holding	39,678	-	-	-	-	-	39,678
Steve Ingham	Direct Holding	1,387,241	146,511	33,422	179,933	-	-	1,567,174
Andrew Bracey	Direct Holding	-	-	-	-	75,472	-	75,472
Charles-Henri Dumon	Direct Holding	615,110	-	-	-	-	(615,110)	-
Stephen Puckett	Direct Holding	-	146,511	26,636	173,147	-	(173,147)	-

INCENTIVE SHARE PLAN

Details of awards made under the Incentive Share Plan that remain outstanding at 31 December 2012 are as follows in the below table.

1. The value of the award made under the PageGroup Incentive Share Plan to Steve Ingham in 2012 was £586,786 and was based on the purchase price of the Company's ordinary shares on 12 March 2012 of 477.0p. The market value at the date of their award of the shares that vested in the year was 187.5p.
2. The total value of the awards at 31 December 2012 for Steve Ingham and Charles-Henri Dumon was £1,496,497 and £1,010,584 respectively. This is calculated using the closing market price of the Company's ordinary shares at 31 December 2012 of 395.0p.
3. For the awards made in 2012, the performance shares vest over three years and have a base EPS for the performance criteria of 22.01p.

DEFERRED ANNUAL BONUS

As described on page 57, in the event that the Executive Directors' bonus entitlement is greater than 150% of salary, the excess 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 2012, a total of £0.1m will be awarded to Steve Ingham, being the only Executive Director to whom this applies, in March 2013, representing this excess and has been included in the emoluments table for the year as shown on page 59.

There has been no charge made to the income statement in the year for the deferred element of the 2012 Annual Bonus Plan. The charge for the year will be spread over future periods as described in the accounting policies in Note 1 on page 82. For full descriptions of the vesting conditions, see "Annual Bonus Plan" on page 57.

	Total award at 1 January 2012			Awarded during the year				Total award at 31 December 2012		
	Perf. Shares	Non-perf. Shares	Total Shares	Perf. Shares	Non-perf. Shares	Total Shares	Vested in year	Perf. Shares	Non-perf. Shares	Total Shares
Steve Ingham	187,805	375,608	563,413	41,005	82,011	123,016	(307,569)	228,810	150,050	378,860
Charles-Henri Dumon	187,805	375,608	563,413	-	-	-	(307,569)	187,805	68,039	255,844
Stephen Puckett	187,805	375,608	563,413	-	-	-	(563,413)	-	-	-

Details of awards made under the deferred Annual Bonus Plan that remain outstanding at 31 December 2012 are as shown in the table below. The average market value at the date of their award of the shares that vested in the year was 491p.

	Total award at 1 January 2012	Awarded during the year	Vested in year	Total award at 31 December 2012
Steve Ingham	140,325	16,232	(70,163)	86,394
Charles-Henri Dumon	111,898	-	(55,949)	55,949
Stephen Puckett	111,898	-	(111,898)	-

BENEFICIAL INTERESTS IN OPTIONS

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 2012 were as shown in the table below. The market price of the shares at 31 December 2012 was 395.0p with a range during the year of 341.4p to 497.0p.

	Date of grant	At 1 January 2012 (shares)	Exercised in year	Lapsed in year	At 31 December 2012 (shares)	Exercise price (shares)	Period of exercise
Steve Ingham	2005	50,000	-	-	50,000	190.75	2008-2015
	2010	400,000	-	-	400,000	381.5	2013-2020
Charles-Henri Dumon	2010	400,000	-	-	400,000	381.5	2013-2020
Stephen Puckett	2010	400,000	(400,000)	-	-	381.5	2013-2020

DIRECTORS LEAVING THE BOARD

Stephen Puckett announced his intention to leave the Board on 8 July 2011 and having remained in office until Andrew Bracey's appointment on 23 April 2012, retired from the Board on 18 May 2012. Stephen Puckett, who was employed under a service contract with the company dated 31 December 2010, was entitled to one year's salary and benefits on termination in accordance with his contractual entitlements. Accordingly, he received salary and benefits until 11 July 2012, being £174,000 in 2012. Stephen Puckett was also eligible for a bonus for the period served during 2012 and having regard to his individual performance and the performance of the Group in the period up until 18 May 2012, the Committee determined that a payment of £250,000 was appropriate and in line with a time apportioned amount of what he would have received, based on a forecast of the full year's profit at date of his leaving, had he remained in office throughout the year.

As regards long-term incentives, restricted shares previously granted under the Incentive Share Plan and Annual Bonus Plan and share options under the Executive Share Option Scheme were transferred to Stephen Puckett with the restrictions lifted at the discretion of the Committee. Further details of these awards are set out in pages 61 and 62. The company reimbursed legal fees of £4,250 in connection with his termination arrangements.

Charles-Henri Dumon left the Board on 28 February 2012. Charles-Henri Dumon, who was employed under a service contract with the company dated 13 June 2003, will receive salary and benefits until 31 March 2013, he also received compensation for loss of office, termination of a Swiss employment contract dated 13 June 2003, termination of a suspended French contract dated 15 July 1986, and a non-compete agreement until 31 March 2013. In total for salary and benefits and all other elements, including legal fees in connection with his termination arrangements, from the date of his leaving the Board he will receive Swiss Francs 3,758,849. Charles-Henri Dumon did not receive a bonus for either 2012 or 2013. As regards long-term incentives, restricted share options previously granted under the Incentive Share Plan and Annual Bonus Plan will be vested to Charles-Henri Dumon with the restrictions lifted at the discretion of the Committee on 31 March 2013. Further details of these awards are set out in pages 61 and 62.

PROPOSED CHANGES TO THE EXECUTIVE DIRECTORS' REMUNERATION STRUCTURE FOR 2013

Base salary

We are proposing to increase the CEO's base salary to £550,000 from 1 January 2013 and reduce the upper end of the incentives the CEO can earn.

Steve Ingham was promoted to CEO at the end of 2005. Following a successful first year, his salary was set at £360,000 in 2007. Over the next four years Steve's salary increased by 3% in 2008 to £371,000, 0% in 2009 being £371,000, 2% in 2010 to £380,000, and 3% in 2011 to £392,000, i.e. below the level of inflation despite the growth and success of the business.

The proposed move to £550,000 for the CEO's base salary is the second part of a transition to a new remuneration structure started last year, when the CEO's salary was increased to £450,000. While the overall increase is part of a transition to a new remuneration structure, there has also been an increase in his responsibilities due to the management changes that were effected at the start of 2012.

In order to check that the base salary level proposed was reasonable the Committee looked at a number of data points, including overall FTSE 250, FTSE 250 companies with a similar market capitalisation, FTSE 250 companies with a similar market capitalisation excluding businesses that were in very different sectors (for example financial services and natural resources), and our competitors. Within these datasets the base salary median for the FTSE 250 was £500,000, while our nearest competitor, was £650,000. When viewed against similar market capitalisation companies excluding businesses in very different sectors the median was £565k. Therefore we felt that being slightly below median on the base salary, but with a total maximum opportunity slightly above was appropriate.

The new element of the bonus opportunity... is designed to further encourage executives to focus on delivering the strategy of the business at the same time as growing profits.

While we had proposed originally to make the full change to £550,000 in 2012, in our discussions in late 2011 shareholders recommended that we staged the increase over two years. We agreed to this and, as such, this is now the second part of that staged transition. The change to the CEO's base salary should not be viewed in isolation, but considered within the context of considerable restraint over the last five years, the increase in his responsibilities, the overall proposed changes to the executive remuneration structure, and that this is the second half of a transition recommended previously by shareholders.

In particular, this increase in the base salary reflects the Remuneration Committee's intention to move away from the volatility in the executive directors' earnings that is inherent in the current scheme with a fixed to variable remuneration ratio of 18:82 to the new scheme that would have a ratio of 25:75 at the maximum opportunity. The salary for the Chief Financial Officer was deemed to have been set at the market median on appointment and at 31 December 2012 he had only been in role for eight months. Therefore his salary will increase by 1.4% to £365,000 (2012: £360,000), bringing him onto the annual review process.

Annual bonus

The current annual bonus for executive directors is a total of 3.85% of profit above a threshold equal to half of the targeted profits for the year, with an additional 1.3% of profit above a further hurdle. However, this exacerbates the volatility of the business cycle within the remuneration framework.

The proposed annual bonus will be capped at 175% of base salary, with 125% against achievement of a PBT target and 50% assessed against strategic targets. The actual level of the award related to PBT targets will be made on a straight-line pro-rated basis within a PBT range of the target.

The new element of the bonus opportunity, up to a maximum of 50% of salary, will be based on the achievement of key strategic goals for the relevant financial year. This is designed to further encourage executives to focus on delivering the strategy of the business at the same time as growing profits. This element of the bonus will be subject to the Committee being satisfied with the underlying performance of the business.

The strategic goals for the annual bonus plan awards would be set by the Remuneration Committee at the time of award and progress against them be fully disclosed on vesting. These measures would be for the achievement of specific strategic objectives for the business and the delivery of them by the executive. Therefore, while the strategic objectives would be against business performance, the executive to whom the award is made would be directly responsible for its delivery. At the time of any award the Committee will ensure that appropriate disclosure is made on the strategic targets and the executive's progress against these targets to allow shareholders to understand the level of performance achieved.

Cash bonus

The current framework has a maximum cash bonus of 150% of salary. We are proposing that the maximum cash element of the bonus will reduce to 125% of salary.

Deferred Annual Bonus Plan

Any remaining bonus will be deferred into shares to vest in equal amounts after one and two years, which is in line with the current arrangements. These changes to the bonus arrangements maintain the link to company profit, whilst providing an increased focus on the longer term performance of the company and further align the interests of management with shareholders.

Long-Term Incentive

To moderate the volatility in the remuneration package and address the Remuneration Committee and shareholders' concerns regarding the uncapped nature of the current ISP, it is proposed that future long-term incentive share awards be capped, rather than set as a percentage of annual profit.

Annual awards of up to a maximum opportunity of 200% of salary will be made. 62.5% of any award would vest subject to a stretching cumulative EPS performance condition. The remaining 32.5% would be subject to longer term strategic objectives. Of the portion linked to longer term strategic objectives, one third will be set against a specific measurement of relative growth to a comparator group.

Long-Term Incentive awards will be tested over a three year performance period. Currently only one-third of the ISP is subject to longer-term performance conditions. Unless the executive director has already met the shareholding requirement, vested shares will have to be held for a further two years, other than to settle any tax liability. This requirement will be increased to 200% of base salary. This change increases the emphasis on remuneration being linked to the longer term performance of the Company. However, it should be noted that at 31 December 2012 the Chief Executive's shareholding was already at 14 times base salary and had averaged 13 times over the previous six years, further emphasising a commitment to the longer term strategy of the Group.

As with the Annual Bonus, we will ensure that appropriate retrospective disclosure is made on the strategic objectives and the executive's progress against these objectives to allow shareholders to understand the level of performance achieved.

The EPS targets are anticipated to be real three-year cumulative targets and would be disclosed in the remuneration report in the year of award. The first award under this scheme is due to be made in 2014. Therefore the level of cumulative targets will be disclosed in next year's remuneration report. The levels at which these are set would take into account market conditions, analysts' consensus, the long-range strategic plan and other appropriate information available at the time. Were they to be set at this time, it is anticipated that the targets would be no less challenging than those within the performance element of the current LTIP plan, which require EPS growth over the three year vesting period to be in excess of UK RPI plus 10% for full vesting.

For the relative growth measure in the longer term strategic objectives, the Committee are proposing to use a relative organic growth measure against industry competition, the composition of which would be disclosed at the time of the award, but could be based on relative gross profit growth or similar.

Pensions

It is not proposed to change the pension contributions from the current 25% of base salary (CFO: 20%).

Shareholding guidelines

As previously mentioned, to further align executives' interests with those of shareholders it is proposed to increase the current shareholding guidelines from 100% of salary to 200% of salary.

Introduction of Claw-back Arrangements

Having considered the recommendation in the UK Corporate Governance Code, in order to protect the Company and shareholders in exceptional circumstances of misstatement or misconduct, the Committee is proposing the introduction of a 'clawback' provision to allow the Company to reclaim variable components of remuneration under certain circumstances.

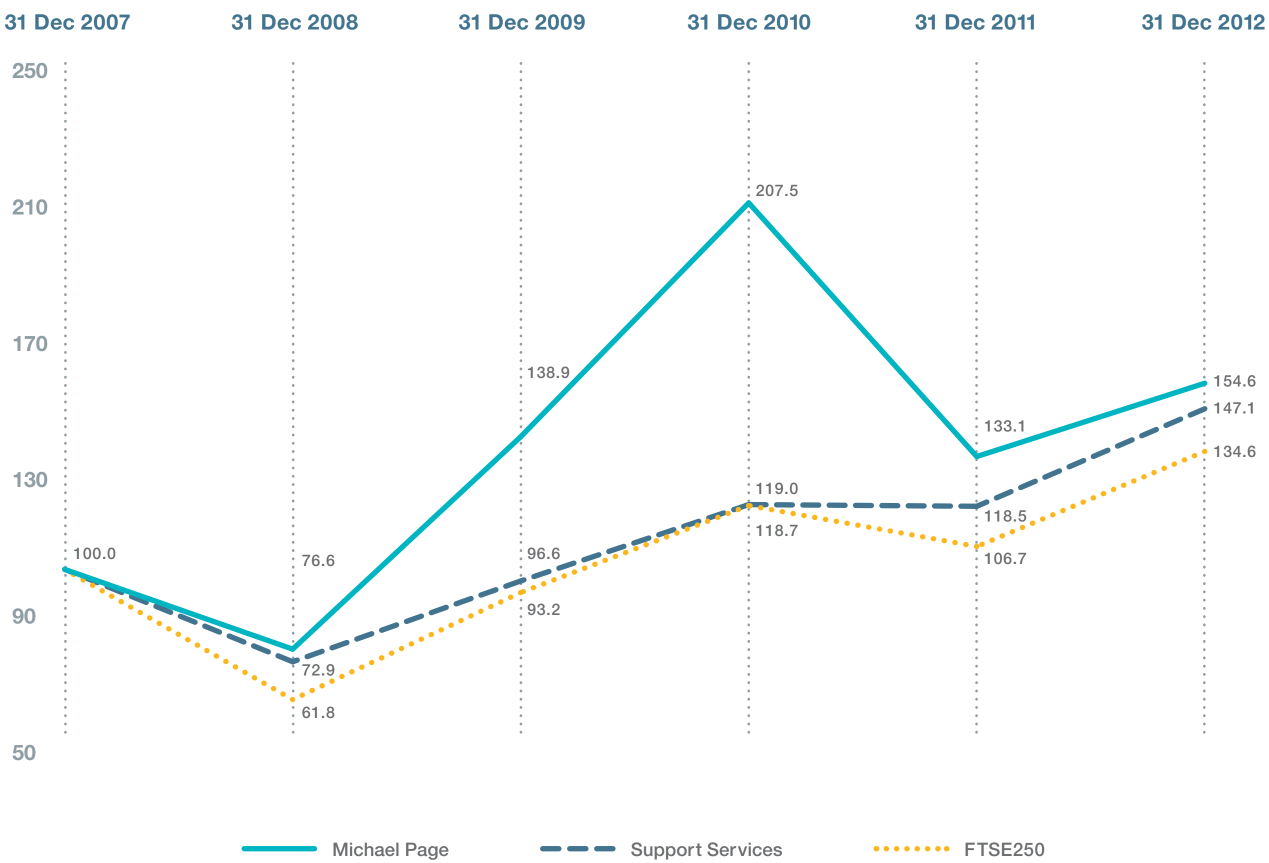
The proposed structure will reduce the amount that can be earned at high levels of future profitability and will moderate the impact of short-term falls in profits. This moderation is critical given the volatility of the recruitment sector, which is so sensitive to the general economic cycle. The changes will ensure that the total remuneration will be competitive in the market place, while the maximum opportunity available to the executives will be broadly in line with previous years.

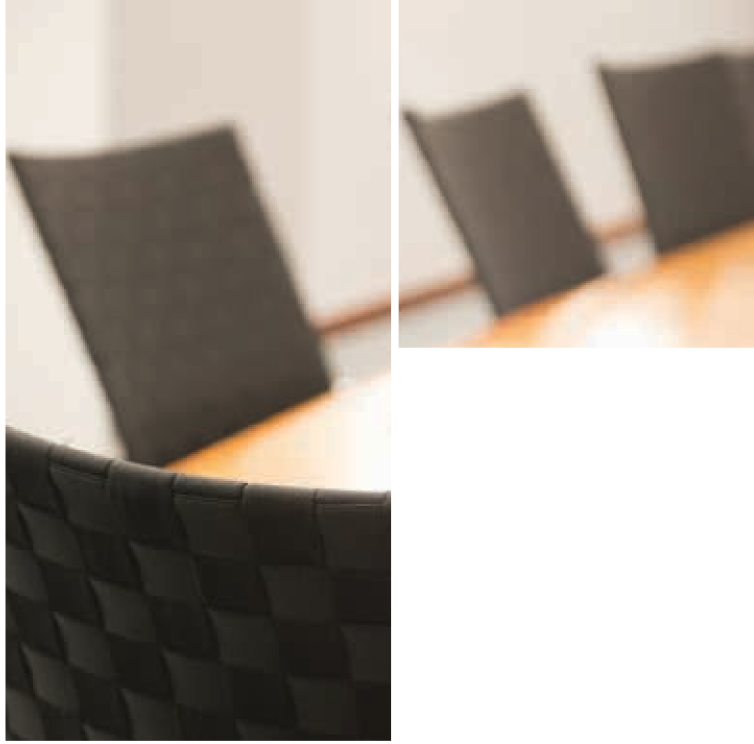
Additionally, through a combination of the changes being considered and the changes to the executive directors on the Board, the total spend on executive directors' remuneration going forward will be lower than historic levels.

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 is the sector in which the Company operates, as well as the FTSE 250 index.

Versus FTSE 250 and FTSE Support Services





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.

Steve Ingham was appointed as a non-executive director at Debenhams plc on 8 January 2013. Details of fees received as compensation for this role will be disclosed in the 2013 Remuneration Report.

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. The chart opposite shows the review of all Executive Directors' contracts.

Charles-Henri Dumon left the Board on 28 February 2012.

Stephen Puckett retired from the Board on 18 May 2012.

Andrew Bracey was appointed on 23 April 2012.

Hubert Reid retired from the Board on 18 May 2012.

Reg Sindall retired from the Board on 22 August 2012.

David Lowden was appointed to the Main Board, as Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees on 22 August 2012.

Simon Boddie was appointed to the Main Board and a member of the Audit, Remuneration and Nomination Committees on 24 September 2012.

	Contract Date	Unexpired term at 31 December 2012	Notice Period	Provision for compensation on early termination	Other termination provisons
Executive					
Steve Ingham	31/12/2010	No specfic term	12 months	12 months salary plus other contractual benefits	None
Charles-Henri Dumon	13/06/2003	-	12 months	12 months salary plus other contractual benefits	None
Stephen Puckett	31/12/2010	-	12 months	12 months salary plus other contractual benefits	None
Andrew Bracey	24/04/2012	No specfic term	12 months	12 months salary plus other contractual benefits	None
Non-Executive					
Hubert Reid	25/02/2009	-	None	None	None
Reg Sindall	14/12/2010	-	None	None	None
Ruby McGregor-Smith	23/05/2010	5 months	None	None	None
Tim Miller	13/08/2011	20 months	None	None	None
Robin Buchanan	10/08/2011	20 months	None	None	None
David Lowden	22/08/2012	32 months	None	None	None
Simon Boddie	24/09/2012	33 months	None	None	None

CHAIRMAN

The fee for the Chairman reflects the level of commitment and responsibility of the role and is determined by the Remuneration Committee and other members of the Board. The fees for the Chairman were set at £220,000 on appointment in 2011. There was no increase to these fees in 2012. These are paid monthly in cash, inclusive of all committee roles and are not performance related or pensionable. There are no benefits. No increase in fees paid to the Chairman is anticipated in 2013.

NON-EXECUTIVE DIRECTORS

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 fees recognise the responsibility of the role and the time commitments required, and are not performance related or pensionable. They are paid monthly in cash and there are no other benefits.

A review of non-executive director fees was carried out in March 2012 which indicated that they were no longer appropriate in the current market (fees, although reviewed annually, had not been increased since June 2010). As a result, the fee structure was realigned from 30 June 2012. The basic annual fees were increased by £2,000 to £48,000. In addition, the fee for the role of Audit and Remuneration Committee Chairman was increased from £5,000 to £10,000, and for the role of Senior Independent Director from £3,000 to £5,000.

The revised fee structure is as follows:

Basic annual fee:	£48,000[1]
Committee Chairman:	£10,000[2]
Senior Independent Director	£5,000

[1] Inclusive of all committee memberships
[2] Audit and Remuneration Committees only

The Directors' emoluments table on page 59 shows the fees paid during the year to each non-executive director. No fee increases for non-executive directors are anticipated in 2013.

ANNUAL RESOLUTION

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 10) on 6 June 2013.

AUDIT REQUIREMENT

Within the Remuneration Report, the sections on Emoluments and Directors' interests and share ownership requirements, on pages 59 to 62 inclusive, are audited. All other sections of the Remuneration Report are unaudited.

David Lowden
Remuneration Committee Chairman
5 March 2013

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 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated 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 130, 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 2012 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 2012 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 set out on page 27 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, 5 March 2013

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	Before exceptional items 2012 £'000	Exceptional items (note 4) 2012 £'000	After exceptional items 2012 £'000	2011 £'000
Revenue	2	989,882	–	989,882	1,019,087
Cost of sales		(463,013)	–	(463,013)	(465,306)
Gross profit	2	526,869	–	526,869	553,781
Administrative expenses		(461,748)	(7,834)	(469,582)	(467,746)
Operating profit	2	65,121	(7,834)	57,287	86,035
Financial income	6	907	–	907	953
Financial expenses	6	(1,191)	–	(1,191)	(841)
Profit before tax	2	64,837	(7,834)	57,003	86,147
Income tax (expense)/income	7	(23,332)	2,526	(20,806)	(29,290)
Profit for the year	3	41,505	(5,308)	36,197	56,857
Attributable to:					
Owners of the parent				36,197	56,857
Earnings per share					
Basic earnings per share (pence)	10			11.9	18.7
Diluted earnings per share (pence)	10			11.7	18.2

The above results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 £'000	2011 £'000
Profit for the year	**36,197**	**56,857**
Other comprehensive loss for the year		
Currency translation differences	(5,171)	(3,405)
Total comprehensive income for the year	**31,026**	**53,452**
Attributed to:		
Owners of the parent	31,026	53,452

CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS

As at 31 December 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Non-current assets					
Property, plant and equipment	2, 11	28,913	33,210	-	-
Intangible assets	2, 12	44,097	39,744	-	-
Investments	13	-	-	493,544	478,791
Deferred tax assets	17	9,192	8,351	-	-
Other receivables	14	3,310	2,612	-	-
		85,512	83,917	493,544	478,791
Current assets					
Trade and other receivables	14	182,507	196,455	511,799	485,871
Current tax receivable	8	6,970	3,980	-	-
Cash and cash equivalents	21	70,769	64,417	20	23
		260,246	264,852	511,819	485,894
Total assets	2	345,758	348,769	1,005,363	964,685
Current liabilities					
Trade and other payables	15	(138,733)	(147,413)	(622,085)	(564,173)
Bank overdrafts	16	(9,396)	(6,249)	-	-
Current tax payable	8	(12,612)	(11,591)	-	-
		(160,741)	(165,253)	(622,085)	(564,173)
Net current assets/(liabilities)		99,505	99,599	(110,266)	(78,279)
Non-current liabilities					
Other payables	15	(2,779)	(2,685)	-	-
Deferred tax liabilities	17	(850)	(233)	-	-
		(3,629)	(2,918)	-	-
Total liabilities	2	(164,370)	(168,171)	(622,085)	(564,173)
Net assets	-	181,388	180,598	383,278	400,512

CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS (CONTINUED)

As at 31 December 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Capital and reserves					
Called-up share capital	18	3,178	3,167	3,178	3,167
Share premium	19	60,221	57,215	60,221	57,215
Capital redemption reserve	19	932	932	932	932
Reserve for shares held in the employee benefit trust	19	(62,071)	(65,652)	(62,071)	(65,652)
Currency translation reserve	19	25,115	30,286	–	–
Retained earnings		154,013	154,650	381,018	404,850
Total equity		**181,388**	**180,598**	**383,278**	**400,512**

These financial statements of Michael Page International plc, Company Number 3310225, were approved by the Board of Directors and authorised for issue on 5 March 2013. On behalf of the Board of Directors.

S Ingham
Chief Executive Officer

A Bracey
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

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 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 from 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 and 1 January 2012		3,167	57,215	932	(65,652)	30,286	154,650	180,598
Currency translation differences		–	–	–	–	(5,171)	–	(5,171)
Net expense recognised directly in equity		–	–	–	–	(5,171)	–	(5,171)
Profit for the year		–	–	–	–	–	36,197	36,197
Total comprehensive (loss)/income for the year		–	–	–	–	(5,171)	36,197	31,026
Purchase of shares held in the employee benefit trust		–	–	–	(17,952)	–	–	(17,952)
Issue of share capital		11	3,006	–	–	–	4,799	7,816
Transfer from reserve for shares held in the employee benefit trust		–	–	–	21,533	–	(21,533)	–
Credit in respect of share schemes		–	–	–	–	–	11,843	11,843
Debit in respect of tax on share schemes		–	–	–	–	–	(1,309)	(1,309)
Dividends	9	–	–	–	–	–	(30,634)	(30,634)
		11	3,006	–	3,581	–	(36,834)	(30,236)
Balance at 31 December 2012		3,178	60,221	932	(62,071)	25,115	154,013	181,388

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

For the year ended 31 December 2012

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 2011		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 from 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 and 1 January 2012		3,167	57,215	932	(65,652)	404,850	400,512
Profit for the year		–	–	–	–	11,693	11,693
Total comprehensive income for the year		–	–	–	–	11,693	11,693
Purchase of shares held in the employee benefit trust		–	–	–	(17,952)	–	(17,952)
Issue of share capital		11	3,006	–	–	4,799	7,816
Transfer from reserve for shares held in the employee benefit trust		–	–	–	21,533	(21,533)	–
Credit in respect of share schemes		–	–	–	–	11,843	11,843
Dividends	9	–	–	–	–	(30,634)	(30,634)
		11	3,006	–	3,581	(35,525)	(28,927)
Balance at 31 December 2012		3,178	60,221	932	(62,071)	381,018	383,278

CONSOLIDATED AND PARENT COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Cash generated from underlying operations	20	94,471	103,325	48,482	59,067
Exceptional items	5	(7,834)	–	–	–
Cash generated from operations		86,637	103,325	48,482	59,067
Income tax (paid)/received		(24,371)	(37,109)	–	1,303
Net cash from operating activities		62,266	66,216	48,482	60,370
Cash flows from investing activities					
Purchases of investments		–	–	(2,908)	(3,141)
Purchases of property, plant and equipment		(7,919)	(16,319)	–	–
Purchases of intangibles		(9,012)	(13,325)	–	–
Proceeds from the sale of property, plant and equipment, and computer software		449	237	–	–
Interest received		907	953	76	11
Net cash used in investing activities		(15,575)	(28,454)	(2,832)	(3,130)
Cash flows from financing activities					
Dividends paid		(30,634)	(28,511)	(30,634)	(28,511)
Interest paid		(1,218)	(807)	(84)	–
Issue of own shares for the exercise of options		7,816	1,616	3,017	1,616
Purchase of own shares for cancellation		–	(30,322)	–	(30,322)
Purchase of shares held in the employee benefit trust		(17,952)	–	(17,952)	–
Net cash used in financing activities		(41,988)	(58,024)	(45,653)	(57,217)
Net increase/(decrease) in cash and cash equivalents		4,703	(20,262)	(3)	23
Cash and cash equivalents at the beginning of the year		58,168	80,531	23	–
Exchange loss on cash and cash equivalents		(1,498)	(2,101)	–	–
Cash and cash equivalents at the end of the year	21	61,373	58,168	20	23

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 £11.7m (2011: £20.7m). 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 27 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 - New accounting standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below and did not have any impact on the accounting policies, financial position or performance of the Group:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and had no effect on the Group's financial position, performance or its disclosures.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to 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 the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). 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 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013 and is not expected to have any impact on the Group.

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

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, 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 revised standard becomes effective for annual periods beginning on or after 1 January 2013 and is not expected to have any impact on the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

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 was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 is not expected to have any impact on the Group.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate 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 addresses 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. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2013.

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 and is not expected to impact the Group.

IFRS 12 Disclosure of Interests in 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 is not expected to have any 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. This standard becomes effective for annual periods beginning on or after 1 January 2013 is not expected to have any impact on the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 27.

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 in other comprehensive income.

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 or developed 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 have been 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. It is expected that this will be in 2013. 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 and noted no impairment being necessary at 31 December 2012.

(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 unless it is considered to have a shorter life, in which case the period of amortisation is reduced. The cumulative amount of goodwill written off directly to retained earnings in respect of acquisitions prior to 31 December 1997 is £311.7m (2011: £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.

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.

The Group does not currently have any finance leases.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

l) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance. Information provided to the Chief Executive Officer 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. The accounting treatments for the Group and parent company are similar and 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 of the Group with a corresponding adjustment to equity. In the parent company, it is capitalised as an investment, 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. In the parent company, it is capitalised as an investment, with a corresponding adjustment to equity.

(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 of the Group on a straight-line basis over the vesting period to which the award relates. In the parent company, it is capitalised as an investment, with a corresponding adjustment to equity.

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 Group has not capitalised any borrowing costs in either the current or preceding years.

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 12 – intangibles

The Group determines whether goodwill and other intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- 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) Exceptional items

Exceptional 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 Officer, 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			
		2012 £'000	2011 £'000	2012 £'000	2011 £'000	Before exceptional items 2012 £'000	Exceptional items 2012 (note 4) £'000	After exceptional items 2012 £'000	2011 £'000
EMEA		403,223	421,240	218,382	239,581	22,070	(6,090)	15,980	31,676
United Kingdom		295,876	324,863	121,408	129,991	15,771	(1,744)	14,027	18,317
Asia Pacific	Australia and New Zealand	119,344	106,196	51,677	50,172	14,164	–	14,164	11,453
	Asia	72,853	59,862	63,177	53,179	14,803	–	14,803	14,702
		192,197	166,058	114,854	103,351	28,967	–	28,967	26,155
Americas		98,586	106,926	72,225	80,858	(1,687)	–	(1,687)	9,887
Operating profit		–	–	–	–	65,121	(7,834)	57,287	86,035
Financial (expense)/income		–	–	–	–	(284)	–	(284)	112
Revenue/gross profit/profit before tax		989,882	1,019,087	526,869	553,781	64,837	(7,834)	57,003	86,147

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

The analysis opposite 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 2012 £'000	Total Assets 2011 £'000	Total Liabilities 2012 £'000	Total Liabilities 2011 £'000
EMEA		125,560	131,772	70,596	71,687
United Kingdom		104,392	106,455	48,414	51,100
Asia Pacific	Australia and New Zealand	26,842	28,323	11,809	11,855
	Asia	43,159	37,299	9,182	9,411
		70,001	65,622	20,991	21,266
Americas		38,835	40,940	11,757	12,527
Segment assets/liabilities		338,788	344,789	151,758	156,580
Income tax		6,970	3,980	12,612	11,591
		345,758	348,769	164,370	168,171

		Property, Plant and Equipment 2012 £'000	Property, Plant and Equipment 2011 £'000	Intangible Assets 2012 £'000	Intangible Assets 2011 £'000
EMEA		9,034	10,396	495	669
United Kingdom		7,968	9,680	42,712	38,187
Asia Pacific	Australia and New Zealand	1,454	1,594	100	168
	Asia	2,599	2,648	116	105
		4,053	4,242	216	273
Americas		7,858	8,892	674	615
		28,913	33,210	44,097	39,744

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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Finance and Accounting	465,378	521,380	220,561	248,028
Legal, Technology, HR, Secretarial and Other	219,980	205,184	106,422	105,575
Engineering, Property & Construction, Procurement & Supply Chain	177,883	164,656	102,817	101,291
Marketing, Sales and Retail	126,641	127,867	97,069	98,887
	989,882	1,019,087	526,869	553,781

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

	Revenue		Gross Profit	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Permanent	422,005	453,105	409,660	438,382
Temporary	567,877	565,982	117,209	115,399
	989,882	1,019,087	526,869	553,781

3. Profit for the year

Profit for the year is stated after charging/(crediting):		2012 £'000	2011 £'000
Employment costs (Note 4)		321,010	328,502
Net exchange losses		439	107
Depreciation of property, plant and equipment – owned		10,549	10,524
Amortisation of intangibles		4,538	1,133
Impairment of trade receivables		5,620	8,148
(Profit)/loss on sale of property, plant and equipment and computer software		5	(22)
Fees payable to the company's auditor for the audit of the company's annual accounts		114	54
Fees payable to the company's auditor and associates for other services:			
	– The audit of the company's subsidiaries pursuant to legislation	341	319
	– Audit related assurance services	32	32
Total audit fees		487	405
	– Tax compliance services	37	20
	– Tax advisory services	298	240
	– Other assurance services	–	10
Total non-audit fees		335	270
Total fees		822	675
Operating lease rentals	– Land and buildings	28,596	28,126
	– Plant and machinery	5,563	4,647

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 2012 were as follows:

	2012 Average No.	2011 Average No.	2012 No.	2011 No.
Management	237	216	261	227
Client services	3,519	3,456	3,364	3,570
Administration	1,527	1,388	1,474	1,489
	5,283	5,060	5,099	5,286

Employment costs (including Directors' emoluments) comprised:

	2012 £'000	2011 £'000
Wages and salaries	261,152	268,177
Social security costs	34,129	35,272
Pension costs – defined contribution plans	12,763	11,767
Share-based payments and deferred cash plan	12,966	13,286
	321,010	328,502

Details of Directors' remuneration for the year are provided in the Directors' Remuneration Report on pages 54 to 67.

No staff are employed by the parent company (2011: 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 67.

5. Exceptional items

During the first half of 2012, we restructured the Group's regional management structure, which resulted in the removal of the Continental Europe and Americas regional management team, including one Executive Director. Severance packages for this team, who had been employed by the Group for many years and were largely based in France, with accompanying high employment protection and social charges, totalled £7.8m within which are £1.5m of share plan related charges which have been accelerated to their date of departure.

6. Financial income/(expenses)

	2012 £'000	2011 £'000
Financial income		
Bank interest receivable	907	953
Financial expenses		
Bank interest payable	(1,191)	(841)

7. Taxation on profits on ordinary activities

The charge for taxation is based on the effective annual tax rate of 36.5% on profit before tax (2011: 34.0%).

Analysis of charge in the year

	2012 £'000	2011 £'000
UK income tax at 24.5% (2011: 26.5%) for year	8,045	9,383
Adjustments in respect of prior year	35	(1,840)
Overseas income tax	13,507	21,682
	21,587	**29,225**
Deferred tax expense		
Adjustment in respect of prior year	354	311
Origination and reversal of temporary differences	509	(393)
(Benefit)/charge of tax losses recognised	(1,644)	147
Deferred tax (income)/expense	**(781)**	**65**
Total income tax expense in the income statement	**20,806**	**29,290**

Reconciliation of effective tax rate	2012 £'000	%	2011 £'000	%
Profit before taxation	57,003		86,147	
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	13,965	24.5	22,829	26.5
Effects of:				
Disallowable items and other permanent timing differences	1,786	3.1	3,336	3.9
Unrelieved overseas losses	1,244	2.2	1,312	1.5
Utilisation of losses not previously recognised	(207)	(0.4)	(370)	(0.4)
Recognition of overseas losses	(209)	(0.4)	(1,032)	(1.2)
Higher tax rates on overseas earnings	3,897	6.8	4,526	5.2
Movement of rate difference	(59)	(0.1)	218	0.3
Adjustment to tax charge in respect of prior periods	389	0.8	(1,529)	(1.8)
Tax expense and effective rate for the year	20,806	36.5	29,290	34.0

Tax recognised directly in equity	2012 £'000	2011 £'000
Relating to equity settled transactions	(1,309)	(5,774)

8. Current tax assets and liabilities

The current tax asset of £7.0m (2011: £4.0m), and current tax liability of £12.6m (2011: £11.6m) for the Group, and current tax asset and liability of £nil (2011: £nil) for the parent company, represent the amount of income taxes recoverable and payable in respect of current and prior periods.

9. Dividends

	2012 £'000	2011 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2011 of 6.75p per ordinary share (2010: 6.12p)	20,779	18,739
Interim dividend for the year ended 31 December 2012 of 3.25p per ordinary share (2011: 3.25p)	9,855	9,772
	30,634	28,511
Amounts proposed as distributions to equity holders in the year:		
Proposed final dividend for the year ended 31 December 2012 of 6.75p per ordinary share (2011: 6.75p)	20,503	20,458

The proposed final dividend had not been approved by shareholders at 31 December 2012 and therefore has not been included as a liability. The comparative final dividend at 31 December 2011 was also not recognised as a liability in the prior year.

The proposed final dividend of 6.75p (2011: 6.75p) per ordinary share will be paid on 21 June 2013 to shareholders on the register at the close of business on 24 May 2013, 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	2012	2011
Earnings for basic and diluted earnings per share (£'000)	36,197	56,857
Exceptional items (£'000) (note 5)	5,308	–
Earnings for basic and diluted earnings per share before exceptional items (£'000)	**41,505**	**56,857**

Number of shares		
Weighted average number of shares used for basic earnings per share ('000)	305,345	304,458
Dilution effect of share plans ('000)	3,136	7,941
Diluted weighted average number of shares used for diluted earnings per share ('000)	**308,481**	**312,399**

Basic earnings per share (pence)	11.9	18.7
Diluted earnings per share (pence)	11.7	18.2
Basic earnings per share before exceptional items (pence)	13.6	18.7
Diluted earnings per share before exceptional items (pence)	13.5	18.2

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

Group	2012 Leasehold improvements £'000	2012 Furniture, fixtures and equipment £'000	2012 Motor vehicles £'000	2012 Total £'000	2011 Leasehold improvements £'000	2011 Furniture, fixtures and equipment £'000	2011 Motor vehicles £'000	2011 Total £'000
Cost								
At 1 January	35,158	50,415	2,585	88,158	29,794	45,135	2,162	77,091
Additions	2,421	3,932	1,566	7,919	7,824	7,259	1,236	16,319
Disposals	(1,393)	(2,081)	(889)	(4,363)	(1,723)	(1,137)	(753)	(3,613)
Effect of movements in foreign exchange	(1,202)	(1,636)	(133)	(2,971)	(737)	(842)	(60)	(1,639)
At 31 December	34,984	50,630	3,129	88,743	35,158	50,415	2,585	88,158
Depreciation								
At 1 January	20,041	33,927	980	54,948	17,797	29,777	991	48,565
Charge for the year	4,280	5,513	756	10,549	4,249	5,686	589	10,524
Disposals	(1,419)	(2,101)	(510)	(4,030)	(1,727)	(1,084)	(576)	(3,387)
Effect of movements in foreign exchange	(596)	(993)	(48)	(1,637)	(278)	(452)	(24)	(754)
At 31 December	22,306	36,346	1,178	59,830	20,041	33,927	980	54,948
Net book value								
At 31 December	12,678	14,284	1,951	28,913	15,117	16,488	1,605	33,210

12. Intangible assets

Group	2012 Computer software £'000	2012 Computer software, assets under construction £'000	2012 Goodwill £'000	2012 Trademark £'000	2012 Total £'000	2011 Computer software £'000	2011 Computer software, assets under construction £'000	2011 Goodwill £'000	2011 Trademark £'000	2011 Total £'000
Cost										
At 1 January	10,845	35,435	1,539	549	48,368	9,766	23,986	1,539	–	35,291
Additions	3,038	5,777	–	197	9,012	1,354	11,422	–	549	13,325
Disposals	(79)	–	–	–	(79)	(99)	–	–	–	(99)
Transfers	3,153	(3,153)	–	–	–	–	–	–	–	–
Effect of movements in foreign exchange	(332)	(6)	–	–	(338)	(176)	27	–	–	(149)
At 31 December	16,625	38,053	1,539	746	56,963	10,845	35,435	1,539	549	48,368
Amortisation										
At 1 January	8,541	–	–	83	8,624	7,717	–	–	–	7,717
Charge for the year	4,427	–	–	111	4,538	1,050	–	–	83	1,133
Disposals	(38)	–	–	–	(38)	(110)	–	–	–	(110)
Effect of movements in foreign exchange	(258)	–	–	–	(258)	(116)	–	–	–	(116)
At 31 December	12,672	–	–	194	12,866	8,541	–	–	83	8,624
Net book value										
At 31 December	3,953	38,053	1,539	552	44,097	2,304	35,435	1,539	466	39,744

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:

	2012 £'000	2011 £'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. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill allocated to any CGU to materially exceed its recoverable amount.

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 2012 there was no impairment of goodwill.

Impairment tests for computer software, assets under construction

The Group tests computer software, assets under construction annually for impairment, or more frequently if there are indications that computer software, assets under construction might be impaired. It is the opinion of the Directors that at 31 December 2012 there was no impairment of computer software, assets under construction.

13. Investments

Company	Subsidiary undertakings £'000
Cost at 1 January 2012	478,791
Additions	14,753
Cost at 31 December 2012	493,544

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 2012, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	Principal activity
Michael Page International Argentina SA	Argentina	Recruitment consultancy
Michael Page International (Australia) Pty Limited	Australia	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 (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

Name of undertaking	Country of incorporation	Principal activity
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 Colombia SAS	Colombia	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 (Hong Kong) Limited	Hong Kong	Recruitment consultancy
Michael Page International Recruitment Pvt Ltd	India	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 (Japan) K.K.	Japan	Recruitment consultancy
Michael Page International (Malaysia) Sdn Bhd	Malaysia	Recruitment consultancy
Michael Page International Mexico Reclutamiento Especializado, S.A. de C.V.	Mexico	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 (New Zealand) Limited.	New Zealand	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 Pte Limited*	Singapore	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
Michael Page International NEM Istihdam Danismanligi Limited Sirketi	Turkey	Recruitment consultancy

Name of undertaking	Country of incorporation	Principal activity
Michael Page International (UAE) Limited	United Arab Emirates	Recruitment consultancy
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 Recruitment Group Limited	United Kingdom	Holding company
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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current				
Trade receivables	148,438	164,072	–	–
Less provision for impairment of receivables	(6,732)	(7,093)	–	–
Net trade receivables	141,706	156,979	–	–
Amounts due from Group companies	–	–	511,734	485,862
Other receivables	4,653	4,566	–	–
Prepayments and accrued income	36,148	34,910	65	9
	182,507	196,455	511,799	485,871
Non-current				
Prepayments	3,310	2,612	–	–

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 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Current				
Trade payables	9,605	8,664	–	–
Amounts owed to Group companies	–	–	622,085	564,162
Other tax and social security	39,709	44,415	–	–
Other payables	16,679	22,612	–	–
Accruals	71,920	71,115	–	11
Deferred income	820	607	–	–
	138,733	147,413	622,085	564,173
Non-current				
Deferred income	2,653	2,515	–	–
Other tax and social security	126	170	–	–
	2,779	2,685	–	–

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 £1.3m (2011: £2.2m) 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 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Bank overdrafts	9,396	6,249	–	–

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

Bank overdrafts are repayable on demand.

The Group has a £10m committed overdraft facility with Deutsche Bank. All other bank overdrafts and facilities are repayable on demand.

At 31 December 2012, the Group had available £10m (2011: £37.5m) of undrawn committed borrowing facilities with Deutsche Bank and £23.8m of undrawn borrowing facilities under the Invoice Discounting arrangement with HSBC. All conditions precedent on each of these facilities had been met.

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

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 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 1 January 2012	(2,771)	(1,536)	(3,811)	(8,118)
Recognised in equity for the year	330	–	–	330
Recognised in profit or loss for the year	926	(1,637)	(70)	(781)
Exchange differences	–	–	227	227
At 31 December 2012	(1,515)	(3,173)	(3,654)	(8,342)

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:

	2012 £'000	2011 £'000
Deferred tax assets	(9,192)	(8,351)
Deferred tax liabilities	850	233
	(8,342)	(8,118)

At 31 December 2012, unremitted earnings of overseas Group companies amounted to £88.6m (2011: £80.7m). 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 £8.1m (2011: £20.7m) in respect of tax losses of overseas companies. These tax losses are available to offset future taxable profits in the respective jurisdictions.

All of the deferred tax asset for losses of £3.2m is dependent on generating future taxable profits. Of the recognised deferred tax asset, £1.5m is recognised within territories that were loss making in the current year.

18. Called-up share capital

	2012 £'000	2012 Number of shares	2011 £'000	2011 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	3,167	316,678,415	3,216	321,590,147
Shares issued	11	1,071,660	8	789,366
Cancellation of own shares	–	–	(57)	(5,701,068)
At 31 December	3,178	317,750,075	3,167	316,678,415

Share Option Plans

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

At 31 December 2012 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 2012	Granted in year	Exercised in year	Lapsed in year	No. of options outstanding at 31 December 2012	Base EPS/ OP range†	Exercise price per share	Exercise period
2002 (Note 1)*	30,000	–	(30,000)	–	–	10.6	186p	March 2005 – March 2012
2002 (Note 1)*	29,800	–	(29,800)	–	–	5.8	186p	March 2006 – March 2012
2003 (Note 1)*	115,300	–	(115,300)	–	–	5.8	81.5p-86.1p	April 2006 – April 2013
2004 (Note 1)*	221,500	–	(116,322)	–	105,178	4.1	171p-190.3p	March 2007 – March 2014
2005 (Note 1)*	406,619	–	(147,730)	–	258,889	7.5	190.75p-191.5p	March 2008 – March 2015
2006 (Note 1)*	507,585	–	(259,918)	–	247,667	15.5	309.9p	March 2009 – March 2016
2008 (Note 1)	431,000	–	–	(431,000)	–	30.4	255.94p-285p	March 2011 – March 2018
2009 (Note 2)	6,069,167	–	(2,549,856)	(104,985)	3,414,326	OP range	187.5p-211.84p	March 2012 – March 2019
2010 (Note 1)	11,041,583	–	(398,470)	(296,888)	10,346,225	6.6	381.5p-383.0p	March 2013 – March 2020
2011 (Note 2)	4,052,278	–	–	(309,958)	3,742,320	OP range	491.0p-492.9p	March 2014 – March 2021
2012 (Note 2)	–	4,961,000	–	(272,440)	4,688,560	OP range	477.0p	March 2015 – March 2022
Total 2012	**22,904,832**	**4,961,000**	**(3,647,396)**	**(1,415,271)**	**22,803,165**			
Weighted average exercise price 2012 (£)	3.39	4.77	2.14	3.70	3.85			
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			

*These options have fully vested

†The Operating Profit ranges for each award are fully disclosed in Note 2 of this Note.

3,191,075 options were exercisable at the end of 2012 at a weighted average exercise price of £2.02 (2011: £2.24). The weighted average share price at the date of exercise was £4.48.

Note 1

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 PageGroup. Share options are exercisable at the market price of the shares at the date of the grant.

No awards were made under the ESOS scheme in 2009, 2011 or 2012.

For grants under the ESOS plan, 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 100.

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 2

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 not 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.

As the Group's 2011 Operating Profit was £86.0m, 86% of this award vested on 10 March 2012. The remaining 14% was retested in March 2013, but with 2012 Operating Profit at £65.1m being lower than in 2011, no additional options vested.

Further grants under the SOS plan were made in 2011 and 2012. The performance conditions for these grants are also directly linked to the Group's Operating Profit.

For the 2011 grant, 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.

For the 2012 grant, if Operating Profit is in excess of £50m, a proportion of the award equivalent to the amount of Operating Profit achieved will vest up to a maximum of 100% if the Operating Profit is £100m or more.

Share Option valuation and measurement

In 2012, options were granted on 11 March with the estimated fair value of the options granted on that day of £1.38. In 2011, options were granted on 11 March. The estimated fair values of the options granted on that date was £1.28.

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.

Share Option valuation and measurement

The options outstanding at 31 December 2012 have an exercise price in the range of 171.0 pence to 492.9 pence and a weighted average contractual life of 7.5 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	
	2012	2011	2012	2011	2012	2011
Share price (£)	4.77	4.91	4.77	4.91	4.77	4.91
Average exercise price (£)	4.77	4.91	Nil	Nil	Nil	Nil
Weighted average fair value (£)	1.38	1.28	4.47	4.65	4.56	4.73
Expected volatility	40%	31%	40%	31%	40%	31%
Expected life	5 years	5 years	3 years	3 years	2 years	2 years
Risk free rate	0.87%	2.84%	0.73%	2.84%	0.50%	2.84%
Expected dividend yield	2.10%	1.83%	Nil	Nil	Nil	Nil

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

The Group recognised total expenses of £13.2m (2011: £12.7m) related to equity-settled share-based payment transactions during the year.

Other share-based payment plans

The Company also operates an Incentive Share Plan for the Executive Directors and senior employees and an Annual Bonus Plan for the Executive Directors. Details of these schemes are disclosed on pages 61, 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 2012, the reserve for shares held in the employee benefit trust consisted of 15,715,157 ordinary shares (2011: 16,739,896 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 4.9% of the called-up share capital with a market value of £62.1m (2011: £58.4m).

There are 13,768,635 of these shares held in the trust 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	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Profit before tax	Note	57,003	86,147	11,686	20,663
Exceptional items	5	7,834	–	–	–
Profit before tax and exceptional items		64,837	86,147	11,686	20,663
Depreciation and amortisation charges		15,073	11,657	–	–
Loss/(profit) on sale of property, plant and equipment, and computer software		5	(22)	–	–
Share scheme charges		11,884	12,732	–	–
Net finance costs/(income)		284	(112)	8	(10)
Operating cash flow before changes in working capital and exceptional items		92,083	110,402	11,694	20,653
Decrease/(increase) in receivables		7,454	(32,688)	(21,125)	(14,927)
(Decrease)/increase in payables		(5,066)	25,611	57,913	53,341
Cash generated from underlying operations		94,471	103,325	48,482	59,067

21. Cash and cash equivalents

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Cash at bank and in hand	62,431	57,758	20	23
Short-term deposits	8,338	6,659	–	–
Cash and cash equivalents	70,769	64,417	20	23
Bank overdrafts	(9,396)	(6,249)	–	–
Cash and cash equivalents in the statement of cash flows	61,373	58,168	20	23
Net funds	**61,373**	**58,168**	**20**	**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 2012 amounted to £141.7m (2011: £157.0m).

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 £58.6m (2011: £69.6m) 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 58 days in excess of the initial credit period (2011: 51 days).

The ageing of trade receivables at the reporting date was:

	Gross trade receivables 2012 (£'000)	Provision 2012 (£'000)	Gross trade receivables 2011 (£'000)	Provision 2011 (£'000)
Not past due	83,890	779	88,099	721
Past due 0-30 days	41,157	215	47,951	35
Past due 31-150 days	17,930	586	22,680	995
More than 150 days	5,461	5,152	5,342	5,342
	148,438	6,732	164,072	7,093

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:

	2012 £'000	2011 £'000
Balance at beginning of the year	7,093	6,397
Impairment losses recognised on receivables	5,620	8,148
Amounts written off as uncollectable	(1,644)	(1,086)
Amounts recovered during the year	(2,237)	(3,611)
Impairment losses reversed	(2,100)	(2,755)
Balance at end of the year	**6,732**	**7,093**

The majority of the allowance for doubtful debts are individually impaired trade receivables with a balance of £1.6m (2011: £3.5m) which have been placed in litigation, as well as a further provision for debts more than 150 days past their due date.

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

Exposure to credit risk

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

	Carrying amount	
	2012 £'000	2011 £'000
EMEA	71,741	78,694
United Kingdom	33,262	40,965
Asia Pacific	23,613	23,514
Americas	13,090	13,806
	141,706	156,979

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

	Carrying amount 2012 £'000	2011 £'000
EMEA	1,363	1,265
United Kingdom	10,184	9,925
Asia Pacific	10,244	8,755
Americas	4,301	5,541
	26,092	25,486

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:

2012	Less than 1 month £'000	1-3 months £'000	3-12 months £'000	More than 12 months £'000
Trade payables	6,162	2,950	493	–
Accruals and other payables	40,386	39,653	29,410	2,779
Bank overdraft	9,396	–	–	–

2011	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	–	–	–

Capital is 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 through share repurchases with subsequent cancellation, or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2012 and 31 December 2011.

(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 110. 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 2012 relate to cash and bank overdrafts.

The average interest rate paid on bank overdrafts was 2.02% (2011: 1.91%).

Currency rate risk

The Group publishes its results in Pounds Sterling and conducts 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.

Derivative Financial Instruments	Contract amounts 2012 £m	Contract amounts 2011 £m	Derivatives at fair value 2012 £m	Derivatives at fair value 2011 £m
Derivative Assets	40.7	49.1	40.6	49.1
Derivative Liabilities	(40.7)	(49.1)	(40.6)	(49.8)
Net Derivative (Liabilities)/Assets	–	–	–	(0.7)

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 110. 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 2011.

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

	2012 Equity £'000	PBT £'000
Euro	(3,361)	457
Australian Dollar	(1,988)	(477)
Swiss Franc	(1,948)	(464)
Hong Kong Dollar	(754)	(83)
Brazilian Real	(1,194)	68
United States Dollar	764	1,241
Chinese Renminbi	(618)	(221)
Japanese Yen	(671)	(165)
Other	(1,556)	(167)

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

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 2012 the Group was committed to make the following payments in respect of non-cancellable operating leases:

	Land and buildings		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Leases which expire:				
Within one year	4,423	4,042	617	553
Within two to five years	51,547	60,085	6,509	7,386
After five years	28,301	29,853	–	–
	84,271	93,980	7,126	7,939

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 varying notice for the termination of these agreements.

Capital commitments

The Group had contractual capital commitments of £0.5m as at 31 December 2012 relating to property, plant and equipment (2011: £1.1m). The Group had contractual capital commitments of £2.3m as at 31 December 2012 relating to computer software (2011: £5.3m).

24. Contingent liabilities

The Company has provided guarantees to other Group undertakings amounting to £78k (2011: £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 2012 amounted to £4.7m (2011: £5.5m).

25. Events after the balance sheet date

Between 31 December 2012 and 4 March 2013, 306,000 options were exercised, leading to an increase in share capital of £3,060 and an increase in share premium of £1,156,200.

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 pages 30-31. 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 67. Over and above these transactions, equity settled transactions for the year were £1.7m (2011: £2.2m). Transactions with the remaining members of the Executive Board are disclosed below:

Related party transactions

	2012 £'000	2011 £'000
Short-term employee benefits	4,817	3,413
Pension costs – defined contribution plans	125	139

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, summaries 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Transactions	11,695	20,654	511,734	485,862	622,085	564,162

FIVE YEAR SUMMARY

	2008 £'000	2009 £'000	2010 £'000	2011 £'000	2012 £'000
Revenue	972,782	716,722	832,296	1,019,087	989,882
Gross profit	552,702	351,694	442,207	553,781	526,869
Operating profit before exceptional items	140,501	20,203	71,527	86,035	65,121
Operating profit after exceptional items	140,501	20,203	88,652*	86,035	57,287*
Profit before tax	140,056	21,068	100,656*	86,147	57,003*
Profit attributable to equity holders	97,339	12,430	67,484*	56,857	36,197*
Conversion†	25.4%	5.7%	20.0%*	15.5%	12.4%
Basic earnings per share (pence)	30.3	3.9	21.6*	18.7	12.4

*Includes exceptional items.

†Operating profit before exceptional items as a percentage of gross profit.

SHAREHOLDER INFORMATION AND ADVISERS

Annual General Meeting

To be held on 6 June 2013 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 2012

To be paid (if approved) on 21 June 2013 to shareholders on the register on 24 May 2013.

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	22 May 2013
Record date	24 May 2013
Annual General Meeting	6 June 2013
Payment of proposed final ordinary dividend	21 June 2013
Interim results announcement	13 August 2013

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 16 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 17 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 Thursday 6 June 2013 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 2012.
2. To declare a final dividend on the ordinary share capital of the Company for the year ended 31 December 2012 of 6.75p per share.
3. To re-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 re-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 elect Simon Boddie as a director of the Company (Note 8).
9. To elect David Lowden as a director of the Company (Note 8).
10. To propose the following ordinary resolution:

    That the Directors' Remuneration Report for the year ended 31 December 2012 be received and approved.

11. 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.
12. To authorise the directors to determine the remuneration of the auditors.
13. 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 13 is passed or during the period when this Resolution 13 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.

14. 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 £1,052,006, provided that this authority, shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 6 September 2014, 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.

15. 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 14 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 15) to any person or persons of equity securities up to an aggregate nominal amount of £159,395, and shall expire upon the expiry of the general authority conferred by Resolution 14 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.

16. 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 31,878,970 representing approximately 10% of the issued ordinary share capital of the Company as at 12 April 2013;

(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 6 September 2014 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.

17. 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.

18. To propose the following ordinary resolution (note 14):

That:

(a) the rules of the Michael Page International Long Term Incentive Plan ("LTIP"), in the form produced at the Annual General Meeting and initialled by the Chairman of the Annual General Meeting for the purposes of identification (and a summary of which is set out in Appendix 1 to the Notice of Annual General Meeting), be and are hereby approved; and

(b) the Board of the Company be and is hereby authorised to establish further schemes based on the LTIP for the benefit of directors and employees of the Company and/or its subsidiaries who are located outside the United Kingdom, with such modifications as may be necessary or desirable in order to take account of local tax, exchange control or securities laws as they consider appropriate, provided that any ordinary shares made available under such other schemes shall be treated as counting against any individual or overall limits contained in the LTIP.

19. To propose the following ordinary resolution (note 14):

That:

(a) the rules of the Michael Page International Deferred Bonus Plan ("DBP"), in the form produced at the Annual General Meeting and initialled by the Chairman of the Annual General Meeting for the purposes of identification (and a summary of which is set out in Appendix 1 to the Notice of Annual General Meeting), be and are hereby approved; and

(b) the Board of the Company be and is hereby authorised to establish further schemes based on the DBP for the benefit of directors and employees of the Company and/or its subsidiaries who are located outside the United Kingdom, with such modifications as may be necessary or desirable in order to take account of local tax, exchange control or securities laws as they consider appropriate, provided that any ordinary shares made available under such other schemes shall be treated as counting against any individual or overall limits contained in the DBP.

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 1,682,324 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 Group
Page House,
1 Dashwood Lang Road,
The Bourne Business Park
Addlestone, Surrey KT15 2QW
Registered in England No. 3310225
12 April 2013

Notes

1. A member entitled to attend and vote at the Annual General 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 9 – election/re-election of directors:

   Resolutions 3 to 9 deal with the election/re-election of the directors in accordance with the UK Corporate Governance Code. 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 following best corporate practice, each member of the board is standing for re-election, and in the case of David Lowden and Simon Boddie for election, by the shareholders at this year's Annual General Meeting. Biographical information on each of the directors is contained on pages 30 and 31 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 13 - 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 13 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 13 has also been extended to cover any of these activities by the Company's subsidiaries.

10. Resolution 14 - directors' authority to allot shares:

    If passed, Resolution 14 will give the directors authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £1,052,006 representing approximately 33% of the Company's issued ordinary share capital (excluding treasury shares) as at 12 April 2013 (the latest practicable date before publication of this notice). This power will last until the conclusion of the next Annual General Meeting in 2014.

    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 15 – disapplication of pre-emption rights:

    Resolution 15 will give the directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 14 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 £1,052,006, (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 £159,395, representing approximately 5% of the issued ordinary share capital of the Company as at 12 April 2013 (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 16 – buyback authority:

Resolution 16 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 31,878,970 (representing approximately 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 12 April 2013 (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 2014.

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 16 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 12 April 2013 (the latest practicable date prior to the publication of this notice), there were 22,803,165 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 17 – 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 17 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. Resolution 18 and 19 – approval of the Michael Page International Long Term Incentive Plan and the Michael Page International Deferred Bonus Plan.

The Board has undertaken a review of the Company's existing remuneration structure, which was established when the Company was appreciably smaller, and as part of this review the Company proposes to implement a new long term incentive plan, and a new deferred bonus plan which will operate in connection with the new cash bonus arrangements the Company will be implementing for Executive Directors.

Michael Page International Long-Term Incentive Plan

It is proposed that the Michael Page International Long Term Incentive Plan (the "LTIP") will be introduced, and will replace the Company's current primary long term incentive vehicle for Executive Directors, the Michael Page Incentive Share Plan ("ISP"), which will expire during 2013.

Awards under the existing ISP were not capped as a percentage of salary and only one-third of each award to Executive Directors was subject to longer term performance targets. The Company now proposes that long term incentive awards are to be capped as a percentage of salary and that the entire awards to Executive Directors will be subject to performance targets, and this is reflected in the proposed new LTIP.

It is proposed that the new LTIP will be the primary plan to be used to make annual awards to the Company's Executive Directors, and that Executive Directors will not be granted awards under the Company's other executive share plan, the 2010 Executive Share Option Plan (the "2010 ESOS") in the same year in which they are granted Awards under the LTIP. However, awards may be made under each plan in the same year if the Remuneration Committee determines it appropriate to do so. If awards are made under the new LTIP and the ESOS in the same year, the Committee will take into account the total expected value of award levels when determining the size of the grants under each.

It is also proposed that, following vesting of an award under the LTIP, Executive Directors will be required to hold the shares received for a further two years, other than to settle any tax liability, unless the individual has already met the shareholding requirement, which will be increased to a requirement of 200% of base salary. This change, and the performance targets proposed for Executive Directors under the new LTIP, places a greater emphasis on remuneration being linked to the longer term performance of the Company.

It is proposed that the first awards under the LTIP will be granted in 2014.

Michael Page International Deferred Bonus Plan

The Company currently operates a deferred bonus arrangement. However, because as part of the review of the Company's remuneration structure the Company proposes to introduce new cash bonus arrangements for the Executive Directors (as explained below) and introduce the new LTIP, the Company proposes to take this opportunity to also implement the new Deferred Bonus Plan.

The DBP will operate in respect of the new annual bonus arrangements for the Executive Directors, pursuant to which annual bonus will be capped at 175% of base salary, with bonus potential of 125% of base salary assessed against achievement of a PBT target and bonus potential of 50% of base salary assessed against strategic targets. The maximum amount of annual bonus that will be payable in cash will be 125% of salary (reduced from 150% under the current bonus arrangements), and the remainder will be compulsorily deferred under the DBP.

Further detail in relation to the proposed cash annual bonus arrangements are set out in the remuneration report.

Plan documents

A summary of the rules of the LTIP and the DBP is set out in Appendix 1 to this document on pages 126 to 129.

The rules of the LTIP and of the DBP are available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG up until the close of the meeting. The rules of the LTIP will also be available at the place of the Meeting from 8.00 am on the morning of the Meeting until its conclusion.

15. 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 4 June 2013 (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.

16. 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.

17. As at 12 April 2013 (being the latest business day prior to the publication of this notice), the Company's issued share capital consists of 318,789,703 ordinary shares. The Employee Benefit Trust holds 13,596,305 ordinary shares of the Company carrying no voting rights. No shares are held in treasury. Therefore the total voting rights in the Company are 305,193,398.

18. 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: **www.page.com/investors**

19. 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.

20. 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.

21. 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.

22. 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.

APPENDIX 1

SUMMARY OF THE MICHAEL PAGE INTERNATIONAL PLC LONG TERM INCENTIVE PLAN AND THE MICHAEL PAGE INTERNATIONAL PLC DEFERRED BONUS PLAN

1. STRUCTURE OF THE LONG TERM INCENTIVE PLAN (THE "LTIP") AND THE DEFERRED BONUS PLAN (THE "DBP")

1.1 Administration

Awards will be granted, and the LTIP and the DBP will be administered by the Board, or a duly authorised committee thereof. Awards for Executive Directors will be determined by the Remuneration Committee.

1.2 Eligibility

Awards under the LTIP and the DBP may be granted to employees (including Executive Directors) of the Company and its subsidiaries ("Participants").

1.3 Form of Awards

Under each plan, Awards will take the form of either:

- a conditional right to receive ordinary shares in the Company ("Shares") which will be automatically transferred to the Participant following vesting (a "Conditional Award");
- a nil cost option, exercisable by the Participant following vesting during any period permitted for exercise (an "Option"); or
- an interest in Shares which will be held by a trustee on behalf of the Participant until vesting (a "Restricted Share Award"). The Participant will not be entitled to call for or otherwise deal in the Shares subject to a Restricted Share Award prior to vesting.

Awards are non-transferable (other than to a Participant's personal representatives following his death).

1.4 Dividends

Participants granted a Restricted Share Award will, unless the Board determines otherwise, be entitled to receive any dividends paid on the Shares subject to the Award. Where the Board so determines, or for Participants granted a Conditional Award or Option, the Board may determine that Participants will be entitled at the time of vesting (or exercise of an Option) to receive a cash payment or a transfer of additional Shares equivalent to the dividends paid on the number of Shares subject to the Award during the period from grant until vesting of the Award.

1.5 Plan limits

The following limits shall apply to each of the LTIP and the DBP.

An Award may not be granted if it would cause the number of Shares subject to the Award, when added to the number of Shares subject to the outstanding options or awards granted within the previous ten years and the number of Shares issued for the purpose of options and awards granted within the previous ten years under the relevant plan and any other discretionary share scheme adopted by the Company to exceed five per cent of the Company's ordinary share capital in issue immediately prior to the proposed date of grant.

An Award may not be granted if it would cause the number of Shares subject to the Award, when added to the number of Shares subject to the outstanding options or awards granted within the previous ten years and the number of Shares issued for the purpose of options and awards granted within the previous ten years under the relevant plan and any other employees' share scheme adopted by the Company to exceed ten per cent of the Company's ordinary share capital in issue immediately prior to the proposed date of grant.

This second limit reflects the operation of the dilution limit in the Company's existing 2010 Executive Share Option Scheme as approved by shareholders at the 2010 AGM.

Any option or award which the Board has determined or which is granted on terms that it will only be satisfied with existing Shares, and any Restricted Share Award granted using existing Shares, will not be subject to or counted in calculating these limits. Treasury shares will count as new issue shares for the purposes of these limits for so long as institutional investor bodies consider that they should be so counted.

2. PROVISIONS APPLICABLE TO THE GRANT OF LTIP AWARDS

2.1 Individual limit

The maximum market value of the Shares over which a Participant may be granted an Award under the LTIP in any calendar year shall not exceed an amount equal to two times the Participant's basic salary at that time (or such higher amount, if the Board decides otherwise in exceptional circumstances).

The current intention is that LTIP Awards will be made to Executive Directors with a value equal to two times salary.

2.2 Timing of grant of LTIP Awards

LTIP Awards may only be granted within a period of 42 days commencing on (i) the date on which the LTIP is adopted or (ii) the date of announcement by the Company of its interim or final results (or as soon as practicable thereafter if the Company is restricted from being able to grant Awards during such period). An LTIP Award may be granted at other times if the Board determines that exceptional circumstances exist which justify the grant of the Award. Awards may not be granted under the LTIP more than ten years after the LTIP is adopted.

Nothing is payable by participants for the grant of LTIP Awards.

2.3 Performance Targets

The Board will specify prior to the date of grant the performance targets which are to apply to LTIP Awards. The performance target will be measured over a period of not less than three years, ending no later than the third anniversary of grant, and there will be no provision for re-testing. The Board may alter a performance target if events happen that cause the Board to consider that the performance target is no longer a fair measure of the Company's performance, provided that the revised target may not be materially less challenging.

In respect of the first grant of LTIP Awards, it is proposed that 62.5% of the LTIP Award will be subject to a stretching cumulative EPS performance condition, and 37.5% of the LTIP Award will be subject to longer term strategic objectives. Of the part of the LTIP Award linked to longer term strategic objectives, one-third will be set against a specific measurement of relative growth to a comparator group.

The EPS target is anticipated to be a three-year cumulative target and will be disclosed in the remuneration report in the year of grant. The first Awards under the LTIP are intended to be granted in 2014, and therefore the details of the cumulative EPS targets will be disclosed in next year's remuneration report. The levels at which these will be set will take into account market conditions, analysts' consensus, the long-range strategic plan and other appropriate information available at the time.

Appropriate retrospective disclosure will be made on the strategic objectives and the Participant's progress against these objectives to allow shareholders to understand the level of performance achieved.

2.4 Normal vesting

In normal circumstances, LTIP Awards will vest three years after the date of grant, while the Participant remains in office or employment with the Company or any subsidiary (the "Group"), and to the extent that the relevant performance targets have been met.

Shares subject to a Conditional Award will be transferred as soon as reasonably practicable after vesting. Shares subject to a Restricted Share Award will be released as soon as reasonably practicable after vesting. An Option may normally be exercised after vesting until the tenth anniversary of grant (or such shorter period as the Board may determine prior to the date of grant).

If the Board so determines, the vesting of an LTIP Award may be satisfied in whole or part by a cash payment as an alternative to the issue or transfer of Shares.

3. PROVISIONS APPLICABLE TO THE GRANT OF DBP AWARDS

3.1 Bonus deferral

The DBP shall operate in respect of the bonus arrangements of such eligible employees (including Executive Directors) as the Board may determine. Where the DBP is operated, the Board may (i) specify a proportion or amount of the eligible employee's annual bonus that shall be subject to compulsory deferral; and/or (ii) invite the participant to elect to voluntarily defer a proportion of the eligible employee's annual bonus up to such limit as the Board may specify.

An Award under the DBP shall be granted over such number of Shares as have an aggregate market value on the dealing day immediately prior to the date of grant equal to the proportion of the eligible employee's annual bonus that is deferred.

3.2 Timing of grant of LTIP Awards

DBP Awards will be granted as soon as is reasonably practicable following the determination of annual bonuses.

3.3 Performance Targets

As Awards under the DBP reflect a deferral of earned annual bonus, no further performance targets attach to DBP Awards.

3.4 Normal vesting

In normal circumstances, Awards under the DBP will vest in two equal parts, on each of the first and second anniversary of the date of grant.

Shares subject to a Conditional Award will be transferred as soon as reasonably practicable after vesting. Shares subject to a Restricted Share Award will be released as soon as reasonably practicable after vesting. An Option may normally be exercised after vesting until the tenth anniversary of grant (or such shorter period as the Board may determine at the date of grant).

If the Board so determines, the vesting of a DBP Award may be satisfied in whole or part by a cash payment as an alternative to the issue or transfer of Shares.

4. PROVISIONS APPLICABLE TO BOTH THE LTIP AND THE DBP

4.1 Leavers

4.1.1 Cessation of office or employment

In the event of a Participant ceasing to hold office or employment with the Group other than due to any of the reasons specified below, an Award will immediately lapse.

An Award will not lapse where the cessation of office or employment with the Group is due to injury, disability, redundancy, retirement, the transfer of the Participant's employment due to the sale of a business or undertaking (or part business or undertaking), or the company with which the Participant holds office or employment ceasing to be a member of the Group, or any other reason if the Board so determines.

In the event that a Participant ceases to hold office or employment due to one of these specified reasons prior to the normal vesting date of an Award, the Award will continue and vest on its normal vesting date, and an Award in the form of an Option will be exercisable for a period of six months thereafter. The Board may determine that an Award will instead vest on the date of cessation of office or employment, in which case an Award in the form of an Option will be exercisable during such period, of up to six months, as the Board may determine.

In the event that a Participant ceases to hold office or employment for one of these specified reasons on or after the normal vesting date, an Award in the form of an Option will be exercisable during such period, of up to six months, as the Board may determine.

4.1.2 Death

In the event of a Participant ceasing to hold office or employment with the Group due to death, an Award will vest immediately, and an Award in the form of an Option will be exercisable for a period of one year.

4.1.3 International transfers

If a Participant is transferred to work in another country as a result of which the Participant will suffer a tax disadvantage or become subject to restrictions on their ability to receive or deal in Shares, or to exercise an Option, the Board may determine that an Award will vest prior to the date of such transfer, in which case Award in the form of an Option will be exercisable during a period of six months (or such shorter period as the Board may determine).

4.1.4 Extent of vesting

LTIP Awards will only vest due to a Participant ceasing to hold office or employment due to one of the reasons specified above (other than death) or an international transfer to the extent that the relevant performance targets have been met. Where an LTIP Award vests prior to the third anniversary of grant, the Board will assess performance using such information (not limited to published accounts) as it determines to be appropriate.

Where an Award vests prior to the normal vesting date due to one of the reasons specified above (other than death) or an international transfer, the number of Shares in respect of which an Award vests will, unless the Board determines otherwise, be pro-rated to reflect the time elapsed to the early vesting date. Options will lapse at the expiry of any of the above periods to the extent not exercised.

Where the vesting of an award would be prohibited due to regulatory reasons, vesting shall be delayed. Where at the expiry of any permitted exercise period, the exercise of an Option would be prohibited due to regulatory reasons, the relevant period shall be extended.

4.2 Corporate Actions

In the event that a person obtains control of the Company by way of general offer, or if having obtained Control of the Company, a person makes a general offer, Awards will vest and Options may be exercised for a period of six months.

If the Court sanctions a compromise or arrangement that will result in a change of control of the Company, Awards will vest and Options will be exercisable for a period of six months. In the event of an approval of a merger of the Company into another company under European cross-border merger rules, Awards will vest and Options will be exercisable until the merger becomes effective. In the event of the passing of a resolution for the voluntary winding-up of the Company, Awards will vest and Options will be exercisable for a period of two months. Options will lapse at the expiry of any such period if not exercised.

In the event of a demerger of a substantial part of the Group's business, a special dividend or a similar event affecting the value of the Shares to a material extent, Awards will vest if the Board so determines, in which case Options may be exercised for a period of two months, or such longer period as the Board may determine, and, unless the Board determines otherwise, will lapse at the expiry of any such period if not exercised.

LTIP Awards will only vest to the extent the relevant performance targets have been met. Where the corporate event occurs prior to the third anniversary of grant, the Board will assess performance using such information (not limited to published accounts) as it shall determine.

Where the corporate action occurs prior to the normal vesting date of Awards the number of Shares in respect of which Awards vest will, unless the Board determines otherwise, be pro-rated to reflect the period to the date of the relevant event.

Where a company acquires the Company, or substantially all the assets of the Company, as part of an internal reorganisation (unless the Board determines otherwise) an Award will not vest, and instead will be rolled-over into an award over shares in the controlling company of equivalent value (in the case of a Restricted Share Award, unless the Board determines otherwise, net of any tax liability that will arise as a result of the roll-over).

4.3 Variation of capital

The number of Shares subject to Awards will be adjusted, in such manner as the Board may determine, following any variation of share capital of the Company or (save where the Board determines that such event will be a vesting event) a demerger of a substantial part of the Group's business, a special dividend or a similar event affecting the value of the Shares to a material extent.

4.4 Claw-Back

The Board may apply claw-back where at any time within three years of vesting it determines that the financial results of the Company were misstated, or an error was made in assessing performance, that caused an Award to be granted, or to vest, to a greater degree than it should have done. The Board may also apply a claw-back if it is discovered that the Participant committed an act or omission that justified, or would have justified, summary dismissal or service of notice of termination of office or employment. The excess number of Shares in respect of which the Award vested can be subject to the claw-back, which shall be applied in such manner as the Board determines, including by lapsing other share or cash awards held by the Participant.

4.5 Alterations

The Board may at any time alter or add to all or any of the provisions of the LTIP or the DBP in any respect, provided that any change to the advantage of present or future Participants relating to eligibility, scheme limits, the basis of individual entitlement to, and the terms of, Shares or cash provided under the relevant plan or the provisions for the adjustment of Awards in the event of a variation of the Company's share capital must be approved in advance by the Company's shareholders in general meeting.

Any alteration or addition which is necessary or desirable in order to comply with or take account of the provisions of any proposed or existing legislation, law or other regulatory requirements or to take advantage of any changes in legislation, law or other regulatory requirements, or to obtain or maintain favourable taxation, exchange control or regulatory treatment of the Company, any subsidiary or any Participant or to make minor amendments to benefit the administration of the LTIP or the DBP do not need prior approval of the Company's shareholders. No alterations to the disadvantage of Participants' subsisting rights can be made by the Board without the approval of Participants holding Awards over 75% of the total Shares subject to Awards, or 75% of Participants attending a meeting called in respect of the proposed alteration.

4.6 Rights attaching to Shares

As soon as practicable after the vesting of an Award (or exercise of an Option), the appropriate number of Shares will be issued or transferred, as appropriate, and the Company will apply to the London Stock Exchange for a listing for any Shares for which a listing has not previously been granted. Any Shares allotted will rank equally with all other issued Shares save that they will not be entitled to rights attaching to Shares by reference to a record date before the Shares are allotted or transferred.

Participants will be entitled to exercise any voting rights in respect of Shares subject to Restricted Share Awards, but not otherwise.

4.7 Benefits are non-pensionable

Benefits under the LTIP and the DBP are non-pensionable.

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 Officer
5 March 2013

A Bracey
Chief Financial Officer
5 March 2013

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