

Q2 AND FIRST HALF 2010 TRADING UPDATE

“BENEFITING FROM DIVERSIFICATION”

Financial Summary

- **Group Q2 gross profit of £111.5m up 33.1% (29.8%*) on Q2 2009 (£83.8m), sequentially £13.6m or 14.0% (13.9%*) on Q1 2010**
- **EMEA** (42% of Group) Q2 gross profit of £46.7m up 22.4% (25.0%*) on Q2 2009 (£38.2m), sequentially £2.1m or 4.8% (7.7%*) on Q1 2010
- **UK** (29% of Group) Q2 gross profit of £32.2m up 14.4% on Q2 2009 (£28.1m), sequentially £3.2m or 11.0% on Q1 2010
- **Asia Pacific** (16% of Group) Q2 gross profit of £18.0m up 85.2% (63.8%*) on Q2 2009 (£9.7m), sequentially £4.8m or 37.1% (32.4%*) on Q1 2010
- **Americas** (13% of Group) Q2 gross profit of £14.6m up 87.9% (65.6%*) on Q2 2009 (£7.8m), sequentially £3.4m or 30.7% (23.8%*) on Q1 2010
- **Permanent** (79% of Group) Q2 gross profit of £87.9m up 51.5% (47.0%*) on Q2 2009 (£58.0m), sequentially £12.9m or 17.3% (16.9%*) on Q1 2010
- **Temporary** (21% of Group) Q2 gross profit of £23.6m down 8.3% (-9.1%*) on Q2 2009 (£25.8m), sequentially £0.7m or 3.2% (4.0%*) on Q1 2010
- Group **headcount** at 30 June 2010 of 3,860, up 201 (5.5%) on 31 March 2010
- During H1 the Group repurchased 15m **shares** into the Employee Benefit Trust at a cost of £61.8m
- Net **cash** at 30 June 2010 approximately £63m

* Denotes where overseas results denominated in foreign currencies have been translated at constant rates of exchange for constant currency illustrative purposes.

Commenting on the second quarter trading, Steve Ingham, Chief Executive said:

“We achieved a strong performance in the second quarter, with gross profit of £111.5m, up 14% sequentially on the first quarter of 2010 and 33% higher than the second quarter of 2009. The improvement in our performance has been driven by greater permanent recruitment activity as confidence levels improve, leading to higher rates of job churn.”

“We are benefiting from our investment in diversifying the Group internationally, with over 70% of our gross profit now derived from areas outside of the UK and over 40% of our fee earners in the faster developing recruitment markets. We have strong market-leading positions in specialist recruitment in Asia and Latin America and are particularly optimistic about our prospects in these regions where we will continue to invest in additional headcount. In the UK, Continental Europe and North America we have experienced job flow improvements in virtually all markets.”

“It is the nature of our business that visibility is short, and the general level of business confidence and economic activity may be threatened by fiscal consolidation in the UK and Europe, however, we are quick to react to changing market conditions. Having maintained our presence in all our markets, the strength of our geographic discipline and industry sector diversification, combined with our operational gearing means that our profitability is much improved over last year.”

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The company will host a presentation and conference call for analysts and investors at 9.00am today. The live presentation can be viewed by following the link: <http://event.on24.com/r.htm?e=223390&s=1&k=C7E6F4AC26008F9D89052C2F19235FE3>

The dial-in details for the conference call are as follows:

Dial-In: +44 (0)20 7162 0025 | **Conference ID:** 869159

Please quote ‘Michael Page Conference Call’ to gain access to the call.

The presentation and recording of the call will be available on the company’s website later today at:

<http://investors.michaelpage.co.uk/presentations>

Trading update

Michael Page International plc, the specialist recruitment consultancy, reports gross profit for the second quarter of £111.5m, a year-on-year increase of 33.1% (29.8%*) over the £83.8m in the second quarter of 2009. Sequentially, the second quarter was £13.6m, 14.0% (13.9%*) higher than the first quarter of 2010. Gross profit in the first half of 2010 was £209.4m, a year-on-year increase of 17.1% (15.0%*) over the £178.8m recorded in the first half of 2009.

The growth in gross profit has been generated almost entirely from an increase in permanent recruitment, which is in part due to our fastest growing regions being predominantly permanent recruitment markets.

Group gross profit from permanent recruitment in the second quarter was £87.9m, an increase of 51.5% (47.0%*) over the £58.0m in the second quarter of 2009 and a sequential increase of 17.3% (16.9%*) over the £75.0m in the first quarter of 2010.

Group gross profit from temporary recruitment in the second quarter was £23.6m, a decrease of -8.3% (-9.1%*) over the £25.8m in the second quarter of 2009, but a sequential increase of 3.2% (4.0%*) over the £22.9m in the first quarter of 2010.

The perm/temp ratio in the second quarter was 79:21 (Q2 2009: 69:31) compared to 77:23 in the first quarter of 2010.

Gross profit from permanent placements in the first half of 2010 was £162.9m, an increase of 31.0% (28.3%*) over the £124.4m recorded in the first half of 2009.

Gross profit from temporary placements in the first half of 2010 was £46.5m, a decrease of -14.5% (-15.3%*) over the £54.4m recorded in the first half of 2009.

Group headcount increased by 201 people during the quarter (5.5%) to 3,860 at the end of June, 158 (4.3%) higher than the headcount at the end of June 2009.

EMEA Gross Profit (42% of Group in Q2 2010)			Growth rates	
			Reported	Constant currency
Q2 2010 vs. Q2 2009	£46.7m	£38.2m	+22.4%	+25.0%
Q2 2010 vs. Q1 2010	£46.7m	£44.6m	+4.8%	+7.7%
H1 2010 vs. H1 2009	£91.3m	£85.8m	+6.4%	+8.6%
Headcount 30 June 2010 vs. 30 June 2009	1,645	1,680	-2.1%	
At constant rates of exchange:				
<ul style="list-style-type: none"> • France (16% of the Group) higher by 26% in Q2 (7% higher than Q1 2010) • Germany (5% of the Group) higher by 17% in Q2 (3% higher than Q1 2010) • Netherlands (4% of the Group) fell by 27% in Q2 (2% lower than Q1 2010) • Italy (4% of the Group) higher by 46% in Q2 (14% higher than Q1 2010) • Spain (3% of the Group) higher by 27% in Q2 (3% higher than Q1 2010) • Austria, Belgium, Ireland, Luxembourg, Poland, Portugal, Russia, South Africa, Sweden, Switzerland, Turkey, U.A.E. (10% of the Group) higher by 66% in Q2 (16% higher than Q1 2010) 				

In our largest region, Europe, Middle East and Africa (EMEA), representing 42% of Group gross profit, second quarter gross profit was £46.7m, 22.4% (25.0%*) higher than the £38.2m recorded in the second quarter of 2009. Sequentially, EMEA grew by £2.1m, an increase of 4.8% (7.7%*) over the £44.6m recorded in the first quarter of 2010. First half gross profit was £91.3m, an increase of 6.4% (8.6%*) over the £85.8m recorded in the first half of 2009.

While market conditions remain uncertain, they have, in general, continued to show further signs of stabilisation and recovery, resulting in a third consecutive quarter of modest sequential growth for the region. With the exception of the Netherlands, where market conditions remain the most challenging, in every other country gross profit in the second quarter was higher than the first quarter. Headcount across the seventeen countries in the region increased during the second quarter by 80.

UK Gross Profit

(29% of Group in Q2 2010)

Growth rates

Q2 2010 vs. Q2 2009	£32.2m	£28.1m	+14.4%
Q2 2010 vs. Q1 2010	£32.2m	£28.9m	+11.0
H1 2010 vs. H1 2009	£61.1m	£57.0m	+7.2%
Headcount 30 June 2010 vs. 30 June 2009	1,218	1,220	-0.2%

- Finance & Accounting (14% of the Group) higher by 10% in Q2 (10% higher than Q1 2010)
- Marketing, Sales and Retail (7% of Group) higher by 26% in Q2 (15% higher than Q1 2010)
- Legal, Technology, HR and Secretarial (5% of the Group) higher by 12% in Q2 (13% higher than Q1 2010)
- Engineering & Manufacturing, Procurement & Supply Chain, Property & Construction (3% of the Group) higher by 17% in Q2 (8% higher than Q1 2010)

In the UK, representing 29% of Group gross profit, second quarter gross profit was £32.2m, an increase of 14.4% over the £28.1m recorded in the second quarter of 2009. Sequentially, the UK grew by £3.3m, an increase of 11.0% over the £28.9m recorded in the first quarter of 2010. First half gross profit was £61.1m, an increase of 7.2% over the £57.0m recorded in the first half of 2009.

Excluding central and local government sectors, which account for less than 10% of our UK business, market conditions elsewhere continued to improve during the quarter, with the strongest sequential growth being in Financial Services, Sales, Retail, Human Resources and Legal.

Headcount during the second quarter increased by 8 to 1,218 (Q1 2010: 1,210), with the increase in gross profit being achieved by higher productivity as spare capacity continued to be utilised.

Asia Pacific Gross Profit

(16% of Group in Q2 2010)

Growth rates

			Reported	Constant currency
Q2 2010 vs. Q2 2009	£18.0m	£9.7m	+85.2%	+63.8%
Q2 2010 vs. Q1 2010	£18.0m	£13.2m	+37.1%	+32.4%
H1 2010 vs. H1 2009	£31.2m	£19.2m	+62.6%	+45.3%
Headcount 30 June 2010 vs. 30 June 2009	501	426	+17.6%	

At constant rates of exchange:

- Australia and New Zealand (9% of the Group) higher by 45% in Q2 (24% higher than Q1 2010)
- Rest of Asia Pacific (7% of Group) higher by 90% in Q2 (44% higher than Q1 2010)

In Asia Pacific, representing 16% of Group gross profit, second quarter gross profit was £18.0m, an increase of 85.2% (63.8%*) over the £9.7m recorded in the second quarter of 2009. Sequentially, Asia Pacific grew by £4.8m, an increase of 37.1% (32.4%*) over the £13.2m recorded in the first quarter of 2010. First half gross profit was £31.2m, an increase of 62.6% (45.3%*) over the £19.2m recorded in the first half of 2009.

In Australia and New Zealand, representing 9% of Group gross profit, second quarter gross profit year-on-year increased by 45%* and sequentially by 24%*. While the second quarter is seasonally stronger, market conditions, in general, also continue to improve.

In Asia, where our businesses make largely permanent placements, we have achieved strong growth in the seasonally stronger second quarter, with gross profit increasing year-on-year by 90%* and sequentially by 44%*.

Headcount increased in the second quarter by 61 (13.9%) to 501 at 30 June 2010.

Americas Gross Profit (13% of Group in Q2 2010)			Growth rates	
			Reported	Constant currency
Q2 2010 vs. Q2 2009	£14.6m	£7.8m	+87.9%	+65.6%
Q2 2010 vs. Q1 2010	£14.6m	£11.2m	+30.7%	+23.8%
H1 2010 vs. H1 2009	£25.8m	£16.8m	+54.0%	+39.8%
Headcount 30 June 2010 vs. 30 June 2009	496	376	+31.9%	

At constant rates of exchange:

- Brazil, Mexico & Argentina (8% of the Group) higher by 75% in Q2 (27% higher than Q1 2010)
- USA & Canada (5% of the Group) higher by 53% in Q2 (18% higher than Q1 2010)

In the Americas, representing 13% of Group gross profit, second quarter gross profit was £14.6m, an increase of 87.9% (65.6%*) over the £7.8m recorded in the second quarter of 2009. Sequentially, the Americas grew by £3.4m, an increase of 30.7% (23.8%*) over the £11.2m recorded in the first quarter of 2010. First half gross profit was £25.8m, an increase of 54.0% (39.8%*) over the £16.8m recorded in the first half of 2009.

In Latin America, we have grown strongly, with gross profit increasing year-on-year by 75%* and sequentially by 27% with particularly strong growth in Brazil, the largest of our Latin American businesses. In North America, market conditions remain tough, but continue to improve, with gross profit growing year-on-year by 53% and sequentially by 18%*.

Headcount across the region grew by 52 (11.7%) to 496, with the majority of the additions in Latin America, particularly in Brazil.

Update on VAT reclaim

During the quarter an agreement was signed with HMRC for MPI to retain £28.5m (net of fees) in respect of reclaimed VAT and interest thereon. As a result, the Group returned to HMRC approximately £12m of the £50m it originally received in 2009. The reclaimed VAT and interest thereon will be recorded as non-recurring income totalling £28.5m in the Group's 2010 income statement. There has been no further progress on the amended claims for a further refund of VAT and related interest.

Share purchases

During the first half, the Group's Employee Benefit Trust purchased 15.0m shares at an average cost of 411.7p per share, totalling £61.8m. These shares have been purchased to satisfy the Group's share plan arrangements and until they are beneficially awarded to staff, will not receive dividends nor count in basic earnings per share calculations.

Financial Position

Save for the effects of trading in the second quarter, the 2009 final dividend payment of £16.1m, the position with respect to the VAT reclaim and share purchases described above, there have been no other significant changes in the financial position of the Group since the publication of the results for the year ended 31 December 2009.

The Group's net cash position at 30 June 2010 was in the region of £63m.

At 30 June 2010, there were 324.1m shares in issue, of which 15.1m are held by the Employee Benefit Trust. Accordingly 309.0m shares receive dividends and hold voting rights.

The Group will publish its half year results for the six months ended 30 June 2010 on 16 August 2010.

Cautionary statement

This Second Quarter 2010 Trading Statement has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Trading Statement should not be relied on by any other party or for any other purpose. This Trading Statement contains certain forward-looking statements. These statements are made by the directors in good faith, based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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