



robert walters plc
interim results 2003

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“...we remain confident that our presence in most of the key international recruitment centres, together with our experienced management team, leaves the Group well placed to respond to any improvement in worldwide market conditions.”

chairman's statement

I am pleased to report on the Group's trading for the six months ended 30 June 2003. In the first half of 2003, turnover was £104.6m (2002: £130.5m) producing a gross profit ("net fee income") of £25.3m (2002: £27.6m) and an operating profit of £0.7m (2002: £1.2m). Profit before tax was £1.9m (2002: £1.3m) including £1.0m of foreign exchange gains arising primarily on the translation of the Group's Australian dollar intercompany account following the strengthening of the Australian dollar against the pound in the first half of 2003.

Trading conditions continued to be difficult. Net fee income was 8% down on the same period in 2002 with the quarter on quarter performance in 2003 relatively flat and also little changed from the last quarter of 2002. As explained below the greater decline in turnover is almost entirely attributable to our Contract business in the UK.

The continuing uncertainty in the Financial Services and IT markets is still impacting our business and in light of this, we continue to make considerable efforts to develop other business areas such as Commerce and Industry in our offices around the world. Cost control has continued to be a priority. Staff numbers have fallen from 764 to 715 over the six months to 30 June 2003 and in line with this administrative expenses, excluding the amortisation of goodwill, have fallen from £27.1m in the second half of 2002 to £24.4m in the first half of 2003.

United Kingdom

Turnover in the UK was £71.0m (2002: £96.2m), net fee income £11.2m (2002: £13.4m) and the operating loss £0.3m (2002: operating profit £0.3m). The UK business continued to suffer from the severe weakness in the Financial Services markets. The marked fall in turnover was due to a significant decline in our Contract business and a reduction in the number of individuals paid through the outsourced payroll contracts that are managed by Resource Solutions.

Net fee income has fallen 16%, largely as a result of the fall in the levels of Contract business. The permanent recruitment business has declined only marginally.

Continental Europe

Turnover in Continental Europe was £4.4m (2002: £5.0m), net fee income £2.5m (2002: £2.6m) and operating profit £0.1m (2002: £0.2m).

Trading conditions have continued to be difficult in Europe. Our permanent recruitment businesses have remained relatively stable since the last quarter of 2001 if the German operation, which was closed in the second half of 2002, is excluded from the comparison. In contrast, our interim businesses in Belgium and Holland have experienced falling levels of net fee income.

In spite of the current trading environment, the Board is of the opinion that these businesses have good long term growth potential.

Asia Pacific

Turnover in the Asia Pacific region was £27.1m (2002: £26.8m), net fee income £9.9m (2002: £9.8m) and operating profit £0.9m (2002: £0.5m).

Our Australian and New Zealand businesses produced strong profit growth. In Japan we maintained our levels of profitability whilst continuing to add consultants in what we believe will prove to be a market of great future potential. Conversely, difficult trading conditions in Hong Kong were further aggravated by the SARS epidemic which resulted in an increased loss. Our fears that this would also adversely affect our Singapore businesses were unfounded and we have grown both the net fee income and operating profit.

chairman's statement (continued)

Other International

Other International comprises our New York, Dublin and Johannesburg offices. Turnover for these businesses was £2.1m (2002: £2.5m), net fee income £1.7m (2002: £1.8m) and operating profit £0.1m (2002: £0.2m).

Their performance was broadly in line with that achieved in 2002.

Resource Solutions

Resource Solutions, our outsourcing brand which manages the recruitment processes for a number of major clients, has continued to feel the effects of the depressed Financial Services markets on both recruitment levels and the pricing structure.

Cash Flow

The Group ended the period with £18.4m net cash (2002: £19.2m).

Operating activities generated £1.9m with significant outflows being £1.7m for the final dividend, £1.4m on the purchase of our own shares for internal share schemes and £0.5m on capital expenditure.

Dividend

The Board has decided to maintain the interim dividend at 1.05p per share as the cash position of the Group remains strong. The interim dividend will be paid on 31 October 2003 to those shareholders on the Company's register on 19 September 2003.

Current Trading and Prospects

Trading conditions remain difficult. We continue to experience year on year falls in quarterly net fee income and currently see no evidence that this trend will change. In spite of this, we remain confident that our presence in most of the key international recruitment centres, together with our experienced management team, leaves the Group well placed to respond to any improvement in worldwide market conditions.



TIMOTHY BARKER
Chairman

8 September 2003

consolidated profit and loss account

	Notes	2003	2002	2002 - 12 mths to 31 December		Total Audited £'000
		6 mths to 30 June Unaudited £'000	6 mths to 30 June Unaudited £'000	Before Exceptional Items Audited £'000	Exceptional Items (note 5) Audited £'000	
Turnover	3	104,616	130,495	260,321	-	260,321
Cost of sales		(79,301)	(102,867)	(204,699)	-	(204,699)
Gross profit	3	25,315	27,628	55,622	-	55,622
Goodwill		(200)	(233)	(1,026)	-	(1,026)
Other administrative expenses		(24,425)	(26,217)	(53,349)	(654)	(54,003)
Administrative expenses		(24,625)	(26,450)	(54,375)	(654)	(55,029)
Operating profit	3	690	1,178	1,247	(654)	593
Finance income (net)	4	1,181	116	264	-	264
Profit on ordinary activities before taxation		1,871	1,294	1,511	(654)	857
Tax on profit on ordinary activities	6	(869)	(542)	(1,232)	63	(1,169)
Profit (loss) on ordinary activities after taxation		1,002	752	279	(591)	(312)
Dividends	7	(889)	(889)	(2,667)	-	(2,667)
Retained profit (loss) for the period		113	(137)	(2,388)	(591)	(2,979)
Earnings (loss) per share (pence)	8					
Basic		1.2	0.9	0.3	(0.7)	(0.4)
Diluted		1.2	0.9	0.3	(0.7)	(0.4)

consolidated statement of total recognised gains and losses

	2003	2002	2002
	6 mths to 30 June Unaudited £'000	6 mths to 30 June Unaudited £'000	12 mths to 31 December Audited £'000
Retained profit (loss) for the period	1,002	752	(312)
Foreign currency translation differences	110	31	(202)
Total recognised gains (losses) for the period	1,112	783	(514)

consolidated balance sheet

	2003 30 June Unaudited £'000	2002 30 June Unaudited £'000	2002 31 December Audited £'000
Fixed assets			
Goodwill	7,045	8,037	7,243
Tangible fixed assets	4,114	5,271	4,394
Investments	-	103	-
Own shares held	4,256	2,425	2,832
	15,415	15,836	14,469
Current assets			
Debtors	22,570	29,165	22,551
Cash at bank and in hand	18,390	13,406	19,210
	40,960	42,571	41,761
Creditors: amounts falling due within one year	(18,448)	(17,483)	(18,526)
Net current assets	22,512	25,088	23,235
Total assets less current liabilities	37,927	40,924	37,704
Provision for liabilities and charges	-	(145)	-
Net assets	37,927	40,779	37,704
Capital and reserves			
Called-up share capital	16,931	16,931	16,931
Share premium account	82,804	82,804	82,804
Other reserves	(74,034)	(74,034)	(74,034)
Foreign exchange reserves	(557)	(434)	(667)
Profit and loss account	12,783	15,512	12,670
Equity shareholders' funds	37,927	40,779	37,704

consolidated cash flow statement

		2003	2002	2002
		6 mths to	6 mths to	12 mths to
		30 June	30 June	31 December
		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
Net cash inflow from operating activities	9	1,944	7,933	16,416
Returns on investments and servicing of finance		157	116	264
Taxation		223	(1,230)	(2,552)
Capital expenditure and financial investment		(1,953)	(657)	(1,327)
Equity dividends paid		(1,729)	(1,731)	(2,680)
Cash flow before financing		(1,358)	4,431	10,121
Funds on short term deposit		-	(8,000)	-
Financing		-	-	-
(Decrease) increase in cash for the period	9	(1,358)	(3,569)	10,121

notes to the financial information

1. Accounting policies

There have been no changes to the accounting policies as set out in the 2002 annual report and accounts of Robert Walters plc.

2. Financial information

The financial information on pages 5 to 10 was formally approved by the Board of Directors on 8 September 2003. The financial information set out in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2002 for Robert Walters plc on which the auditors gave an unqualified report, have been delivered to the Registrar of Companies.

The financial information in respect of the period ended 30 June 2003 is unaudited but has been reviewed by the Company's auditors. Their report is attached on page 11. The financial information in respect of the period ended 30 June 2002 is unaudited.

3. Segmental information

	2003	2002	2002
	6 mths to 30 June Unaudited £'000	6 mths to 30 June Unaudited £'000	12 mths to 31 December Audited £'000
i) Turnover:			
UK	71,026	96,179	190,854
Continental Europe	4,387	5,025	10,124
Asia Pacific	27,055	26,825	54,834
Other	2,148	2,466	4,509
	104,616	130,495	260,321
ii) Gross profit:			
UK	11,232	13,424	27,138
Continental Europe	2,485	2,604	5,289
Asia Pacific	9,858	9,775	19,777
Other	1,740	1,825	3,418
	25,315	27,628	55,622
iii) Profit on ordinary activities before tax:			
UK	(334)	330	528
Continental Europe	74	207	(111)
Asia Pacific	884	465	570
Other	66	176	260
Operating profit before exceptional items	690	1,178	1,247
Exceptional items	-	-	(654)
Operating profit	690	1,178	593
Finance income (net)	1,181	116	264
Profit on ordinary activities before tax	1,871	1,294	857

notes to the financial information (continued)

4. Finance income (net)

	2003	2002	2002
	6 mths to 30 June Unaudited £'000	6 mths to 30 June Unaudited £'000	12 mths to 31 December Audited £'000
Interest received (net)	157	116	264
Foreign exchange gain	1,024	-	-
	1,181	116	264

In 2002, an immaterial foreign exchange movement was included within administrative expenses.

5. Exceptional Item

There were no exceptional items in the 6 month period ended 30 June 2003, or in the comparative period ended 30 June 2002.

In the year ended 31 December 2002, an exceptional cost of £551,000 was incurred in the closure of unprofitable offices and a further £103,000 in the write down of the cost of an investment.

6. Taxation

The charge for taxation is based on the expected annual tax rate of 46% (2002: 35%) on profit before tax and amortisation, and primarily relates to overseas taxation. The effective rate of tax is high due to a number of factors, including overseas profits subject to higher rates of taxation and unrelieved foreign losses.

7. Dividends

	2003	2002	2002
	6 mths to 30 June Unaudited £'000	6 mths to 30 June Unaudited £'000	12 mths to 31 December Audited £'000
Interim dividend of 1.05p per share (2002:1.05p)	889	889	889
Final dividend (2002: 2.1p)	-	-	1,778
	889	889	2,667

8. Earnings per share

The calculation of earnings per share is based on the profit on ordinary activities after taxation and the weighted average number of ordinary shares of the Company.

	2003	2002	2002
	6 mths to 30 June Unaudited	6 mths to 30 June Unaudited	12 mths to 31 December Audited
Weighted average number of shares:			
Shares in issue	84,656,927	84,656,927	84,656,927
Own shares held	(2,149,018)	(1,299,016)	(1,488,292)
For basic earnings per share	82,507,909	83,357,911	83,168,635
Outstanding share options	200,002	1,097,471	1,819,950
For diluted earnings per share	82,707,911	84,455,382	84,988,585

notes to the financial information (continued)

9. Analysis of cash flow

	2003	2002	2002
	6 mths to 30 June	6 mths to 30 June	12 mths to 31 December
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	690	1,178	593
Depreciation charges	684	883	1,806
Goodwill amortisation and impairment	200	233	1,026
Loss on disposal of tangible fixed assets	222	197	362
Provision for impairment of investment	-	-	103
(Increase) decrease in debtors	(286)	5,083	11,697
Increase in creditors	434	359	974
Decrease in provision	-	-	(145)
Net cash flow from operating activities	1,944	7,933	16,416
(Decrease) increase in cash in the period	(1,358)	(3,569)	10,121
Funds on short term deposit	-	8,000	-
Foreign currency translation differences	538	(60)	54
Movement in net funds	(820)	4,371	10,175
Opening net funds	19,210	9,035	9,035
Closing net funds	18,390	13,406	19,210

10. Registered Office

The Company's registered office is at 55 Strand, London WC2N 5WR.

independent review report to robert walters plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2003 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, and the related notes, 1 to 10. 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.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

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 2003.

Deloitte & Touche LLP
Chartered Accountants
London

8 September 2003

australia

adelaide

Telephone: +61 (0)8 8410 4500

brisbane

Telephone: +61 (0)7 3032 2222

melbourne

Telephone: +61 (0)3 8628 2100

perth

Telephone: +61 (0)8 9321 7712

sydney

Telephone: +61 (0)2 8289 3100

belgium

brussels

Telephone: +32 (0)2 511 66 88

france

paris

Telephone: +33 (0)1 40 67 88 00

hong kong

Telephone: +852 2525 7808

ireland

dublin

Telephone: +353 (0)1 661 7495

japan

tokyo

Telephone: +81 (0)3 6418 1555

luxembourg

Telephone: +352 26 47 85 85

netherlands

amsterdam

Telephone: +31 (0)20 6444 655

new zealand

auckland

Telephone: +64 (0)9 302 2280

singapore

Telephone: +65 6538 3343

south africa

johannesburg

Telephone: +27 (0)11 783 3570

uk

london

Telephone: +44 (0)20 7379 3333

manchester

Telephone: +44 (0)161 214 7400

reading

Telephone: +44 (0)118 9252 999

usa

new york

Telephone : +1 212 704 9900

