
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 1, 2007

Hudson Highland Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-50129
(Commission File Number)

59-3547281
(IRS Employer
Identification No.)

560 Lexington Avenue, New York, New York 10022
(Address of principal executive offices, including zip code)

(212) 351-7300
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On March 2, 2007, Hudson Highland Group, Inc., (the "Company") issued a press release announcing that as a result of a review by the Staff of the US Securities and Exchange Commission (the "SEC"), it will restate its 2006 and 2005 results, reflecting the shift of (1) a charge of \$643,000 previously included in 2006 results to the applicable periods in 2005, and (2) a charge of \$923,000 previously included in 2006 results related to indeterminate periods to the opening retained earnings balance of 2006 in accordance with the SEC's Staff Accounting Bulletin No. 108.

These adjustments were previously reported and disclosed in the Company's second quarter 2006 financial results and reduced reported income for 2006. As a result of these changes in second quarter results, the Company's previously reported income for 2006 will increase by approximately \$1.6 million. The Company will include these restatements in its 2006 Form 10-K, which it expects to file on or before March 16, 2007

The full text of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference herein.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

On March 1, 2007, the Company's management concluded, with the concurrence of the Audit Committee (the "Committee") of the Company's Board of Directors, that the Company's previously issued consolidated financial statements for the quarter ended September 30, 2005, the year ended December 31, 2005 and the quarter ended June 30, 2006 should not be relied upon because of the facts stated above in Item 2.02, which is incorporated herein by reference, with respect to the pending restatement. The Company will include the restated financial statements for these periods in its 2006 Form 10-K, which it expects to file on or before March 16, 2007.

The restatement will reflect a shift of charges totaling \$1,566,000 arising from the Company's previously disclosed comprehensive second quarter review of the accounting processes supported by the new PeopleSoft accounting and management reporting system the Company implemented last year in its Hudson North America business. In the Company's Form 10-Q for the three months ended June 30, 2006, the Company reported that it was recording certain adjustments in the second quarter of 2006 found in conjunction with said review. Such adjustments include reductions to receivables and revenue of \$943,000 for which the applicable prior period could not practicably be determined and adjustments of \$643,000 attributable to 2005 receivables and revenue. The Company received a comment letter from the SEC Staff regarding these adjustments, as a result of which the Company decided to restate its previously reported results for 2006 and 2005. The restatement of the 2006 financial statements results in an increase of \$1,566,000 in the Company's and the Hudson Americas segment's reported EBITDA, operating income, income from continuing operations and net income, as well as an increase in basic and diluted earnings per share by \$0.06. The restatement also reduces the Company's and the Hudson Americas segment's reported 2005 EBITDA, operating income, income from continuing operations and net income by \$0.6 million, as well as decreased basic and diluted earnings per share by \$0.03. In connection with the Company's adoption of Staff Accounting Bulletin No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), the Company classified the \$0.9 million adjustment, for which the applicable prior period could not practicably be determined, as a cumulative adjustment to opening retained deficit in 2006.

The Committee and management of the Company have discussed the matters associated with the restatement disclosed in this Current Report on Form 8-K with BDO Seidman, LLP, the Company's independent registered public accounting firm.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following is being furnished as an Exhibit to this report:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press release dated March 2, 2007, issued by Hudson Highland Group, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HUDSON HIGHLAND GROUP, INC.

Date March 6, 2007

By: /s/ MARY JANE RAYMOND
Mary Jane Raymond
Executive Vice President and Chief Financial Officer

**Exhibit
Number**

(99.1) Press release dated March 2, 2007, issued by Hudson Highland Group, Inc

**Hudson Highland Group to Change Timing of Previously Disclosed Charges in 2006 Form 10-K
Adjustments Recorded in Q2 2006 Will Be Restated to Prior Periods**

NEW YORK, NY, Mar 02, 2007 (MARKET WIRE via COMTEX News Network) — Hudson Highland Group, Inc. (NASDAQ: HHGP) today announced that, as a result of a review by the SEC, it will restate its 2006 and 2005 results, reflecting the shift of (1) a charge of \$643,000 previously included in 2006 results to the applicable periods in 2005, and (2) a charge of \$923,000 previously included in 2006 results related to indeterminate periods to the opening retained earnings balance of 2006 in accordance with the SEC's Staff Accounting Bulletin No. 108.

These adjustments were previously reported in the company's second quarter 2006 financial results and reduced reported income for 2006. As a result of these changes in second quarter results, the company's previously reported income for 2006 will increase by approximately \$1.6 million. The company will include these restatements in its 2006 Form 10-K, which it expects to file on or before March 16, 2007.

The following table summarizes the impact of the restatement on the company's financial statements. (dollars in millions)

	<u>Q2 2006</u>	<u>FY 2006</u>	<u>Q3 2005</u>	<u>Q4 2005</u>	<u>FY 2005</u>
Reported revenue	\$ 350.5	\$ 1,371.9	\$ 341.3	\$ 337.4	\$ 1,365.4
Adjustment	1.6	1.6	(0.2)	(0.5)	(0.6)
Restated revenue	<u>\$ 352.1</u>	<u>\$ 1,373.5</u>	<u>\$ 341.1</u>	<u>\$ 336.9</u>	<u>\$ 1,364.8</u>
Reported gross margin	\$ 127.0	\$ 493.0	\$ 120.7	\$ 116.5	\$ 477.2
Adjustment	1.6	1.6	(0.2)	(0.5)	(0.6)
Restated gross margin	<u>\$ 128.6</u>	<u>\$ 494.6</u>	<u>\$ 120.5</u>	<u>\$ 116.0</u>	<u>\$ 476.6</u>
Reported operating income	\$ 2.9	\$ 4.9	\$ 2.2	\$ 0.1	\$ 3.8
Adjustment	1.6	1.6	(0.2)	(0.5)	(0.6)
Restated operating income (loss)	<u>\$ 4.5</u>	<u>\$ 6.5</u>	<u>\$ 2.0</u>	<u>\$ (0.4)</u>	<u>\$ 3.2</u>
Reported income (loss) from continuing operations	\$ (0.3)	\$ (0.1)	\$ 0.0	\$ (0.1)	\$ (3.9)
Adjustment	1.6	1.6	(0.2)	(0.5)	(0.6)
Restated income (loss) from continuing operations	<u>\$ 1.3</u>	<u>\$ 1.5</u>	<u>\$ (0.2)</u>	<u>\$ (0.6)</u>	<u>\$ (4.5)</u>

About Hudson Highland Group

Hudson Highland Group, Inc. is a leading provider of permanent recruitment, contract professionals and talent management services worldwide. From single placements to total outsourced solutions, Hudson helps clients achieve greater organizational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs more than 3,600 professionals serving clients and candidates in more than 20 countries. More information is available at www.hhgroup.com.

Safe Harbor Statement

This press release contains statements that the company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including those under the caption "Guidance" and other statements regarding the company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in

the forward-looking statements. These factors include, but are not limited to, the impact of global economic fluctuations on temporary contracting operations; the cyclical nature of the company's mid-market professional staffing businesses; the company's ability to manage its growth; risks associated with expansion; risks and financial impact associated with disposition of non-strategic assets; the company's reliance on information systems and technology; competition; fluctuations in operating results; risks relating to foreign operations, including foreign currency fluctuations; dependence on highly skilled professionals and key management personnel; risks maintaining professional reputation and brand name; restrictions imposed by blocking arrangements; exposure to employment-related claims, and limits on insurance coverage related thereto; government regulations; restrictions on the company's operating flexibility due to the terms of its credit facility; risks associated with the remediation work being performed on the company's PeopleSoft system; and the company's ability to maintain effective internal control over financial reporting. Additional information concerning these and other factors is contained in the company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this press release. The company assumes no obligation, and expressly disclaims any obligation, to review or confirm analysts' expectations or estimates or to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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SOURCE: Hudson Highland Group, Inc.