
**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): October 29, 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 2.01. Completion of Acquisition or Disposition of Assets.

Effective October 29, 2007, Hudson Trade and Industrial Services Pty Limited, Hudson Trade and Industrial Solutions Pty Limited and Hudson Global Resources (Aust) Pty Limited (collectively, "Hudson Australia"), subsidiaries of Hudson Highland Group, Inc. (the "Company"), completed the sale (the "T&I Sale") of its Australian blue-collar trade and industrial business ("Trade and Industrial" or "T&I") to Skilled Group Limited ("Skilled"). The T&I Sale was pursuant to a Purchase Agreement (the "Agreement"), dated October 2, 2007, among the Company, Hudson Australia and Skilled. At the closing of the Sale, the Company received approximately \$3 million in cash from Skilled, which is subject to adjustment post-closing for the amount of certain employee entitlements as set forth in the Agreement. Hudson Australia will retain approximately \$4 million in net assets, primarily receivables, of T&I. The estimated gain before income taxes on the Sale is expected to be approximately \$2 million and includes expenses for lease abandonment, professional fees and severance of approximately \$1 million.

The Agreement contains customary representations and indemnification obligations of Hudson Australia and generally provides that Hudson Australia will retain those liabilities of T&I that are not reflected on the balance sheet. A copy of the Agreement is filed herewith as Exhibit 2.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Pro forma financial information.

The pro forma financial information required to be filed pursuant to Item 9.01(b) of Form 8-K is attached hereto as Exhibit 99.1 and incorporated herein by reference.

- (c) Not applicable.
- (d) Exhibits. The following exhibits are being filed herewith:

2.1 Business Acquisition Agreement, dated as of October 2, 2007, among Hudson Trade and Industrial Services Pty Limited, Hudson Trade and Industrial Solutions Pty Limited, Hudson Global Resources (Aust) Pty Limited and Skilled Group Limited. [Certain schedules and exhibits to this document are not being filed herewith. Hudson Highland Group, Inc. agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.] (incorporated by reference to Exhibit 10.1 to Hudson Highland Group, Inc.'s Form 8-K dated October 2, 2007 (file No. 0-50129))

99.1 Unaudited pro forma financial information of 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: November 1, 2007

By: /s/ MARY JANE RAYMOND

Mary Jane Raymond

Executive Vice President and Chief Financial Officer

HUDSON HIGHLAND GROUP, INC.

Exhibit Index to Current Report on Form 8-K

**Exhibit
Number**

- 2.1 Business Acquisition Agreement, dated as of October 2, 2007, among Hudson Trade and Industrial Services Pty Limited, Hudson Trade and Industrial Solutions Pty Limited, Hudson Global Resources (Aust) Pty Limited and Skilled Group Limited. [Certain schedules and exhibits to this document are not being filed herewith. Hudson Highland Group, Inc. agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.] (incorporated by reference to Exhibit 10.1 to Hudson Highland Group, Inc.'s Form 8-K dated October 2, 2007 (file No. 0-50129))
- 99.1 Unaudited pro forma financial information of Hudson Highland Group, Inc.

HUDSON HIGHLAND GROUP, INC.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited financial information reflects the pro forma consolidated condensed statements of operations of Hudson Highland Group, Inc. (the "Company") for the six months ended June 30, 2007 and the year ended December 31, 2006 and the pro forma consolidated balance sheet of the Company as of June 30, 2007 as a result of the sale (the "Sale") of the Company's Australian trade and industrial business ("Trade and Industrial" or "T&I"). The unaudited pro forma consolidated statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006 give effect to the Sale as if it occurred on January 1, 2006. The unaudited pro forma consolidated balance sheet as of June 30, 2007 gives effect to the Sale as if it occurred on June 30, 2007. The pro forma information is based on the historical financial statements of the Company after giving effect to the Sale and is not necessarily indicative of the financial position or results of operations of the Company that would have actually occurred had the Sale occurred as of January 1, 2006 or June 30, 2007. The pro forma consolidated financial statements have been prepared based on preliminary estimates. The pro forma financial information should be read in conjunction with the Company's historical financial statements included in its Form 10-K for the year ended December 31, 2006 and Form 10-Q for the quarter ended June 30, 2007.

HUDSON HIGHLAND GROUP, INC.
PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(Unaudited)

	For the Six Months Ended June 30, 2007		
	As Reported	Pro Forma Adjustments	Pro Forma Results
Revenue	\$ 686,760	\$ (20,922)	\$ 665,838
Direct costs	423,277	(18,428)	404,849
Gross margin	263,483	(2,494)	260,989
Operating expenses:			
Selling, general and administrative expenses	243,465	(1,631)	241,834
Depreciation and amortization	7,761	(7)	7,754
Business reorganization expenses	4,694	—	4,694
Merger and integration recoveries	(42)	—	(42)
Operating income	7,605	(856)	6,749
Other income (expense):			
Other, net	2,579	—	2,579
Interest, net	657	85	742
Income before provision for income taxes	10,841	(771)	10,070
Provision for income taxes	7,014	(257)	6,757
Net income from continuing operations	<u>\$ 3,827</u>	<u>\$ (514)</u>	<u>\$ 3,313</u>
Earnings per share:			
Basic and diluted from continuing operations	<u>\$ 0.15</u>		<u>\$ 0.13</u>
Weighted average shares outstanding:			
Basic	25,084,000		25,084,000
Diluted	25,907,000		25,907,000

The accompanying note is an integral part of this financial statement.

HUDSON HIGHLAND GROUP, INC.
PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(Unaudited)

	For the Year Ended December 31, 2006		
	As Reported	Pro Forma Adjustments	Pro Forma Results
Revenue	\$ 1,373,473	\$ (44,437)	\$ 1,329,036
Direct costs	878,874	(38,074)	840,800
Gross margin	494,599	(6,363)	488,236
Operating expenses:			
Selling, general and administrative expenses	461,280	(4,085)	457,195
Depreciation and amortization	20,372	(22)	20,350
Business reorganization expenses	6,048	—	6,048
Merger and integration recoveries	373	—	373
Operating income	6,526	(2,256)	4,270
Other income (expense):			
Other, net	1,171	—	1,171
Interest, net	(1,641)	166	(1,475)
Income before provision for income taxes	6,056	(2,090)	3,966
Provision for income taxes	4,544	(678)	3,866
Net income from continuing operations	<u>\$ 1,512</u>	<u>\$ (1,412)</u>	<u>\$ 100</u>
Earnings per share:			
Basic and diluted from continuing operations	<u>\$ 0.06</u>		<u>\$ —</u>
Weighted average shares outstanding:			
Basic	24,471,000		24,471,000
Diluted	25,239,000		25,239,000

The accompanying note is an integral part of this financial statement.

HUDSON HIGHLAND GROUP, INC.
PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)
(unaudited)

	As of June 30, 2007		
	As Reported	Pro Forma Adjustments	Pro Forma Results
ASSETS			
Current assets:			
Cash	\$ 56,727	\$ 2,000	\$ 58,727
Accounts receivable, net	225,593	—	225,593
Prepaid and other	16,428	—	16,428
Total current assets	298,748	2,000	300,748
Intangibles, net	75,726	—	75,726
Property and equipment, net	28,730	(3)	28,727
Other assets	5,774	—	5,774
Total assets	<u>\$ 408,978</u>	<u>\$ 1,997</u>	<u>\$410,975</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 31,981	\$ —	\$ 31,981
Accrued expenses and other current liabilities	163,088	(124)	162,964
Credit facility and current portion of long-term debt	321	—	321
Accrued business reorganization expenses	3,805	—	3,805
Accrued merger and integration expenses	384	—	384
Total current liabilities	199,579	(124)	199,455
Other non-current liabilities	17,643	—	17,643
Accrued business reorganization expenses, non-current	4,305	—	4,305
Accrued merger and integration expenses, non-current	1,380	—	1,380
Long-term debt, less current portion	100	—	100
Total liabilities	223,007	(124)	222,883
Total stockholders' equity	185,971	2,121	188,092
	<u>\$ 408,978</u>	<u>\$ 1,997</u>	<u>\$410,975</u>

The accompanying note is an integral part of this financial statement.

HUDSON HIGHLAND GROUP, INC.
NOTE TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Pro Forma Adjustments

The accompanying pro forma consolidated financial statements give effect to the following pro forma adjustments necessary to reflect the disposition and discontinuation of operations of the Trade and Industrial business as outlined in the proceeding introduction as if the disposition occurred on January 1, 2006 in the pro forma consolidated statements of operations and on June 30, 2007 in the pro forma consolidated balance sheet.

- (A) Reduction of revenue and expenses are the result of the disposition of T&I. Additional reductions in interest expense of \$85 and \$166 for the periods ended June 30, 2007 and December 31, 2006, respectively, are from a reduction in the credit facility debt from the sale proceeds, net of estimated direct expenses. These amounts do not consider an allocation of corporate overhead to the companies that are to be divested, and therefore, selling general and administrative expenses do not reflect any potential reductions in costs in response to this change in the Company.
- (B) Reduction of assets and liabilities are as a result of the disposition of T&I and the estimated increase in cash of \$2 million from the proceeds (\$3 million), less other estimated payments and costs related to the disposition (\$1 million). The Company retained the receivables and certain liabilities of the T&I business, which amounts resulted in net assets retained of approximately \$3 million at June 30, 2007. Receivables were approximately \$4 million at June 30, 2007.