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): February 4, 2008

Hudson Highland Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-50129	**59-3547281**
(Commission File Number)	**(IRS Employer Identification No.)**

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

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

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))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 4, 2008, Hudson Highland Group, Inc. (the “Company”) issued a press release that it will restate its financial results for the year ended December 31, 2006 contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 and for the quarters ended September 30, 2006, March 31, 2007, June 30, 2007 and September 30, 2007 contained in the Company’s Quarterly Reports on Form 10-Q for the quarters ended September 30, 2006, March 31, 2007, June 30, 2007 and September 30, 2007. In the press release, the Company also announced financial results for the three months ended December 31, 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 herein by reference.

ITEM 4.02. NON-RELIANCE ON PREVIOUSLY ISSUED FINANCIAL STATEMENTS OR A RELATED AUDIT REPORT OR COMPLETED INTERIM REVIEW.

The restatement relates to the timing of recording contingent payments related to the acquisition of Balance Ervaring Op Projectbasis B.V. (“Balance”) and to expense a portion of the contingent payments, including €1.3 million that was previously recorded as goodwill when the amount was paid in the second quarter of 2007. The Company entered into a share purchase agreement dated July 19, 2005 for the acquisition of Balance. The purchase price for Balance was €20.75 million plus a series of contingent payments to be made annually based upon future minimum annual earnings thresholds during the first three years subsequent to the purchase. On July 12, 2006, the Company entered into an amendment to the share purchase agreement, which changed the earn-out formula to increase the potential future maximum contingent payments related to calendar 2006 from €1.0 million to €2.3 million and in calendar 2007 from €2.25 million to €3.5 million. Discussions regarding an amendment to the share purchase agreement began soon after the purchase date primarily because the Company desired to have a greater degree of integration of Balance operations into Hudson than was originally contemplated. The Company recorded the contingent payment for calendar 2006, including the increased maximum earn-out, when paid in April 2007 as an adjustment of the purchase price and added the amount to the recorded value of goodwill. The Company has evaluated the amendment and has determined that this amendment would be considered a new agreement, separate from the original share purchase agreement, outside of the guidance of Statement of Financial Accounting Standards (“SFAS”) 141, “Business Combinations”. Accordingly, the amount paid in excess of the original maximum contingent payment would not be considered additional purchase price under the contingent consideration provisions of SFAS 141 and should be recorded as expense in the period in which the amount is estimable and becomes probable of being paid under the guidance of SFAS 5, “Accounting for Contingencies.” Accordingly, the Company is now accruing €1.3 million that it previously recorded as goodwill when paid in April 2007 as an expense in the third and fourth quarters of 2006 and approximately €1.0 million as goodwill as of December 31, 2006. In addition, the Company is now recording a total of approximately €0.7 million as a period expense over the first, second and third quarters of 2007 related to the increased maximum contingent payment amount for calendar 2007 to be paid in April 2008. This restatement will result in an increase in the Company’s and the Hudson Europe segment’s reported operating expenses and an equivalent reduction in EBITDA, operating income, income from continuing operations and net income for each of the periods as follows:

Three months ended September 30, 2006	$0.8 million ($0.03 per basic and diluted share)
Three months ended December 31, 2006	$0.9 million ($0.03 per basic and diluted share)
Year ended December 31, 2006	$1.7 million ($0.07 per basic and diluted share)
Three months ended March 31, 2007	$0.3 million ($0.01 per basic and diluted share)
Three months ended June 30, 2007	$0.3 million ($0.01 per basic and diluted share)
Three months ended September 30, 2007	$0.3 million ($0.01 per basic and diluted share)

The restatement does not affect the Company’s cash flows for any of the periods.

On February 4, 2008, 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 year ended December 31, 2006 and the quarters ended September 30, 2006, March 31, 2007, June 30, 2007 and September 30, 2007 and the associated independent registered public accounting firm's audit and review reports for each of those periods should not be relied upon because of an error in those consolidated financial statements. The Company has determined that this error materially misstated its consolidated results of operations for the year ended December 31, 2006 and the quarters ended September 30, 2006, December , 31, 2006, March 31, 2007, June 30, 2007 and September 30, 2007, and, therefore, has concluded that it will restate the consolidated financial statements in its previously issued Annual Report on Form 10-K for the year ended December 31, 2006 and Quarterly Reports on Form 10-Q for the quarters ended September 30, 2006, March 31, 2007, June 30, 2007 and September 30, 2007. The Company will include the restated financial information in a filing with the Securities and Exchange Commission prior to or in connection with timely filing its Annual Report on Form 10-K for the year ended December 31, 2007. The Company has reviewed the purchase agreements for other existing acquisitions and determined that there were no changes to such agreements.

The Company's management determined that it had a material weakness in internal control over financing reporting for its accounting for acquisitions at December 31, 2006. The Company's management has determined that this material weakness has been subsequently remediated as a result of improvements in its controls over complex accounting matters, including those related to acquisitions and divestitures, in particular engaging, in the second half of 2007, external accounting experts for transactions requiring the interpretation of such matters.

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.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits. The following exhibit is being furnished herewith:

99.1 Press release of Hudson Highland Group, Inc. issued February 4, 2008.

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.

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

Date: February 4, 2008

Hudson Highland Group, Inc.
Current Report on Form 8-K

Exhibit Index

Exhibit Number	Description
99.1	Press release dated February 4, 2008, issued by Hudson Highland Group, Inc.

Exhibit 99.1

<u>For Immediate Release</u>

Contact: David F. Kirby
Hudson Highland Group
212-351-7216
david.kirby@hudson.com

Hudson Highland Group Pre-announces Fourth Quarter Results; Announces Stock Buyback Program and Restatement of Financial Statements

NEW YORK, NY – February 4, 2008 – Hudson Highland Group, Inc. (Nasdaq: HHGP), a leading provider of permanent recruitment, contract professionals and talent management services worldwide, today made several announcements.

Update on Fourth Quarter 2007

The company will report fourth quarter 2007 revenue of $290.5 million and adjusted EBITDA of $13.5 million from continuing operations.

The company's discontinued operations include the Netherlands Reintegration business it sold in December 2007 and the Energy and Engineering business it sold earlier today. For comparison purposes as set forth in Schedule 1 (attached), including the results of discontinued operations in the fourth quarter would have resulted in revenue of $331.5 million, compared with guidance of $325-$340 million, and adjusted EBITDA of $14.3 million, compared with guidance of $12-$14 million.

Share Repurchase Program

The company also announced today that its board of directors has authorized the repurchase of up to $15 million of the company's common stock. The company intends to make purchases from time to time as market conditions warrant.

Restatement of Previously Issued Financial Statements

The company has determined, in consultation with its external auditors, that a portion of the 2006 and 2007 earn out payments in connection with a 2005 acquisition that the company originally recorded as purchase price, should instead be recorded as expense in the third and fourth quarters of 2006 and the first three quarters of 2007. A current period amount is recorded in the fourth quarter. This restatement is unrelated to the company's accounting matter in the third quarter of 2007. The amounts to be recorded as expense relate to a 2006 amendment to the original acquisition agreement. Schedule 2 (attached) sets forth the impact of this restatement on the company's financial statements for the applicable periods. The restatement does not affect the company's cash flows for those periods.

The company has filed a report on Form 8-K today with the Securities and Exchange Commission with respect to this matter. This summary is qualified in its entirety by reference to the detailed information contained in that report. The company will include the restated financial information for the applicable periods in a filing with the Securities and Exchange Commission prior to or in connection with the timely filing of the company's Form 10-K for the year ended December 31, 2007.

Q4 2007 Conference Call

As previously announced, management will conduct a live conference call to be broadcast simultaneously over the Internet to review the above announcements as well as the company's quarterly and full-year results, market trends and outlook at 9:00 AM ET on Thursday, February 7, 2008.

Individuals wishing to participate can join the conference call by dialing 1-800-374-1532 followed by the participant passcode 32241194 at 8:50 AM ET. For those outside the United States, please call in on 1-706-634-5594 followed by the participant passcode 32241194. Hudson Highland Group's conference call can also be accessed online through Yahoo! Finance at www.yahoo.com and the investor information section of the company's website at www.hudson.com.

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.hudson.com.

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Financial Tables Follow

SCHEDULE 1
HUDSON HIGHLAND GROUP, INC.
RECONCILIATION FOR DISCONTINUED OPERATIONS
(in thousands)
(unaudited)

	For the Quarter Ended December 31, 2007				For the Quarter Ended December 31, 2006			
	Basis of Guidance (1)	Energy (2)	Reintegration (3)	Actual	Basis of Guidance (1)	Energy (2)	Reintegration (3)	Actual
Revenue	$331,471	$38,456	$ 2,531	$290,484	$ 329,336	$38,104	$ 4,811	$ 286,421
Gross margin	135,492	4,415	1,093	129,984	125,976	5,061	2,849	118,066
Adjusted EBITDA (4)	14,334	982	(121)	13,473	14,835	1,826	1,232	11,777
Acquisition-related payments	837	—	—	837	858	—	—	858
Business reorganization expenses (recoveries)	(276)	—	—	(276)	3,301	4	—	3,297
Merger and integration expenses (recoveries)	8	—	—	8	287	—	—	287
EBITDA (4)	13,765	982	(121)	12,904	10,389	1,822	1,232	7,335
Depreciation and amortization	3,590	20	38	3,532	8,284	24	143	8,117
Operating income	$ 10,175	$ 962	$ (159)	$ 9,372	$ 2,105	$ 1,798	$ 1,089	$ (782)

(1) Basis of Guidance represents the sum of the GAAP reported results from continuing operations plus the individual financial statement components of the discontinued operations of (2) Energy and (3) Reintegration and is presented for purposes of depicting the basis on which the company set its fourth quarter 2007 guidance.

(2) Energy is the asset sale of the company's Energy and Engineering business that was announced on February 4, 2008.

(3) Reintegration is the sale of the Dutch Reintegration subsidiary, Hudson Human Capital Solutions B.V. that was announced on December 20, 2007.

(4) Non-GAAP earnings before interest, income taxes, special charges, other non-operating expense, and depreciation and amortization ("Adjusted EBITDA") and non-GAAP earnings before interest, income taxes, other non-operating expense, and depreciation and amortization ("EBITDA") are presented to provide additional information about the company's operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted EBITDA and EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company's profitability or liquidity. Furthermore, adjusted EBITDA and EBITDA as presented above may not be comparable with similarly titled measures reported by other companies. Amortization for 2006 includes accelerated amortization expense related to changes in estimates and valuations.

SCHEDULE 2
HUDSON HIGHLAND GROUP, INC.
EFFECT ON PREVIOUSLY-REPORTED FINANCIAL RESULTS
(in thousands)
(unaudited)

	Q3 2006		Q4 2006		Q1 2007		Q2 2007		Q3 2007	
	Reported (1)	Restated	Reported (1)	Restated	Reported (1)	Restated	Reported (1)	Restated	Reported (1)	Restated
Adjusted EBITDA (2)	12,122	12,122	15,561	15,561	6,814	6,814	13,204	13,204	11,768	11,768
Acquisition-related payments	—	829	—	858	—	298	3,551	3,853	—	311
Business reorganization expenses	2,090	2,090	3,301	3,301	3,116	3,116	1,578	1,578	(56)	(56)
Merger and integration expenses	14	14	287	287	—	—	(42)	(42)	(753)	(753)
EBITDA (2)	10,018	9,189	11,973	11,115	3,698	3,400	8,117	7,815	12,577	12,266
Depreciation and amortization	3,868	3,868	8,291	8,291	3,809	3,809	3,952	3,952	3,642	3,642
Operating income	6,150	5,321	3,682	2,824	(111)	(409)	4,165	3,863	8,935	8,624
Other income (expense)	709	709	(598)	(598)	2,600	2,600	(21)	(21)	1,096	1,096
Interest income (expense)	(661)	(661)	173	173	222	222	435	435	(143)	(143)
Provision (benefit) for income tax taxes	2,218	2,218	(1,700)	(1,700)	2,377	2,377	4,637	4,637	5,721	5,721
Net income from continuing ops	3,980	3,151	4,957	4,099	334	36	(58)	(360)	4,167	3,856
Income from discontinued ops operations	346	346	18,746	18,746	19	19	(258)	(258)	(277)	(277)
Net income	4,326	3,497	23,703	22,845	353	55	(316)	(618)	3,890	3,579

(1) Reported is defined as the financials as originally reported, not including the effects of subsequent discontinued operations, which include the Netherlands Reintegration business sold in December 2007 and the North American Energy and Engineering business sold in February 2008.

(2) Non-GAAP earnings before interest, income taxes, special charges, other non-operating expense, and depreciation and amortization (“Adjusted EBITDA”) and non-GAAP earnings before interest, income taxes, other non-operating expense, and depreciation and amortization (“EBITDA”) are presented to provide additional information about the company’s operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted EBITDA and EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company’s profitability or liquidity. Furthermore, adjusted EBITDA and EBITDA as presented above may not be comparable with similarly titled measures reported by other companies. Amortization for 2006 includes accelerated amortization expense related to changes in estimates and valuations.