

**HARVEY
NASH**

The Power of Talent



HARVEY NASH GROUP PLC
INTERIM REPORT 2008



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At a Glance

Harvey Nash, the Global Professional Recruitment and Outsourcing consultancy, is committed to delivering the very best talent and business solutions to a broad base of international clients.

With over 4,000 professionals worldwide, the Group is a trusted adviser to many of the world's leading businesses, governments and institutions. We operate from 35 offices covering the USA, Europe and Asia.

Our talented people pursue the highest levels of integrity and quality in providing Harvey Nash's unique portfolio of services.

Executive Leadership Services

Executive Search and Strategic Leadership Consulting

We support multinational organisations and smaller niche companies to attract, recruit and retain outstanding executives and senior management talent through a specialist search approach and strategic leadership consultancy services. The business has a broad-based capability in all key sectors.

Interim Management

Through our market-leading Interim Management consultancy 'Impact Executives', we provide our clients with highly experienced executives across a broad range of sectors and functions.

Professional Recruitment

IT Recruitment

Our market-leading IT recruitment business provides clients with highly skilled IT specialists for contract and permanent roles, and the very best executive talent for board-level and senior IT appointments. By combining the power of the Harvey Nash brand with our industry and technical expertise, we provide clients with a high-quality recruitment service.

Finance Recruitment

We provide qualified, talented finance professionals on a flexible and permanent basis. Our recruiters use their experience and the collective Harvey Nash industry knowledge to help find the very best candidates for our clients.

Outsourcing

Offshore Software Services

We provide application development, third-party software maintenance and outsourced software services to our clients across the world. Through our software development centre in Vietnam, we deliver a unique blend of high-value offshore and onshore services.

IT Systems Management

Our competency centre provides professional management of mainframe platforms, including performance evaluation, data migration, system changes and support services.

Workforce Risk Management

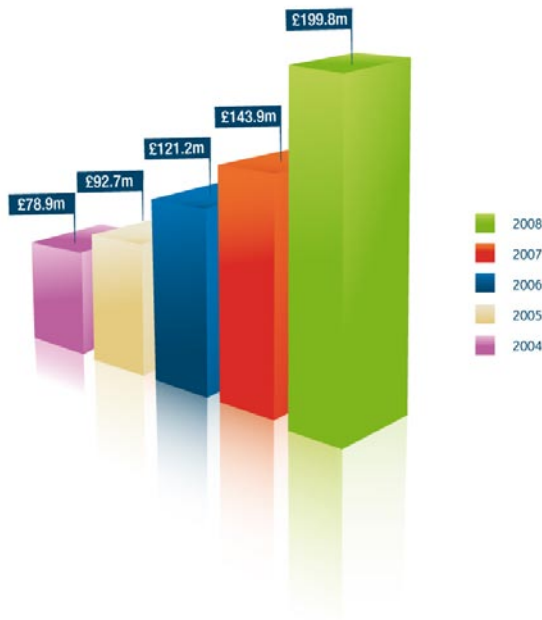
Our risk management consultants provide expert legal, financial and administrative consultancy in the area of flexible labour and professional skilled migrants.

Managed Services

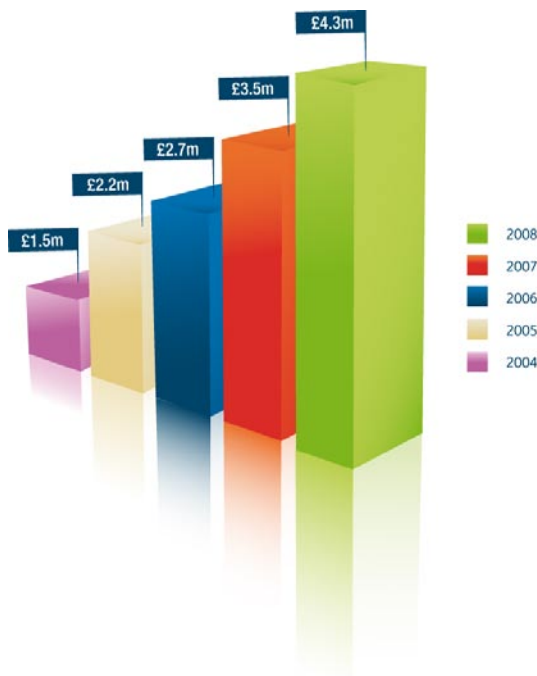
We take responsibility for the full management of critical IT infrastructure functions, such as data centre operations, help desk services and network administration.

Highlights

Revenue



Operating Profit



- Strong revenue growth at 39%
- Profit before tax up 25%
- Net cash position of £1.6m (2007: net borrowings £2.4m)
- Interim dividend increased by 14% to 0.8p per share

Revenue

↑ **39%**

31 July 2008 £199.8m
31 July 2007 £143.9m

Operating Profit

↑ **22%**

31 July 2008 £4.3m
31 July 2007 £3.5m

Profit Before Tax

↑ **25%**

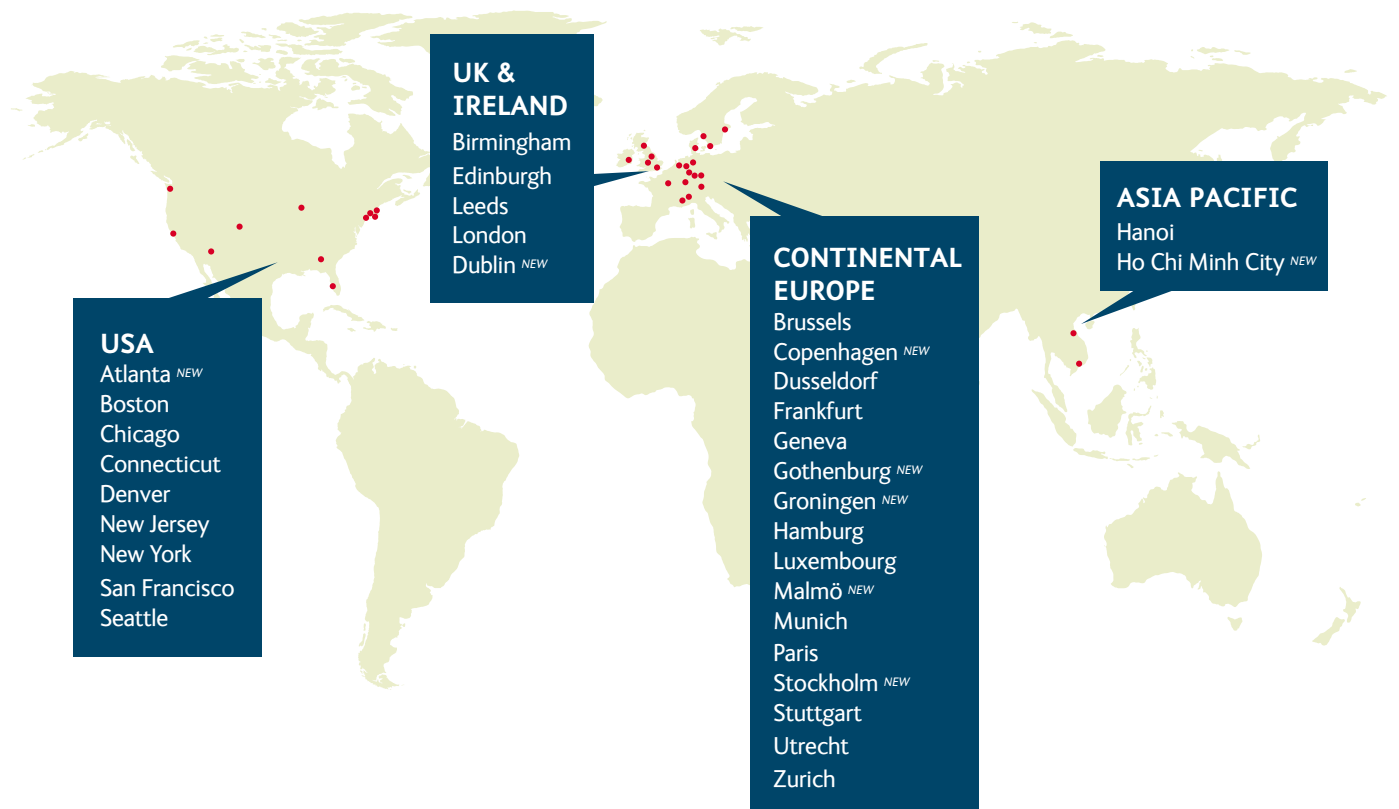
31 July 2008 £3.9m
31 July 2007 £3.1m

Operating Cash Flow

↑ **20%**

31 July 2008 £4.8m
31 July 2007 £4.0m

Our Global Footprint





Ian Kirkpatrick
Ian Kirkpatrick
Chairman

“ Our strong brand and long-term relationships are providing critical visibility to the business ”

CHAIRMAN'S STATEMENT

The Group has performed well overall despite the economic environment and we are pleased with the robust revenue and profit growth achieved in all of our core markets. Strong progress has been made in Europe and the UK, where our recent acquisitions are on track. In the USA, we are particularly pleased with our growth over the last six months. Financial results for the six months ended 31 July 2008 reflect another excellent performance in both revenue and profit and the balance sheet has been further strengthened.

Increased client demand for outsourcing is driving growth in the Group's strategic IT outsourcing and offshore services business. Recruitment market conditions have been slightly more mixed, with demand for executive search strong while contingent permanent revenue is more subdued, mainly in the Financial Services sector. Demand for freelance IT professionals has improved in the USA over the period and is stable in the UK and Europe.

All of the Group's recent acquisitions are on track to complete their first year earn-out targets successfully. Integration is also progressing well and cross selling synergies are being realised.

Critical mass increased year on year with average fee-earner headcount increasing by 12%. Headcount peaked in October 2007 but has reduced by 3% since that time. As stated in our preliminary results statement in April 2008, our focus is on achieving additional productivity gains and maintaining tight control of working capital and costs.

Financial Results

The Group's revenue for the six months ended 31 July 2008 increased by 39% to £199.8m (2007: £143.9m). Net fee income accelerated by 24% (2007:17%) to £33.3m (2007: £27.0m), mainly due to the change in mix of services.

Operating profit increased by 22% (2007: 12%) to £4.3m (2007: £3.5m) and profit before tax increased by 25% to £3.9m (2007: £3.1m). The tax charge for the period was £1.1m (2007: £1.0m) and the tax rate was 28.5% (2007: 30.8%).

Basic earnings per share increased by 15% (2007:15%) to 3.59p (2007: 3.13p). The weighted average number of shares in the period increased to 77.4m (2007: 68.4m) being the effect of the share based financing of the acquisition of Alumni AB in the comparative period. On a like-for-like basis, earnings per share increased by 21%.

Balance Sheet

The balance sheet has been strengthened over the period as net assets increased by 18% to £50.4m (2007: £42.7m) with net tangible asset value (excluding goodwill and intangibles) increasing by 41%.

In accordance with the rules dealing with the recognition of acquired intangible assets separately from goodwill, £1m has been recognised in respect of the market-leading Alumni brand from the acquisition in Sweden.

Movements in deferred income tax asset are mainly due to deferred tax on share options, holiday accruals and interest. The contingent consideration of £2.8m represents estimates of potential future payments for the acquisition of Alumni AB and TechDiscovery LLP.

Total receivables were 45% higher than at 31 July 2007 mainly as a result of the 39% increase in turnover and the acquisitions in the USA and Ireland. Working capital continues to be tightly managed and debtor days were 45 compared to 44 last year, an excellent result given the record increase in turnover and current economic environment.

Cash

Despite the 39% increase in turnover, the Group reported a strong increase in cash of £4.0m since 31 July 2007, with a net cash position of £1.6m (2007: net borrowings £2.4m). As expected, with a higher proportion of growth coming from the longer term contract base, working capital growth has absorbed cash since 31 January 2008 resulting in short term working capital movements generating a net interest cost.

The Group repaid early all of its long term debt in the year to 31 January 2008. The Group's working capital facilities have been increased to circa £28m, which allows sufficient headroom for growth.

Strategy

The Group has pursued a strategy of investing for growth while managing the business in a way which provides stability over the longer term.

Firstly, we have focused on growing the blue-chip client base ensuring that no individual client represents more than 5% of the Group's net fee income. Larger, globalised groups are more consistent purchasers of recruitment and outsourcing services than small to medium sized enterprises. The Group has increased investment in these relationships over recent years with a view to maintaining high levels of repeat business going forward.

Secondly, we have diversified into energy, utilities and the public sector. In the UK, our fastest growth area has been the senior public sector recruitment sector, consolidating our status as a top tier supplier in that market.

Thirdly, in a more uncertain economic environment, there is always a flight to quality which benefits strong leading brands. In the UK and mainland Europe, our brand is recognised as a market leader by clients and candidates. In Scandinavia, Harvey Nash Alumni is the number one executive recruitment and leadership brand. In Asia we are working with blue-chip clients as well as the government of Vietnam, to develop the country's technology expertise and leverage its value across the world.

Finally, the unique Harvey Nash portfolio of services has been a major factor in the current success. As demand for permanent

staff has slowed, increased demand for contractors, particularly in the USA, and interim management in the UK, reflects our clients' increasingly defensive hiring intentions. With our offshore and business process outsourcing offering in Vietnam, we are able to align our interests with clients wishing to rapidly reduce development and processing costs. The mix of gross profit attributable to contractor, offshore and business process outsourcing is longer term in nature with increased visibility and comprises 57% of the total gross profit during the period.

Looking forward, we are confident that our proven strategy and long-term approach to relationships will provide critical visibility to the business in this difficult economic environment.

Operational Review

United Kingdom and Ireland

Revenue in the UK and Ireland has increased by 23% to £61.0m (2007: £49.6m) and operating profit increased by 12% to £2.0m (2007: £1.8m).

Demand for executive search and technology recruitment has been strong over the period under review and growth in net fee income has reflected this trend. Continued diversity has been a key focus with the opening of a second location in Leeds and expanding the Group's new office in Edinburgh.

In the technology market the Harvey Nash brand remains a market leader, with further investment being targeted through thought leadership and relationship building activities. The Group's key objective in this market is to leverage the existing strength of the brand as the current flight to quality by both candidates and clients increases in pace.

In addition, the UK business continues to invest and develop its market leading public sector practice which encompasses senior search, interim management and technology recruitment.

Investment banking sentiment has been in decline for some time as we reported in April. It remains to be seen how the latest developments on Wall Street and in London will affect demand. However, the Group has no material exposure to any of the high profile bank failures or the recent consolidation across the sector.

Continental Europe

Revenue in mainland Europe increased by 54% to £126.5m (2007: £82.4m) and operating profit increased by 35% to £1.9m (2007: £1.4m).

Demand for specialist professional recruitment has been strong in Europe. New areas of investment, such as in Scandinavia with the acquisition of Alumni AB, have seen significant demand particularly in the mid-market. Permanent revenue growth in Germany and Belgium is up over 80% year on year, with France up 177%. Switzerland's performance has been in line with the decline in demand from the Financial Services sector, but the

Netherlands has increased its profits by 72% mainly due to the success of its HR outsourcing model. In France, the Group increased its fee earning capacity driving revenue growth of 181%, resulting in a narrowing of the loss by 23% to £0.2m for the period.

United States

Revenue in the USA was 3% higher at £12.3m (2007: £12.0m), and operating profit growth 19% to £0.4m (2007: £0.3m).

We have focused on higher margin activities such as executive search, strategic IT consulting and offshore services during the slowdown and consequently the US business has reported growth in market share, revenues and profits during a far more challenging trading climate. We have invested in the California and Washington markets where we have built strong relationships with Fortune 1000 companies in the resilient technology and wireless telecoms sector. Latest data from researcher Forrester, indicate that these markets are expected to show growth.

In the comparable period last year, demand for permanent technology professionals was strong and the business experienced lower levels of demand for flexible IT professionals. This trend has reversed during the six months to July 2008, with an increased contract forward order book offsetting more subdued demand for technology recruitment. Executive search revenues remain stable.

Acquisitions

In May 2007, Harvey Nash completed the acquisition of Alumni AB in Sweden. The first earn-out target was successfully achieved and resulted in further consideration of £0.9m settled in cash in August 2008. In June 2007, the Group acquired the SilkRoad group based in Vietnam. This business has also achieved its first year targets although any further payments settled in shares are not material. In August 2007, the Group acquired 100% of the share capital of Rescon IT Limited in Ireland and an additional payment of £1.2m is now due as a result of the first year target being achieved. In November 2007, the Group acquired 56.6% of the share capital of TechDiscovery LLP and under the earn-out agreement an additional payment, currently estimated at £1.5m, has been accrued.

Cash flow

Operating cash flow before movements in working capital was up 20% to £4.8m (2007: £4.0m). The significant increase in turnover of 39% resulted in additional investment in working capital of £5.1m. Taxes paid represented £0.7m (2007: £0.4m), capital expenditure of £0.2m (2007: £0.3m) was incurred and net interest paid was steady at £0.4m (2007: £0.4m). Deferred payments on acquisition represented £0.3m compared to £1.2m in the prior year. Net cash of £1.6m compared to net borrowings of £2.4m in the prior year.

Dividends

The Group will pay an increased interim dividend of 0.8p per share (2007: 0.7p), which is up 14%, on 28 November 2008 to shareholders on the register at 10 October 2008.

Outlook

We are delighted with the performance of our US business, demonstrating strength and relative stability in the current market conditions, and we remain confident of further progress in our UK, European and Asian businesses.

The pipeline for the second half of the year is encouraging, and although visibility is low we believe growth will be achieved through organic investment, new contract wins and bolt on acquisitions. We will continue to manage the business prudently with a focus on driving revenue volume, and maintaining tight control of costs and working capital.

Principal risks facing the business

The principal risks facing the Group remain unchanged from those set out in the annual report of the Group's results for 2008. These are chiefly the risk of an economic downturn and dependence on key personnel. The Group's strategy for mitigating these risks is laid out in detail in the 2008 annual report.

Ian Kirkpatrick

Chairman

29 September 2008

SYMBIAN



With Harvey Nash it was more of a trusted partner relationship than a straightforward recruitment exercise

Greg Allen, Head of Global Recruitment, Symbian



COOL OPERATOR

Symbian is a software licensing company that develops and licenses the world's leading operating system for smartphones – advanced, data-enabled mobile phones. Headquartered in London, Symbian also has offices in the USA and Asia, and by June 2007 the company had shipped 145 million smartphones.

When the Vice-President of Operating Systems (OS) Product Marketing was promoted to the job of Executive Vice-President (EVP) of Marketing, with a seat on the board, Symbian contacted Harvey Nash to help it identify a successor. The role was critical, as the incumbent would be responsible for driving all future developments of the Symbian operating system.

The most important requirements for this international role were strong product marketing and leadership skills, and a good man-management background. The new recruit would also need credibility and the ability to hold their own and add value in a company staffed by very bright and driven people.

"Symbian appointed Harvey Nash just before Christmas 2006, and we had drawn up a shortlist by the middle of February. After an extensive Europe-wide search, we placed a great person by the end of March," says Hugo Thomas, senior consultant in the technology practice at Harvey Nash Executive Search.

The successful candidate was a Spanish national who was living in the UK. He had been working for the mobile terminal division of NEC as Head of Strategy and Business Development, and before that was a member of the senior management team at management consultancy Diamond Cluster. He holds an MBA from French business school Inséad.

"Hugo was excellent," says Greg Allen, Head of Global Recruitment at Symbian. "He rapidly got to know us, understand what we needed and won the confidence of the EVP of Marketing. The pool of great managers in this area is tight, but he fielded a strong range of candidates so we could make an informed choice. It was more of a trusted partner relationship than a straightforward recruitment exercise."

The new VP of OS Product Marketing is already playing a strategic role in Symbian. "We are very happy with him, but I believe his greatest impact will come longer term," says Allen. "He will be spending a growing amount of time with our key customers – the likes of Nokia, Siemens, Sony Ericsson and so on – about the future development of mobile phones."



Mobile phone operating system company Symbian was growing rapidly, and needed to fill the crucial role of VP of Operating Systems Product Marketing due to a promotion

It hired Harvey Nash to conduct a Europe-wide search for someone with relevant experience, along with strong leadership skills and the ability to hold their own in a company full of very bright, driven people

Within three months the new VP of OS Product Marketing had been appointed, and is now working with key customers on strategic developments in the mobile market

CENTRO-WMPTA



Harvey Nash demonstrated a thorough knowledge of how Passenger Transport Executives and Authorities operate and the issues, relationships and politics they have to contend with

Steve Chatwin, Organisation Change and Development Director, Centro-WMPTA



GETTING ON BOARD

Centro-WMPTA is the Passenger Transport Executive and Authority for the West Midlands. Its remit is to work with the region's public transport operators and seven unitary councils to create the kind of high-quality public transport systems that will reduce the public's dependence on their cars.

"Last year's Eddington Transport Study and the draft Local Transport Bill highlighted the major role that good public transport can play in reducing congestion, improving air quality, helping economic growth, aiding regeneration and social cohesion, and affording greater access to health care," says Steve Chatwin, Organisation Change and Development Director at Centro-WMPTA. "Given this pivotal potential role public transport can play we decided to look at our structures last year and see if they were fit for purpose."

A review of the organisation led to a decision to restructure it, with a focus on five key areas. These were finance and planning, policy and strategy, bus and highways, rail and rapid transit, and organisation change and development – and it created five new directorates accordingly. The new directorates were formally approved in May. The existing Head of Policy and Strategy slotted immediately across into the new structure, and Centro-WMPTA decided to use an executive search firm to help fill the other four posts.

Centro-WMPTA went out to tender and appointed Harvey Nash. One reason was a pre-existing relationship between Chatwin and consultant Noorzaman Rashid, in which Rashid demonstrated a thorough knowledge of how Passenger Transport Executives and Authorities operate and the issues, relationships and politics they have to contend with.

Two of the four posts were filled internally – including Chatwin's own. Because he went through the same assessment process as the external candidates, he was not involved in the recruitment exercise. "Typically I would be heavily involved, and it meant that Harvey Nash handled more of the process than is usual,"

The beauty – and the challenge – of being able to recruit a complete new executive team meant that Centro-WMPTA and Harvey Nash could factor in team dynamics to the recruitment process. "We needed to foster more of a team-working approach, because in the past we had probably been guilty of silo thinking."

So the battery of psychometric tests the candidates undertook

included those designed to assess preferred ways of working and communication styles. Harvey Nash is still feeding some of the results back to Centro-WMPTA to help it develop the top team.



Centro-WMPTA, the Passenger Transport Executive and Authority in the West Midlands, decided to restructure its top team to ensure it was capable of delivering the kind of public transport system that would reduce the public's dependency on their cars

Given the difficulty of explaining exactly what it does, it turned to Harvey Nash to help it 'sell' the business and recruit four new directors through executive search

Harvey Nash completed the search and conducted the interviews within eight weeks, and is currently helping Centro-WMPTA develop the top team into a cohesive whole using the insights gained during the assessment process

Condensed Consolidated Interim Income Statement

	Notes	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
Revenue	3	199,761	143,867	318,637
Cost of sales		(166,441)	(116,905)	(260,153)
Gross profit		33,320	26,962	58,484
Total administrative expenses		(29,024)	(23,444)	(49,972)
Operating profit	3	4,296	3,518	8,512
Finance income		23	176	893
Finance costs		(465)	(605)	(1,787)
Profit before tax		3,854	3,089	7,618
Income tax expense	4	(1,099)	(951)	(2,231)
Profit for the period		2,755	2,138	5,387
Attributable to:				
Equity holders of the Company		2,597	2,138	5,305
Minority Interest		158	-	82
		2,755	2,138	5,387
Basic earnings per share	5	3.59p	3.13p	7.54p
Diluted earnings per share	5	3.41p	3.04p	7.33p

The notes on pages 16 to 18 form an integral part of this consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

	Unaudited 31 July 2008 £'000	Unaudited 31 July 2007 £'000	Audited 31 January 2008 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,629	1,467	1,662
Intangible assets	41,317	36,255	41,825
Deferred income tax assets	1,210	1,663	1,269
	44,156	39,385	44,756
Current assets			
Cash	1,585	–	4,184
Trade and other receivables	86,790	59,765	70,551
Total assets	132,531	99,150	119,491
LIABILITIES			
Non-current liabilities			
Financial liabilities – borrowings	–	(752)	–
Contingent consideration	–	(2,278)	(689)
Deferred income tax liabilities	(141)	(155)	(132)
	(141)	(3,185)	(821)
Current liabilities			
Trade and other payables	(77,022)	(47,975)	(66,492)
Current income tax liabilities	(2,192)	(2,442)	(1,850)
Contingent consideration	(2,815)	(1,165)	(2,112)
Financial liabilities – borrowings	–	(1,629)	–
Provisions	–	(38)	–
	(82,029)	(53,249)	(70,454)
Total liabilities	(82,170)	(56,434)	(71,275)
Net assets	50,361	42,716	48,216
Capital and reserves attributable to equity shareholders			
Share capital	3,622	3,622	3,622
Share premium	8,208	8,208	8,208
Shares to be issued	1,318	436	1,643
Fair value and other reserves	15,079	15,079	15,079
Own shares held	(148)	(457)	(148)
Cumulative translation reserve	1,296	(942)	767
Retained earnings	20,746	16,770	18,963
	50,121	42,716	48,134
Minority interest in equity	240	–	82
Total equity	50,361	42,716	48,216

The notes on pages 16 to 18 form an integral part of this consolidated interim financial information.

Condensed Unaudited Consolidated Interim Statement of Changes in Equity

	Share capital £ '000	Share premium £ '000	Shares to be issued £ '000	Fair value and other reserves £ '000	Own shares held £ '000	Cumulative translation reserve £ '000	Retained earnings £ '000	Total equity £ '000
Balance at								
1 February 2007	3,325	4,111	595	15,079	(656)	(885)	15,218	36,787
Employee share option and bonus plan	10	50	(263)	-	199	-	60	56
IFRS 2 Deferred Tax to equity	-	-	-	-	-	-	75	75
Acquisitions in the period	287	4,320	116	-	-	-	-	4,723
Costs associated with raising equity	-	(273)	-	-	-	-	-	(273)
Profit for the period	-	-	-	-	-	-	2,138	2,138
Dividend paid	-	-	-	-	-	-	(721)	(721)
Currency translation adjustments	-	-	(12)	-	-	(57)	-	(69)
Balance at 31 July 2007	3,622	8,208	436	15,079	(457)	(942)	16,770	42,716
Employee share option and bonus plan	-	-	-	-	309	-	(177)	132
IFRS 2 Deferred Tax to equity	-	-	-	-	-	-	(290)	(290)
Acquisitions in the period	-	-	1,202	-	-	-	-	1,202
Profit for the period	-	-	-	-	-	-	3,167	3,167
Dividend paid	-	-	-	-	-	-	(507)	(507)
Currency translation adjustments	-	-	5	-	-	1,709	-	1,714
Balance at 31 January 2008	3,622	8,208	1,643	15,079	(148)	767	18,963	48,134
Employee share option plan	-	-	-	-	-	-	86	86
IFRS 2 Deferred Tax to equity	-	-	-	-	-	-	(109)	(109)
Acquisitions in the period	-	-	(325)	-	-	-	-	(325)
Profit for the period	-	-	-	-	-	-	2,597	2,597
Dividend paid	-	-	-	-	-	-	(791)	(791)
Currency translation adjustments	-	-	-	-	-	529	-	529
Balance at 31 July 2008	3,622	8,208	1,318	15,079	(148)	1,296	20,746	50,121

The notes on pages 16 to 18 form an integral part of this consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

	Notes	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
Profit before taxation		3,854	3,089	7,618
Adjustments for:				
- depreciation and amortisation		407	405	751
- finance income		(23)	(176)	(893)
- finance expense		465	605	1,787
- share based employee settlement and share option charge		86	60	210
Operating cash flows before changes in working capital		4,789	3,983	9,473
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)				
- increase in trade and other receivables		(13,344)	(7,724)	(21,467)
- increase in trade and other payables		8,243	6,877	29,176
- net movements in provisions for liabilities and charges		-	(290)	(328)
Cash outflows/(inflows) from operating activities		(312)	2,846	16,854
Income tax paid		(729)	(427)	(2,275)
Net cash (absorbed by)/ generated from operating activities		(1,041)	2,419	14,579
Cash flows from investing activities				
Purchases of property, plant and equipment		(242)	(286)	(574)
Cash acquired with acquisitions		-	315	1,278
Purchase of subsidiary undertakings		(325)	(1,218)	(6,514)
Interest received		23	176	893
Net cash (absorbed) from investing activities		(544)	(1,013)	(4,917)
Cash flows from financing activities				
Repayment of borrowings		-	-	(1,982)
Proceeds from issue of ordinary shares		-	60	60
Dividends paid to group shareholders	9	(791)	(721)	(1,228)
Interest paid		(465)	(605)	(1,787)
Net cash used in financing activities		(1,256)	(1,266)	(4,937)
(Decrease)/Increase in cash and cash equivalents		(2,841)	140	4,725
Cash and cash equivalents at the beginning of the period		4,184	(784)	(784)
Exchange loss on cash and cash equivalents		242	15	243
Cash and cash equivalents at the end of the period	6, 7	1,585	(629)	4,184

The notes on pages 16 to 18 form an integral part of this consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Corporate Information

Harvey Nash Group plc ('the Company' and its subsidiaries together 'the Group') is a leading provider of specialist recruitment and outsourcing solutions. The Group has offices in the UK, Europe, the USA and Vietnam.

The Company is a public listed company incorporated in the UK. Its registered address is 13 Bruton Street, London, W1J 6QA and its primary listing is on the London Stock Exchange.

The condensed consolidated interim financial information for the six months ended 31 July 2008 was approved for issue on 29 September 2008.

2. Accounting Policies

Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 July 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting' and the disclosure and transparency directives of the FSA.

It does not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 January 2008.

Nature of financial information

The interim financial information does not constitute statutory financial statements as defined under Section 240 of the Companies Act 1985. The financial information for the year ended 31 January 2008 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

Significant accounting policies

In preparing these interim financial statements the same accounting policies, methods of computation and presentation have been applied as those set out in the Harvey Nash Group plc annual report for the year ended 31 January 2008. The accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 31 January 2009 but are currently not relevant for the Group :

- IFRIC 12, 'Service concession arrangements'
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

3. Segment Information

The Group operates in one business segment being that of recruitment services and outsourcing services. As a result, no additional business segment information is required. The Group's secondary segment is geography. The segment results by geography are shown below:

Analysis of Revenue

	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
United Kingdom & Ireland	61,009	49,551	105,816
Netherlands	87,189	51,437	125,184
Rest of Europe	39,266	30,914	63,893
USA	12,297	11,965	23,744
Total	199,761	143,867	318,637

Analysis of Operating Profit

	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
United Kingdom & Ireland	1,999	1,777	4,690
Netherlands	1,086	630	1,554
Rest of Europe	820	783	1,457
USA	391	328	811
Total	4,296	3,518	8,512

4. Taxation

	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
Current tax:			
Tax on profit in the period	1,140	1,255	2,462
Adjustments in respect of prior periods	-	-	(9)
Total current tax	1,140	1,255	2,453
Deferred tax:			
Origination and reversal of timing differences	68	(379)	(8)
Deferred tax to equity	(109)	75	(214)
Total deferred tax charge	(41)	(304)	(222)
Total tax charge (continuing operations)	1,099	951	2,231

5. Earnings per Share

	Unaudited 6 months ended 31 July 2008	Unaudited 6 months ended 31 July 2007	Audited 12 months ended 31 January 2008
Profit for the half year £'000	2,597	2,138	5,305
Weighted average number of shares	72,387,387	68,367,425	70,339,958
Basic earnings per share	3.59p	3.13p	7.54p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust, which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two categories of potential ordinary shares: those share options granted to employees where the exercise price is less than the average price of the Company's ordinary shares during the year, and deferred consideration shares to be issued.

	Unaudited 6 months ended 31 July 2008	Unaudited 6 months ended 31 July 2007	Audited 12 months ended 31 January 2008
Profit for the half year £'000	2,597	2,138	5,305
Weighted average number of shares	72,387,387	68,367,425	70,339,958
Effect of dilutive securities	3,795,836	2,058,674	2,064,640
Adjusted weighted average number of shares	76,183,223	70,426,099	72,404,599
Diluted earnings per share	3.41p	3.04p	7.33p

6. Cash and Cash Equivalents

Cash and bank overdrafts include the following for the purposes of the cash flow statement.

	Unaudited 6 months ended 31 July 2008 £'000	Unaudited 6 months ended 31 July 2007 £'000	Audited 12 months ended 31 January 2008 £'000
Cash and cash equivalents	1,585	(629)	4,184
Debt within one year	-	(1,000)	-
Debt after one year	-	(752)	-
Net funds/(debt)	1,585	(2,381)	4,184

7. Analysis of Changes in Cash

	1 February 2008 £'000	Unaudited Cashflow £'000	Unaudited Foreign exchange movements £'000	Unaudited 31 July 2008 £'000
Cash and cash equivalents	4,184	(2,841)	242	1,585
	4,184	(2,841)	242	1,585

8. Business Combinations

The Group has reviewed the 4 acquisitions made in the prior year for intangibles arising within the 12 month window as required under IFRS 3. Following this review by management, an intangible has been recognised in respect of the Alumni brand, this intangible has a net value of £0.98m, leaving goodwill from the acquisition of £5.14m.

9. Dividends

The Group paid a final dividend of 1.1p per share on 8 July 2008 to shareholders on the register as at 25 April 2008.

10. Related Party Transactions

There were no material related party transactions in the period.

11. Distribution of Interim Financial Statements

Copies of this statement are being dispatched to shareholders who voted to receive a paper copy, and are available to members of the public on the Group's website at www.harveynash.com or from the registered office at 13 Bruton Street, London, W1J 6QA.

Statement of Directors' Responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Harvey Nash Group plc are listed in the Harvey Nash Group plc Annual Report for 31 January 2008.

By order of the Board

Albert Ellis
Chief Executive Officer
29 September 2008

Richard Ashcroft
Group Finance Director
29 September 2008

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**HARVEY
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The Power of Talent