

Michael Page

INTERNATIONAL

14 August 2001

Interim Results for the Six Months Ended 30 June 2001

Michael Page International plc ("Michael Page") announces its interim results for the six months ended 30 June 2001. As explained in Note 1 to the Financial Statements, proforma figures have been prepared to reflect the operating results of the Michael Page businesses for the full six month period.

PROFORMA RESULTS SUMMARY	6 months ended 30 June 2001	6 months ended 30 June 2000	Change %
Turnover	£242.7m	£203.4m	+19.3
Revenue (gross profit)	£135.6m	£115.0m	+17.9
Operating profit*	£42.1m	£42.5m-	-1.0
Profit before tax*	£38.3m	£34.7m-	+10.5
Basic earnings per share	5.6p	5.3p	+5.7
Adjusted earnings per share*	6.7p	5.3p	+26.4

* Before exceptional items

- Pre Spherion bonuses

Key points

- ◆ Flotation on London Stock Exchange in March 2001
- ◆ Strong revenue growth in UK and Continental Europe
- ◆ Weakening demand in all permanent recruitment markets towards end of second quarter led to reduction in rate of revenue growth
- ◆ Page Interim continues strong growth in temporary business in France
- ◆ New office in Tokyo opened on schedule in June 2001
- ◆ Strong operational cash flows

Commenting on the interim results, Lord Wakeham, Chairman of Michael Page, said:

"The uncertain economic outlook in most of the markets and segments in which we operate make it particularly difficult to forecast business levels into the second half of 2001. Despite this, we believe that, with the strength of the Michael Page brand, its experienced management team and the geographical and sectoral diversity of our business, we are well equipped to meet the challenges of these difficult conditions. We are continuing to invest in businesses with long term growth potential which will allow us to take full commercial advantage when more favourable market conditions return."

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CHAIRMAN'S STATEMENT

This is my first report since your company's flotation at the end of March 2001. We have prepared proforma figures to reflect the operating results of the Michael Page businesses for the full six month period and these proforma figures are referred to in my statement. As explained in Note 1 to the Financial Statements, a pre-flotation reorganisation was completed at the end of February 2001 and this is reflected in the company's statutory financial reporting. Consequently the statutory results are not representative of the full period's results of the Michael Page businesses which were floated. The flotation prospectus gave details of a Restricted Share Scheme to be put in place on flotation and on which an exceptional charge of £7.0m was anticipated for National Insurance and social security charges. This is now estimated at £6.0m and has been taken as an exceptional charge in the six months results.

Turnover for the six months ended 30 June 2001 grew 19.3% to £242.7m (2000: £203.4m). As a result of investment in new offices and hiring of additional consultants, together with their associated infrastructure costs in the latter half of 2000, operating profit before exceptional items was marginally lower at £42.1m (2000: £42.5m pre Spherion bonuses). Profit before tax for the six months ended 30 June 2001 was £38.3m (2000: £34.7m pre Spherion bonuses).

Towards the end of the second quarter of 2001, the difficult trading conditions first experienced in the USA and Australia extended to the UK, Continental Europe and elsewhere. The Group's results for the six months ended 30 June 2001 reflect these more challenging conditions. The results also reflect strong growth in the temporary business in the UK and Continental Europe with the first half permanent/temporary revenue mix being 77/23 compared to 80/20 in the first half of 2000.

UNITED KINGDOM

Turnover of the UK operations advanced 18.8% to £127.4m (2000: £107.2m) and operating profit, before exceptional items, increased 1.5% to £20.2m (2000: £19.9m pre Spherion bonuses). We opened several new offices in the UK and continued to expand existing businesses into a number of new locations. In addition, we established Michael Page Engineering at the start of the year.

Despite the reduced level of recruitment activity in financial services, our finance and accountancy businesses produced good revenue growth. Our sales, legal, retail and human resources businesses also achieved significantly increased revenues. However, our marketing business was particularly affected by the weakness in the Telecoms and IT sectors.

CONTINENTAL EUROPE

Our operations in Continental Europe produced an excellent performance growing turnover by 30.0% to £84.7m (2000: £65.2m) and operating profit before exceptional items by 12.6% to £17.4m (2000: £15.4m pre Spherion bonuses). However, towards the end of the second quarter our businesses in France, the Group's second largest geographic market, experienced a marked weakening in the permanent recruitment market but Page Interim, our temporary business, continues to produce strong growth. Your Board is confident that Continental Europe will present major growth opportunities in the coming years. In the first six months of 2001 new offices were opened in Rome, Geneva and Orleans.

ASIA PACIFIC

Despite weakening market conditions across the region, turnover for the first six months of 2001 was maintained at the same level as the first six months of 2000 at £27.7m, but operating profit, before exceptional items, fell to £4.1m (2000: £6.1m pre Spherion bonuses). These results reflect the downturn in the Telecoms and IT sectors, with our business in Hong Kong being particularly impacted by the slowdown in financial services.

Our office in Tokyo opened on schedule in June 2001 and whilst requiring considerable initial investment we are confident that Japan will provide excellent longer term opportunities.

THE AMERICAS

In the Americas, turnover declined by 11.0% to £2.9m (2000: £3.3m) and our operating profit before exceptional items reduced to £0.4m (2000: £1.1m pre Spherion bonuses) reflecting a particularly difficult period for our New York business. Our South American business in Sao Paulo, Brazil is now firmly established with an increasing revenue stream and produced a small operating profit in the first six months of 2001.

INTEREST, CASH FLOW AND BORROWINGS

In the first six months of 2001 the net interest charge was £3.8m (2000: £7.8m). The reduced interest charge reflects the change in the Group's capital structure prior to the flotation. At 31 December 2000 the Group had net debt of £204.0m (including amounts due to Spherion Corporation) which was reduced on flotation by way of a capital contribution of £168m from Spherion Corporation. As a result of the Group's strong operational cash flows, net debt at 30 June 2001 was £12.7m. This includes £10m of borrowings to finance the purchase of the company's own shares on flotation to hedge against the National Insurance and social security charges arising on the restricted and share option schemes.

EARNINGS PER SHARE AND DIVIDEND

Proforma earnings per share were 5.6p (2000: 5.3p) and adjusted earnings per share before exceptional items were 6.7p (2000: 5.3p) reflecting the lower interest charge and the cessation of the Spherion bonus scheme in 2001.

In accordance with the guidance set out in our flotation prospectus, an interim dividend of 0.275p per share will be paid on 19 October 2001 to shareholders on the register at 21 September 2001. This interim payment represents a maintained position with the level of notional 2000 dividend indicated in the prospectus.

CURRENT TRADING AND FUTURE PROSPECTS

Our July results showed 7% revenue growth over July 2000, however we continue to operate in challenging market conditions. The uncertain economic outlook in most of the markets and segments in which we operate make it particularly difficult to forecast business levels into the second half of 2001. Despite this, we believe that, with the strength of the Michael Page brand, its experienced management team and the geographical and sectoral diversity of our business, we are well equipped to meet the challenges of these difficult conditions. We are continuing to invest in businesses with long term growth potential which will allow us to take full commercial advantage when more favourable market conditions return.

John Wakeham
14 August 2001

MICHAEL PAGE INTERNATIONAL PLC

Unaudited Proforma Consolidated Profit and Loss Account for the six months ended 30 June 2001

Six months ended 30 June						
	Notes	Before Exceptional Items 2001 £'000	Exceptional Items 2001 (Note 3)	After Exceptional Items 2001 £'000	Six Months Ended 30 June 2000 £'000	Year Ended 31 December 2000 £'000
Turnover	2	242,718	-	242,718	203,421	426,886
Cost of sales		(107,125)	-	(107,125)	(88,407)	(187,222)
Gross profit	2	135,593	-	135,593	115,014	239,664
Administrative expenses						
- Spherion bonuses		-	-	-	(4,380)	(9,075)
- Other administrative expenses		(93,502)	(6,000)	(99,502)	(72,488)	(157,210)
Total administrative expenses		(93,502)	(6,000)	(99,502)	(76,868)	(166,285)
Operating profit		42,091	(6,000)	36,091	38,146	73,379
Net interest payable and similar charges		(3,778)	-	(3,778)	(7,840)	(15,377)
Profit on ordinary activities before taxation	2	38,313	(6,000)	32,313	30,306	58,002
Taxation	4	(13,333)	1,800	(11,533)	(10,313)	(20,766)
Profit on ordinary activities after taxation		24,980	(4,200)	20,780	19,993	37,236
Equity minority interest		-	-	-	(197)	(197)
Profit for the financial period		24,980	(4,200)	20,780	19,796	37,039
Equity dividends		(1,016)	-	(1,016)	-	-
Retained profit for the financial period		23,964	(4,200)	19,764	19,796	37,039
Basic earnings per share (pence)	5			5.6	5.3	9.9
Diluted earnings per share (pence)	5			5.6	5.3	9.9
Adjusted earnings per share (pence)	5			6.7	5.3	9.9

Proforma statement of total recognised gains and losses

Profit for the financial period	20,780	19,796	37,039
Foreign currency translation differences	(1,453)	260	371
Total recognised gains and losses for the period	19,327	20,056	37,410

MICHAEL PAGE INTERNATIONAL PLC

Notes to the unaudited proforma financial information

1. Proforma financial information

The proforma financial information for the 6 months ended 30 June 2001 has been prepared using consistent accounting policies used in the preparation of the statutory information except that they have been prepared to reflect the combined financial information of Michael Page International Inc and MP International Pte Limited (MPI USA and MPI Singapore) which were transferred to the Group by Spherion Corporation, (the Group's previous ultimate parent company) on 27 February 2001 and which have been included as they were commonly controlled and managed by the Group prior to that date (see note 8 of the statutory accounts), and excluding the results of Plusbox Limited and its subsidiaries which were transferred to Spherion Corporation on 27 February 2001 as they were not commonly controlled or managed by the Group prior to that date (see note 9 of the statutory accounts).

The statutory profit after taxation and exceptional items is reconciled to the proforma basis as follows:

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Profit after taxation and exceptional items			
Per statutory financial information	29,084	19,174	37,205
Results of MPI USA and MPI Singapore	105	814	832
Results of Plusbox Limited	8	5	(801)
Profit on disposal of Plusbox Limited	(8,417)	-	-
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Per proforma financial information	20,780	19,993	37,236
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2. Segmental analysis

(a) Turnover

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Turnover by geographic region			
UK	127,370	107,235	224,469
Continental Europe	84,743	65,204	137,862
Asia Pacific:			
Australia	22,802	23,295	47,999
Other	4,902	4,428	9,570
Americas	2,901	3,259	6,986
	-----	-----	-----
Total turnover	242,718	203,421	426,886
	-----	-----	-----
	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Turnover by discipline			
Finance and Accounting	175,905	149,528	311,963
Marketing and Sales	37,894	30,646	65,995
Other	28,919	23,247	48,928
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Total turnover	242,718	203,421	426,886
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Notes to the unaudited proforma financial information (continued)

2. Segmental analysis (continued)

(b) Gross profit

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Gross profit by geographic region			
UK	66,706	57,275	118,022
Continental Europe	52,709	41,654	87,355
Asia Pacific:			
Australia	9,405	9,877	20,503
Other	4,280	3,778	8,262
Americas	2,493	2,430	5,522
	<hr/>	<hr/>	<hr/>
Total gross profit	135,593	115,014	239,664
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Gross profit by discipline			
Finance and Accounting	87,351	76,361	158,520
Marketing and Sales	29,358	23,794	49,799
Other	18,884	14,859	31,345
	<hr/>	<hr/>	<hr/>
Total gross profit	135,593	115,014	239,664
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(c) Profit on ordinary activities before taxation

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Profit before interest, taxation, exceptional items and Spherion bonus by geographic region			
UK	20,219	19,930	39,765
Continental Europe	17,369	15,425	29,676
Asia Pacific:			
Australia	3,129	4,369	8,363
Other	962	1,741	3,141
Americas	412	1,061	1,509
	<hr/>	<hr/>	<hr/>
Profit before interest, taxation, exceptional items and Spherion bonus	42,091	42,526	82,454
	<hr/>	<hr/>	<hr/>
Exceptional items (note 3)	(6,000)	-	-
Spherion bonus	-	(4,380)	(9,075)
	<hr/>	<hr/>	<hr/>
Profit before interest and taxation	36,091	38,146	73,379
Net interest	(3,778)	(7,840)	(15,377)
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Profit on ordinary activities before taxation	32,313	30,306	58,002
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Notes to the unaudited proforma financial information (continued)

3. Exceptional items

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
National Insurance and Social Security liabilities on Restricted Share Scheme	6,000	-	-
	=====	=====	=====

Bonuses paid by the Group's previous parent company, Spherion Corporation, historically formed part of the remuneration of the Group's senior executives. On flotation this arrangement ceased and as compensation Spherion granted Restricted Shares to certain senior executives. The Restricted Shares represent 6% of the issued ordinary shares of the Group owned by Spherion prior to flotation. The grant of Restricted Shares gives rise to National Insurance and Social Security liabilities amounting to £6.0m based on the flotation price of 175p. These liabilities are expected to be payable in March 2004 when the shares vest to those senior executives.

4. Taxation

The charge for taxation is based on the expected annual tax rate of 34.8% on proforma profit before taxation and exceptional items.

5. Earnings per share

Earnings per share have been calculated on the following:

	Basic EPS £'000	Exceptional Items £'000	Adjusted EPS £'000
Six months ended 30 June 2001			
Profit after taxation	20,780	4,200	24,980
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Average shares (number '000)	372,127	-	372,127
Six months ended 30 June 2000			
Profit after taxation and equity minority interests	19,796	-	19,796
	-----	-----	-----
Average shares (number '000)	375,000	-	375,000
	-----	-----	-----
Year ended 31 December 2000			
Profit after taxation and equity minority interests	37,039	-	37,039
	-----	-----	-----
Average shares (number '000)	375,000	-	375,000
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There is no dilutive effect of unexercised share options.

6. Number of employees

	As at 30 June 2001	As at 30 June 2000	As at 31 December 2000
Total employees	2,929	2,187	2,666
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MICHAEL PAGE INTERNATIONAL PLC

Unaudited Statutory Consolidated Profit and Loss Account for the six months ended 30 June 2001

		<u>Six months ended 30 June</u>			Six Months	Year
		Before	Exceptional	After	Ended	Ended
		Exceptional	Items	Exceptional	30 June	31 December
		Items	2001	Items	2000	2000
Notes		2001	(Note 3)	2001	£'000	£'000
		£'000		£'000		
Turnover						
		239,351	-	239,351	199,287	418,422
		2,141	-	2,141	-	-
		5,753	-	5,753	16,666	39,643
Turnover	2	247,245	-	247,245	215,953	458,065
Cost of sales		(110,786)	-	(110,786)	(98,148)	(211,736)
Gross profit		136,459	-	136,459	117,805	246,329
Administrative expenses						
		-	-	-	(4,380)	(9,075)
		(94,425)	(6,000)	(100,425)	(75,969)	(163,152)
Total administrative expenses		(94,425)	(6,000)	(100,425)	(80,349)	(172,227)
Operating profit						
		41,535	(6,000)	35,535	36,926	72,108
		395	-	395	-	-
		104	-	104	530	1,994
Operating profit		42,034	(6,000)	36,034	37,456	74,102
Profit on disposal of subsidiary	9	-	8,417	8,417	-	-
Profit on ordinary activities before interest	2	42,034	2,417	44,451	37,456	74,102
Net interest payable and similar charges		(3,820)	-	(3,820)	(7,888)	(15,566)
Profit on ordinary activities before taxation		38,214	2,417	40,631	29,568	58,536
Taxation	4	(13,347)	1,800	(11,547)	(10,394)	(21,331)
Profit on ordinary activities after taxation		24,867	4,217	29,084	19,174	37,205
Equity minority interest		-	-	-	(197)	(197)
Profit for the financial period		24,867	4,217	29,084	18,977	37,008
Equity dividends	5	(1,016)	-	(1,016)	-	-
Retained profit for the financial period		23,851	4,217	28,068	18,977	37,008
Basic earnings per share (pence) 6 7.8 5.1 9.9						
Diluted earnings per share (pence) 6 7.8 5.1 9.9						
Adjusted earnings per share (pence) 6 6.7 5.1 9.9						

MICHAEL PAGE INTERNATIONAL PLC

Unaudited Consolidated Balance Sheet at 30 June 2001

	Notes	30 June 2001 £'000	30 June 2000 £'000	31 December 2000 £'000
Fixed assets				
Intangible assets		1,784	22,338	22,096
Tangible assets		28,527	21,654	25,659
Investments in own shares	7	10,000	-	-
		<hr/>	<hr/>	<hr/>
		40,311	43,992	47,755
Current assets				
Debtors		101,420	98,301	103,651
Cash at bank and in hand		11,229	15,429	17,035
		<hr/>	<hr/>	<hr/>
		112,649	113,730	120,686
Creditors: amounts falling due within one year		(72,941)	(155,992)	(163,313)
		<hr/>	<hr/>	<hr/>
Net current assets / (liabilities)		39,708	(42,262)	(42,627)
		<hr/>	<hr/>	<hr/>
Total assets less current liabilities		80,019	1,730	5,128
		<hr/>	<hr/>	<hr/>
Creditors: amounts falling due after more than one year		(18,000)	(158,500)	(142,000)
		<hr/>	<hr/>	<hr/>
Provisions for liabilities and charges	10	(6,056)	-	(1,757)
		<hr/>	<hr/>	<hr/>
Net assets / (liabilities)	2	55,963	(156,770)	(138,629)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves				
Called up share capital		3,750	50	50
Capital contribution reserve		306,487	142,187	142,187
Profit and loss account		(254,274)	(299,007)	(280,866)
		<hr/>	<hr/>	<hr/>
Equity shareholders' funds / (deficit)	11	55,963	(156,770)	(138,629)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Unaudited Consolidated Cash Flow Statement for the six months ended 30 June 2001

	Notes	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Net cash inflow from operating activities excluding Spherion Bonus	12	40,943	34,068	77,578
Net cash outflow from Spherion Bonus		(9,075)	(7,731)	(7,731)
Net cash inflow from operating activities		31,868	26,337	69,847
Returns on investment and servicing of finance		(3,788)	(5,894)	(11,506)
Taxation paid		(6,389)	(3,490)	(15,992)
Purchase of own shares	7	(10,000)	-	-
Net capital expenditure		(6,860)	(4,080)	(11,124)
Acquisitions and disposals		814	(2,179)	(2,179)
Net cash inflow before financing		5,645	10,694	29,046
Financing				
Repayment of loan notes		(464)	-	(539)
Capital contribution		168,000	-	-
(Repayment) / advances of amounts owed to / by group undertakings		(51,543)	1,034	(1,378)
Decrease in bank loans		(124,000)	(3,000)	(19,500)
Net cash inflow from financing		(8,007)	(1,966)	(21,417)
(Decrease) / increase in cash in the year	13, 14	(2,362)	8,728	7,629

Included within the repayment of amounts owed to group undertakings is the net consideration from the Spherion Group of £7.4m for the disposal of Plusbox Limited and its subsidiaries.

Statement of total recognised gains and losses

	Notes	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Profit for the financial period		29,084	18,977	37,008
Foreign currency translation differences		(1,476)	319	429
Total recognised gains and losses for the period		27,608	19,296	37,437

MICHAEL PAGE INTERNATIONAL PLC

Notes to the unaudited financial information

1. Basis of accounting

The consolidated interim financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting and financial reporting standards. The accounting policies are the same as those set out in the financial statements of the Group for the year ended 31 December 2000.

The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 13. The comparative figures for the year ended 31 December 2000 have been extracted from the Group's financial statements which have been delivered to the Registrar of Companies. The auditors' report on those statements was unqualified and did not include a statement under Section 237(2) or (3) of the Companies Act 1985.

Prior to flotation the Group underwent a reorganisation. On 27 February 2001 Michael Page International Inc and MP International Pte Limited were transferred to the Group by Spherion Corporation, the Group's previous ultimate parent company. On 28 February 2001, Plusbox Limited and its subsidiaries were transferred from the Group to Spherion Corporation.

The proforma financial information has been prepared to show the results of the Group that would have arisen had the new structure been in place for the reported periods and are indicative of the business going forward after flotation.

2. Segmental analysis

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
(a) Turnover by geographic region			
UK			
- continuing operations	127,370	107,235	224,469
- discontinued operations	5,753	16,666	39,643
	133,123	123,901	264,112
Continental Europe – continuing operations	84,743	65,204	137,897
Asia Pacific			
- continuing operations – Australia	22,802	23,295	47,999
- continuing operations – Other	3,696	3,553	7,665
- acquisitions – Other	849	-	-
	27,347	26,848	55,664
Americas			
- continuing operations	740	-	392
- acquisitions	1,292	-	-
	2,032	-	392
	247,245	215,953	458,065
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Notes to the unaudited financial information (continued)

2. Segmental analysis (continued)

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
(b) Profit before interest, taxation, exceptional items and Spherion bonus by geographic region			
UK			
- continuing operations	20,322	20,059	39,767
- discontinued operations	104	530	1,994
	20,426	20,589	41,761
Continental Europe – continuing operations	17,369	15,425	29,676
Asia Pacific			
- continuing operations – Australia	3,129	4,369	8,363
- continuing operations – Other	571	1,469	3,155
- acquisitions – Other	13	-	-
	3,713	5,838	11,518
Americas			
- continuing operations	144	(16)	222
- acquisitions	382	-	-
	526	(16)	222
Profit before interest, taxation, exceptional items and Spherion bonus	42,034	41,836	83,177
Exceptional items (note 3)	2,417	-	-
Spherion bonus	-	(4,380)	(9,075)
Profit before interest and taxation	44,451	37,456	74,102
Net interest	(3,820)	(7,888)	(15,566)
Profit on ordinary activities before taxation	40,631	29,568	58,536
	=====	=====	=====
	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
(c) Net assets / (liabilities) by geographic region			
UK			
- continuing operations	10,923	(188,352)	(174,926)
- discontinued operations	-	(1,815)	(1,009)
	10,923	(190,167)	(175,935)
Continental Europe – continuing operations	32,425	25,553	26,702
Asia Pacific			
- continuing operations – Australia	7,682	5,159	6,839
- continuing operations – Other	4,260	2,701	3,590
- acquisitions – Other	300	-	-
	12,242	7,860	10,429
Americas			
- continuing operations	338	(16)	175
- acquisitions	35	-	-
	373	(16)	175
	55,963	(156,770)	(138,629)
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Notes to the unaudited financial information (continued)

3. Exceptional items

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
National Insurance and Social Security liabilities on Restricted Share Scheme	(6,000)	-	-
Profit on disposal of Plusbox Limited (Note 9)	8,417	-	-
	2,417	-	-
	2,417	-	-

Restricted Share Scheme

Spherion bonuses historically formed part of the remuneration of the Group's senior executives. On flotation this arrangement ceased and as compensation Spherion granted Restricted Shares to certain senior executives. The Restricted Shares represent 6% of the issued ordinary shares of the Group owned by Spherion prior to flotation. The grant of Restricted Shares gives rise to National Insurance and Social Security liabilities amounting to £6.0m based on the flotation price of 175p. These liabilities are expected to be payable in March 2004 when the shares vest to those senior executives.

4. Taxation

The charge for taxation is based on the expected annual tax rate of 34.9% on profit before taxation and exceptional items.

5. Dividends

An interim dividend of 0.275 pence (30 June 2000: Nil pence) per ordinary share will be paid on 19 October 2001 to shareholders on the register at the close of business on 21 September 2001.

6. Earnings per share

Earnings per share have been calculated on the following:

	Basic EPS £'000	Exceptional Items £'000	Adjusted EPS £'000
Six months ended 30 June 2001			
Profit after taxation	29,084	(4,217)	24,867
	372,127	-	372,127
	372,127	-	372,127
Six months ended 30 June 2000			
Profit after taxation and equity minority interests	18,977	-	18,977
	375,000	-	375,000
	375,000	-	375,000
Year ended 31 December 2000			
Profit after taxation and equity minority interests	37,008	-	37,008
	375,000	-	375,000
	375,000	-	375,000

There is no dilutive effect of unexercised share options.

MICHAEL PAGE INTERNATIONAL PLC

Notes to the unaudited financial information (continued)

7. Investments in own shares

5,714,286 ordinary shares were acquired by the Employee Benefit Trust on flotation at a cost of £10.0m as a hedge against National Insurance and social security liabilities payable in respect of the Restricted Share Scheme and the Executive Share Option Scheme.

8. Purchase of subsidiary undertakings

As a result of the reorganisation prior to flotation, on 27 February 2001 the Group acquired the entire issued share capital of Michael Page International Inc and MP International Pte Limited from fellow subsidiaries of Spherion Corporation. The goodwill arising of £307,000 is being amortised over 20 years.

9. Disposal of subsidiary undertakings

As a result of the restructuring prior to flotation, on 28 February 2001 the Group disposed of its 100% investment in Plusbox Ltd and its subsidiaries, including Spherion UK plc (formerly Crone Corkill Group plc), for a net consideration of £7.4m to a fellow subsidiary of Spherion Corporation resulting in a profit on disposal of £8.4m. Included in the net assets disposed of was £20.4m of goodwill associated with the original acquisition of the Crone Corkill Group.

10. Provisions for liabilities and charges

	30 June 2001 £'000	30 June 2000 £'000	31 December 2000 £'000
National Insurance and social security liabilities on Restricted Share Scheme (note 3)	6,000	-	-
Deferred taxation	56	-	1,757
	<hr/>	<hr/>	<hr/>
	6,056	-	1,757
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. Reconciliation of movements in shareholders funds

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Profit for the financial period	29,084	18,977	37,008
Dividends	(1,016)	-	-
	<hr/>	<hr/>	<hr/>
Retained profit for the financial period	28,068	18,977	37,008
Foreign currency translation differences	(1,476)	319	429
	<hr/>	<hr/>	<hr/>
	26,592	19,296	37,437
Capital contribution	168,000	-	-
Opening shareholders' funds	(138,629)	(176,066)	(176,066)
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	55,963	(156,770)	(138,629)
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MICHAEL PAGE INTERNATIONAL PLC

Notes to the unaudited financial information (continued)

12. Reconciliation of operating profit to net cash inflow from operating activities

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
Operating profit	36,034	37,456	74,102
Depreciation and amortisation charges	3,566	3,141	6,914
Profit on sale of fixed assets	(5)	(29)	(27)
Increase in debtors	(3,427)	(25,167)	(35,536)
Increase in creditors	4,775	18,667	32,125
	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	40,943	34,068	77,578
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. Reconciliation of net cash flow to movement in net debt

	Six months ended June 2001 £'000	Six months Ended June 2000 £'000	Year ended December 2000 £'000
(Decrease) / increase in cash in the period	(2,362)	8,728	7,629
Decrease in debt financing	124,464	3,000	20,039
Foreign exchange movements	(778)	218	257
	<hr/>	<hr/>	<hr/>
Movements in net cash in period	121,324	11,946	27,925
Opening net debt	(133,998)	(161,923)	(161,923)
	<hr/>	<hr/>	<hr/>
Closing net debt	(12,674)	(149,977)	(133,998)
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14. Analysis of net debt for the period ended 30 June 2001

	At 31 December 2000 £'000	Cash Flow £'000	Foreign Exchange Movements £'000	At 30 June 2001 £'000
Cash at bank and in hand	17,035	(5,028)	(778)	11,229
Bank overdrafts	(2,666)	2,666	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14,369	(2,362)	(778)	11,229
Loan notes due within one year	(6,367)	464	-	(5,903)
Bank loans due after more than one year	(142,000)	124,000	-	(18,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	(133,998)	122,102	(778)	(12,674)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. Nature of financial information

The interim financial statements were approved by a committee of the Board of Directors on 14 August 2001. Copies of this statement of interim results are available from the Company's Registrar - Capita IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, at the Company's registered office - Page House, 39 - 41 Parker Street, London WC2B 5LN, and on the Company's website - www.michaelpage.com.

Independent review report to Michael Page International Plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2001 which comprises the proforma profit and loss account, the statutory profit and loss account, the proforma statement of total recognised gains and losses, the related notes to the proforma financial information 1 to 6, and the related notes to the statutory financial information 1 to 15. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

Deloitte & Touche
Chartered Accountants
14 August 2001

Notes:

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.