ANNUAL REPORT AND ACCOUNTS 2007

SPECIALIST PROFESSIONAL RECRUITMENT

AUSTRALIA

BELGIUM

CHINA

FRANCE

IRELAND

HONG KONG

JAPAN

ROBERT WALTERS

REVENUE +17% TO £319.8m
2006 £274.5m

NET FEE INCOME +19% TO £128.9m
2006 £108.6m

OPERATING PROFIT +34% TO £26.1m
2006 £19.5m

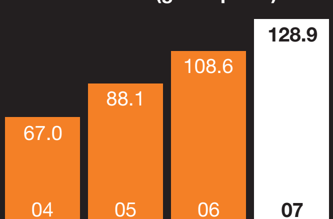
PROFIT BEFORE TAX +26% TO £24.9m
2006 £19.8m

EARNINGS PER SHARE +23% TO 23.2p
2006 18.9p

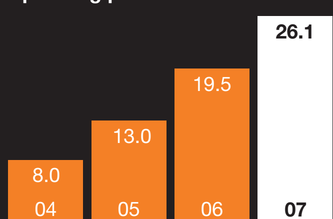
TOTAL DIVIDEND +17.5% TO 4.7p
2006 4.0p

FINANCIAL HIGHLIGHTS

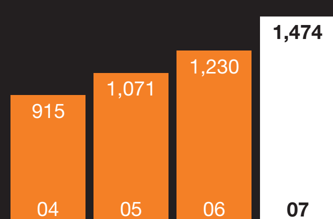
Net fee income (gross profit) £m



Operating profit £m



Headcount



ABOUT ROBERT WALTERS

Robert Walters is one of the world's leading professional recruitment consultancies, specialising in the placement of permanent, contract and temporary positions across all levels of seniority.

The Group recruits in the accounting, finance, banking, IT, human resources, legal, sales and marketing, supply chain and engineering, secretarial and support disciplines.

With international offices spanning five continents, our global footprint enables us to meet the demands of clients and candidates whose needs extend beyond local markets, whilst our strong local foundations provide us with unique insights into local industry and culture.

Resource Solutions, the Group's recruitment process outsourcing business, is a leading provider of on-site recruitment services.

Contents

OUR INTERNATIONAL GROWTH

1985
London

1988
Brussels

1990
Amsterdam

1994
New York

1995
Sydney

1997
Melbourne
Hong Kong
Auckland

1998
Johannesburg
Singapore

1999
Dublin
Paris
Tokyo

2001
Adelaide
Brisbane
Luxembourg
Manchester
Perth

2003
Guildford

2005
Birmingham
Rotterdam
Paris (WI)*

2006
Eindhoven
Kuala Lumpur
Lyon
Wellington
Brussels (WI)*

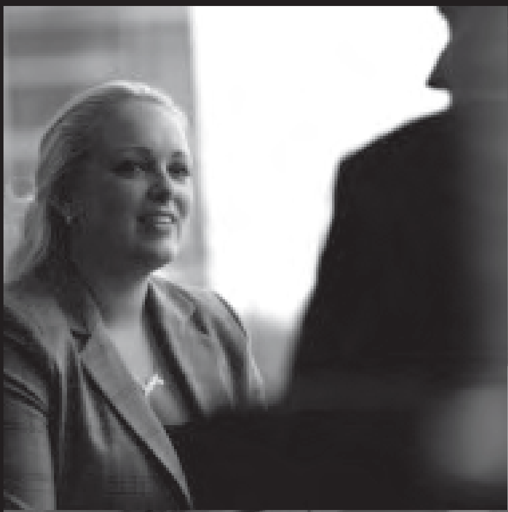
2007
Madrid
Osaka
Tokyo (Contract)
Paris (WI)*

2008
Kowloon
Paris (WI)*
Shanghai
Suzhou

*WI – Walters Interim

AMSTERDAM

Our Amsterdam office is one of three offices servicing the Netherlands market.



CHAIRMAN'S STATEMENT

I am pleased to report a record set of results for the Group for the year ended 31 December 2007. Revenue increased by 17% to £319.8m (2006: £274.5m) producing a 19% increase in gross profit ('net fee income') to £128.9m (2006: £108.6m). Operating profit increased by 34% to £26.1m (2006: £19.5m) and it was encouraging to see the conversion rate of operating profit from net fee income improve to 20.3% (2006: 17.9%). Profit before tax rose by 26% to £24.9m (2006: £19.8m).

The Group continued to experience candidate shortages across all our markets and generally activity levels remained strong. We maintained a healthy balance between permanent and contract recruitment, with significant investment in our contract businesses delivering impressive rates of growth in net fee income across the globe. Contract now represents 32% (2006: 30%) of the Group's recruitment net fee income.

During the year staff numbers increased to 1,474 (2006: 1,230) and we opened new offices in Madrid and Osaka. In early 2008 we opened an office in Kowloon, our second in Hong Kong, and acquired a majority interest in a specialist recruitment consultancy business with offices in Shanghai and Suzhou, the first Robert Walters offices in mainland China. This is a significant development for Robert Walters and opens up a key territory for the Group.

Following the Group's record trading performance, the Board is recommending an increase in the final dividend to 3.35p per share (2006: 2.85p). Together with the interim dividend of 1.35p (2006: 1.15p) this represents a 17.5% increase in the total dividend per share to 4.70p (2006: 4.00p). Additionally, the Company delivered value to shareholders through its share buy-back programme, acquiring 3.9m shares for £12.8m. We will be seeking shareholder consent for the renewal of the authority to repurchase up to 10% of the issued share capital at the Annual General Meeting on 8 May 2008.

I would like to take this opportunity to formally welcome to the Board our new Non-executive Directors, Lady Judge and Andy Kemp and express our thanks to my predecessor, Tim Barker, for his valuable contribution to the Group over the last seven years. In this my first year as Chairman, it has been a pleasure to witness first hand the energy and commitment of our staff across the world.

The global strength of the Robert Walters brand is a testament to the depth of our senior management team and our consultants' ability to deliver value added and innovative recruitment solutions to clients and candidates.

Notwithstanding the current uncertainties in global financial markets, we believe that the Group is well positioned to take advantage of opportunities for long-term growth in both existing and new markets, particularly within Continental Europe and Asia Pacific.

Philip Aiken
Chairman

GLOBAL BRAND STRENGTH

THE GLOBAL STRENGTH OF THE ROBERT WALTERS BRAND IS A TESTAMENT TO THE DEPTH OF OUR SENIOR MANAGEMENT TEAM AND OUR CONSULTANTS' ABILITY TO DELIVER VALUE ADDED AND INNOVATIVE RECRUITMENT SOLUTIONS TO CLIENTS AND CANDIDATES.

CHIEF EXECUTIVE'S STATEMENT

2007 was another strong year for the Group. Operating profit increased 34% to a record £26.1m (2006: £19.5m) with net fee income growth during the second half of the year accelerating on a like-for-like basis. This increase in operating profit is particularly pleasing given headcount growth of 20% and the fact that a significant number of new hires are still well below their ultimate productivity levels. We have also expanded our office network from 28 to 35.

Europe and Asia Pacific achieved the highest rates of net fee income growth with Asia Pacific now our largest region in terms of both net fee income and profitability. The significant investment in our contract business in these regions provides a greater platform for long-term growth in these exciting markets.

Candidates remained in short supply with the Robert Walters global footprint, a key source of competitive advantage, continuing to provide clients with increased opportunity to source the highest calibre professionals.

United Kingdom

Revenue in the UK was £148.7m (2006: £138.4m) and net fee income increased by 10% to £48.6m (2006: £44.1m). Operating profit increased by 56% to £5.0m (2006: £3.2m).

All disciplines grew net fee income, with our core Finance and Accounting business delivering a sharp increase in contractor numbers and an improvement in the underlying margin.

Our HR, Legal, Sales & Marketing and IT divisions continued to evolve, with our IT business showing particularly strong operating profit growth during the second half of the year.

There appears to be the beginnings of a polarisation in the professional recruitment sector between the larger international players and boutiques. We have seen a steady move, driven by clients, towards the use of recruitment firms as a one-stop-shop for a variety of professional roles. This has left the landscape unusually bereft of medium sized competitors – a very different story from twenty or even ten years ago.

Candidates also appear to be focusing on registering with those firms offering a wide breadth of career opportunities rather than registration with a large number of smaller recruitment firms.

It is our responsibility to capitalise on these trends and continue to capture market share whilst preserving our quality of service.

This trend is further accentuated by the requirement from certain larger corporates and financial institutions for a managed service solution to their recruitment needs. Our outsourcing business, Resource Solutions, is ideally placed to benefit from this development in the market. As pioneers of this service offering, Resource Solutions has an enviable client list, many of whom are requesting more and more auxiliary services, including payrolling and agency management.

Net fee income – 12 months to 31 Dec 2007

- UK 38%
- Europe 20%
- Asia Pacific 40%
- Other International 2%

Net fee income – 12 months to 31 Dec 2006

- UK 41%
- Europe 18%
- Asia Pacific 38%
- Other International 3%

TAILORED RECRUITMENT SOLUTIONS

WE WORK IN PARTNERSHIP WITH OUR CLIENTS TO DELIVER RECRUITMENT SOLUTIONS THAT ARE TAILORED TO THE UNIQUE NEEDS OF EVERY ORGANISATION.

AUCKLAND

Our office in Auckland, the Group's first in New Zealand, opened in 1997.

BRUSSELS

Our office in Brussels, opened in 1988, was the Group's first office outside of the UK.



CHIEF EXECUTIVE'S STATEMENT CONTINUED

United Kingdom continued

Resource Solutions continued to win client engagements and broaden its sector coverage during the year and whilst operating profit decreased marginally, this was as a consequence of implementation costs for a number of significant long-term client projects on which we expect to see a return on investment during 2008.

Europe

Revenue was £44.4m (2006: £33.0m) and net fee income increased by 33% to £25.8m (2006: £19.4m). Operating profit increased by 34% to £5.1m (2006: £3.8m). This is our fastest growing region and represents 20% of the Group's net fee income.

All of our European operations produced strong growth in permanent net fee income, whilst our contract business in France delivered an exceptional performance.

The offices we opened in Eindhoven and Lyon during 2006 made a positive contribution during the current year. In 2007 we opened an office in Madrid and look forward to its continued expansion in the forthcoming year.

One of our major initiatives in France and Belgium over the past two years has been the expansion of Walters Interim, our junior professional contract recruitment business. We now have three offices in France servicing this market and are planning further offices in Belgium over the next few years. We believe that this business still has a great deal of potential and as in other areas of the world, we see the security and resilience of contract net fee income as a strong complement to the more cyclical permanent recruitment sector.

Asia Pacific

Revenue was £124.1m (2006: £99.0m) and net fee income increased by 27% to £52.1m (2006: £41.2m). Operating profit increased by 33% to £15.9m (2006: £12.0m). This region is now our largest, representing 40% of the Group's net fee income.

All offices significantly increased both net fee income and operating profit with exceptional performances delivered by Japan and Australia.

The demographic landscape of Japan, market deregulation and the continuing decline of the 'salaryman' lifetime employment mentality have presented the Group with an exceptional opportunity in this market. During the year, we opened a new office in Osaka and secured additional office space in Tokyo for our rapidly growing contract business which we anticipate will lead to a multi-office network throughout Japan in due course.

In February this year we entered the mainland China market, acquiring two new offices in Shanghai and Suzhou. This acquisition demonstrates commitment to our strategy for growth and opens up another exciting market for the Group.

During the year we took additional office space in Adelaide, Kuala Lumpur and Singapore, whilst a new office opened in Kowloon in early January 2008. We continue to explore additional opportunities across the region.

Other International

Other International comprises South Africa and the USA, with Ireland now reported under Europe following a realignment of the Group's internal reporting structure. This region now represents less than 2% of the Group's net fee income.

Revenue was £2.5m (2006: £4.1m) with net fee income decreasing by 38% to £2.4m (2006: £3.9m) resulting in an operating profit of £0.1m (2006: £0.5m). South Africa is a profitable and growing operation whilst our New York office underperformed.

General overview

The Group is now more internationally diverse and multidisciplined than ever before. As such, despite the economic uncertainty, we are well placed to face the challenges of the current year.

Robert Walters
Chief Executive

INTERNATIONAL DIVERSIFICATION

62% OF THE GROUP'S NET FEE INCOME IS NOW GENERATED OUTSIDE OF THE UK, WITH ASIA PACIFIC NOW OUR LARGEST REGION IN TERMS OF BOTH NET FEE INCOME AND PROFITABILITY.

OPERATING AND FINANCIAL REVIEW

Principal activities and objectives
The Group's principal activity comprises the provision of professional recruitment services on a permanent and contract basis in the United Kingdom, Europe, Asia Pacific, the United States and South Africa, to clients in the financial, commercial and industrial sectors. The Group's activities also include recruitment process outsourcing services.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 11 to the accounts.

The Group's primary objective is to be one of the world's leading specialist professional recruitment consultancies. The Group plans to achieve this through the growth of existing businesses and profitable expansion into both new geographical areas and professional disciplines. Critical success factors are considered to be an increase in the scale, depth and calibre of the management team as well as the continued development of the brand, particularly through the delivery of high quality service to both clients and candidates.

Future outlook
Given the current uncertainties in the financial markets, the Board is mindful of the potential impact of economic downturns within the individual markets in which the Group operates. However, the diversified nature of the Group provides the Board with a level of comfort that, in the absence of a global downturn, it can be cautiously confident for future business prospects.

Risks and uncertainties
The Board considers the full range of business risks affecting the Group on a regular basis, and takes action to address such risks. The perceived key risks are detailed below:

Employment market
Job availability and the level of candidate confidence in the employment market are important factors in determining the total number of recruitment transactions in a given year. Historically, candidates have been less inclined to move jobs when the number of jobs available is stagnant or in decline. Thus there is a risk that a decline or stagnation of the specialist employment markets in territories where the Group operates will result in a negative impact on the Group's financial performance.

There is generally limited visibility in respect of a slowdown in rates of recruitment and the Board's strategy when facing a slowdown in a particular market is to balance the cost base, such that the impact on profit is mitigated, against the perceived future benefit from the retention of key staff. Historically, the Group has benefited substantially from increased operational gearing as a result of its policy of deliberately retaining key staff through economic downturns.

Employment law
The Group places a significant number of candidates on short-term employment contracts. Any future employment legislation which has the effect of restricting the flexibility of movement of employees could have a detrimental effect on the Group's financial performance.

Staff retention
The Group's profitability in discrete operating units has a high correlation to the retention of efficient and effective members of staff.

As a part of a wider strategy to improve levels of staff retention, particularly of senior Group employees, the long-term incentive schemes that are detailed in note 18 to the accounts have been approved by the shareholders and subsequently implemented.

Other elements of the strategy to improve staff retention and maximise career opportunities include significant investment of time and financial resources in employee training and development, initially aimed at core consultant competencies and subsequently focused on enhancing management potential.

The Group also offers exciting international career opportunities and actively encourages the redeployment of existing talent to grow new businesses and establish new offices.

GEOGRAPHIC AND SECTOR COVERAGE

WITH 35 OFFICES IN 15 COUNTRIES ACROSS THE GLOBE, THE GROUP IS NOW MORE INTERNATIONALLY DIVERSE AND MULTIDISCIPLINED THAN EVER BEFORE.

LONDON

The Group's London office at 55 Strand is our largest office worldwide.

PARIS

Our office in Central Paris, one of five Robert Walters and Walters Interim offices across France.

OPERATING AND FINANCIAL REVIEW CONTINUED

Net fee income

+19%

2007 £128.9m 2006 £108.6m

Revenue

Revenue for the Group is the total income from the placement of permanent and contract staff and therefore includes the remuneration costs of contract candidates and the total cost of advertising recharged to clients. It also includes outsourcing fees, consultancy fees and the net income derived from payrolling contracts charged by Resource Solutions to its clients.

Revenue increased 17% to £319.8m (2006: £274.5m) with 52.8% (2006: 52.9%) of the annual total being generated in the second half of the year.

Gross profit (net fee income)

Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consultancy and payrolling margins earned by Resource Solutions.

Net fee income for the year increased by 19% to £128.9m (2006: £108.6m). Net fee income was £67.4m in the second half compared to £61.5m in the first half (2006: 1H £52.5m, 2H £56.1m).

The increase in net fee income was primarily due to a general improvement in the contract market as well as further growth in the Robert Walters permanent recruitment business.

Operating profit

Administrative expenses were £102.8m (2006: £89.1m). The principal reason for this increase was the growth in the Group's average headcount from 1,180 during 2006 to 1,388 in 2007, coupled with higher employee bonus payments as a result of the improved profitability of the Group.

The Group continues to focus on consultant productivity and has succeeded in maintaining the average level of net fee income per consultant in the permanent business despite adding heads. Within the contract business, the longer lead time required to build scale coupled with our significant investment in headcount resulted in a slight decline in the average level of net fee income per consultant.

The conversion rate of operating profit from net fee income has increased to 20.3% (2006: 17.9%) due to both an improvement in the fee margins achieved in both the permanent and contract businesses as well as the operational leverage of the Group.

Interest and financing costs

The Group incurred a net interest charge for the year of £0.5m (2006: £0.4m). The charge partly reflects the greater working capital requirements of the Group due to growth in revenues, and in particular, the increased number of contractors placed with clients during the year. The Group drew down a long-term loan of £10.0m during 2006 in order to finance a share buy-back programme as well as a loan of £5.0m in 2005. The loans are in pounds sterling, euros and yen for fixed-term periods of three years and at fixed rates of interest; more details are provided in note 14 to the accounts.

A foreign exchange loss of £0.7m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2006: gain of £0.8m).

COMPETITIVE ADVANTAGE

CANDIDATES REMAINED IN SHORT SUPPLY, WITH THE ROBERT WALTERS GLOBAL FOOTPRINT A KEY SOURCE OF COMPETITIVE ADVANTAGE IN PROVIDING CLIENTS WITH INCREASED OPPORTUNITY TO SOURCE THE HIGHEST CALIBRE CANDIDATES.

OPERATING AND FINANCIAL REVIEW CONTINUED

Taxation
The tax charge in 2007 was £7.5m (2006: £5.8m) which gives an effective rate of 30.1% (2006: 29.0%).

Earnings per share
Basic earnings per share were 23.2p (2006: 18.9p) and the weighted average number of shares for the year was 74.9m (2006: 74.7m).

Dividend and dividend policy
The Group's policy is that the dividend should increase annually in excess of Retail Price Inflation, subject to growth in operating profit. In line with this policy, a final dividend of 3.35p (2006: 2.85p) per ordinary share is being proposed by the Board. Together with the interim dividend of 1.35p (2006: 1.15p) per ordinary share paid in October 2007, the total dividend would amount to 4.70p (2006: 4.00p) per ordinary share which is an increase of 17.5%. The final dividend, which amounts to £2.5m, will be paid on 6 June 2008 to those shareholders on the register as at 16 May 2008.

Balance sheet
The Group had net assets of £49.7m at 31 December 2007 (2006: £42.0m) including goodwill of £6.8m (2006: £6.8m). The increase in the Group net assets of £7.7m is mostly accounted for by the retained profit for the year of £14.3m and share issues of £3.2m, less share buy-backs of £13.4m.

Cash flow and net cash position
At 31 December 2007, the Group had cash balances of £24.0m (2006: £19.6m). Cash inflow from operating activities was £30.4m (2006: £18.2m).

The significant payments made from operational cash flow were £6.6m of taxation, £3.1m of dividends, £2.5m of capital expenditure, £12.8m for the acquisition of the Company's own shares and a £4.7m bank loan repayment. The Group had positive cash flows from operations and is currently well placed to meet cash requirements for both future growth prospects and the quarterly repayments in respect of fixed terms loans.

Surplus cash balances are generally invested with financial institutions with favourable credit ratings that offer competitive rates of return. The Group also has an agreed £10m overdraft facility available that was renewed in May 2007, a debt factoring facility for £15.0m that commenced in August 2007 and a number of separate loans which are repayable in quarterly instalments over three-year periods.

Going concern
After making enquiries, the Directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the accounts.

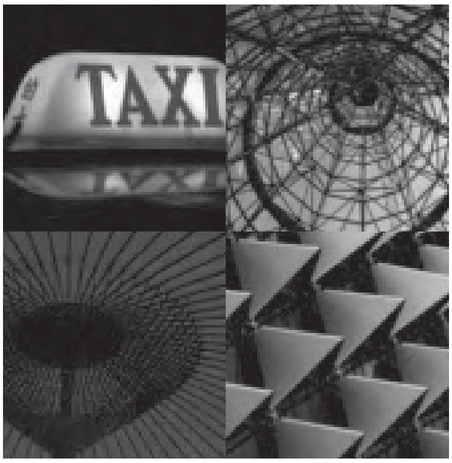
Total dividend per ordinary share

+17.5%

2007 4.70p 2006 4.00p

A BROAD AND UNRIVALLED CLIENT BASE

WE WORK WITH THE MAJORITY OF THE WORLD'S LEADING BLUE-CHIP MULTINATIONALS AND FINANCIAL SERVICES ORGANISATIONS THROUGH TO SMEs AND START-UPS.



SINGAPORE

Our office in the Standard Chartered Building in Singapore. During 2007, we secured additional office space to support our continued growth.

SYDNEY

Our largest Australian office occupying the top floor of the Citigroup Tower on Park Street.




DIRECTORS AND ADVISORS

Registered office
55 Strand
London WC2N 5WR

Registered number
3956083

Auditors
Deloitte & Touche LLP
Chartered Accountants
Hill House
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London EC4A 3TR

Solicitors
Dechert
2 Serjeant's Inn
London EC4Y 1LT

Stockbrokers
Investec
2 Gresham Street
London EC2V 7QP

Principal bankers
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1 Churchill Place
Canary Wharf
London E14 5HP

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0LA

Philip Aiken, aged 59
Chairman
After graduating as a chemical engineer, Philip worked from 1970 until his retirement at the end of 2006 for The BOC Group plc, BTR plc and BHP Billiton in a number of senior management positions in both the UK and Australia. From 1997 until his retirement he was President of BHP Petroleum and then Group President Energy of BHP Billiton. He attended the Advanced Management Programme at Harvard Business School in 1989 and was Chairman of the Organising Committee for the 2004 World Energy Congress. He is a Senior Advisor for Macquarie Bank Limited and is a Non-executive Director of Kazakhmys plc. He was appointed to the Board of Robert Walters plc in July 2000, as Senior Independent Director in March 2004 and appointed as Chairman in May 2007.

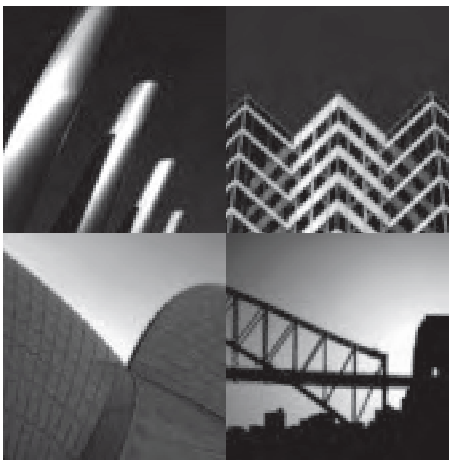
Robert Walters, aged 53
Chief Executive
After graduating with a degree in economics and politics in 1975, Robert joined Touche Ross. In 1978 he joined Michael Page International plc, initially working in their commerce division, and subsequently setting up and running their public practice unit. In 1982 he set up and managed their New York office. He resigned in 1984 and founded the business of Robert Walters in 1985.

Giles Daubeney, aged 46
Chief Operating Officer
After working in recruitment for Accountancy Selection Limited and Badenoch & Clark Limited, Giles joined the Group in 1988. From 1990 to 1994 he was based in Amsterdam and was responsible for the Group's Dutch and Belgian operations. Giles was appointed to the role of Chief Operating Officer in 1999, and was appointed to the Board of Robert Walters plc in July 2000.

Alan Bannatyne, aged 38
Group Finance Director and Company Secretary
After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group. Alan joined Robert Walters as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Group Finance Director in March 2007.

RECRUITMENT PROCESS OUTSOURCING

AS PIONEERS OF RECRUITMENT PROCESS OUTSOURCING SOLUTIONS, OUR RESOURCE SOLUTIONS BUSINESS CONTINUES TO WIN NEW BUSINESS AND BROADEN ITS SECTOR COVERAGE.



DIRECTORS AND ADVISORS CONTINUED

Russell Tenzer, aged 51
Non-executive Director
Russell qualified as a chartered accountant in 1979 before joining KPMG. In 1981 he joined N.M. Rothschild Limited. In 1983 he became a founding partner of Hazlems Fenton Chartered Accountants. Russell was appointed to the Board of the Robert Walters Group in October 1989, and was appointed to the Board of Robert Walters plc in July 2000.

Martin Griffiths, aged 41
Non-executive Director
Martin Griffiths is Finance Director of Stagecoach Group plc, the international transport company. From 1997 until 2000, he was Business Development Director at Stagecoach, having previously worked at Arthur Andersen, where he qualified as a Chartered Accountant in 1991. Martin is a past Chairman of the Group of Scottish Finance Directors and in 2004 won the Young Scottish Finance Director of the Year Award. He is a Non-executive Director of Glasgow Income Trust plc. Martin was appointed to the Board of Robert Walters plc in July 2006.

Lady Judge, aged 60
Non-executive Director
Lady Judge was appointed to the Board of Robert Walters plc in October 2007. She is a lawyer, an international banker and entrepreneur. Formerly Lady Judge was a Commissioner of the US Securities & Exchange Commission and an Executive Director of Samuel Montagu and News International, among others. She is currently Chairman of the UK Atomic Energy Authority and of the School of Oriental & African Studies. She is also Deputy Chairman of Friends Provident plc.

Andrew Kemp, aged 57
Non-executive Director
Andy is currently Group HR Director for Rentokil Initial plc. He previously held Group HR Director appointments in Aegis plc, News International, Transport Development Group plc and Bovis International. Prior to Bovis, Andy held a number of HR appointments at the rank of Captain and Major in the British Army. Andy was appointed to the Board of Robert Walters plc in November 2007.

INVESTMENT IN OUR PEOPLE

WE INVEST HEAVILY IN ONGOING SALES AND MANAGEMENT TRAINING, OFFER TRULY INTERNATIONAL CAREERS AND ACTIVELY ENCOURAGE THE REDEPLOYMENT OF EXISTING TALENT TO GROW NEW BUSINESSES AND ESTABLISH NEW OFFICES.

TOKYO

Our Japan head office in Shibuya, Tokyo. During 2007 we opened a second office in Tokyo and our first office in Osaka.

DIRECTORS' REPORT

The Directors present their review of the affairs of the Group and Company, together with the audited accounts for the year ended 31 December 2007.

Business review

A review of the Group's business and future developments is set out in the Operating and Financial Review.

Details of significant events since the balance sheet date are contained in note 26 to the accounts.

Results and dividends

The Group's audited accounts for the year ended 31 December 2007 are set out on pages 32 to 52 and the Company's audited accounts are set out on pages 53 to 56. The Group's profit after taxation for the year ended 31 December 2007 was £17.4m (2006: £14.1m).

The Directors recommend a final dividend of 3.35p (2006: 2.85p) per ordinary share to be paid on 6 June 2008, to shareholders on the register on 16 May 2008 which together with the interim dividend of 1.35p paid on 26 October 2007 makes a total of 4.70p for the year (2006: 4.00p).

The Group's retained profit for the year of £14.3m (2006: £11.5m) will be transferred to reserves.

Directors

The Directors who served during the year and at the date of this report are shown as follows:

Philip S Aiken*	
Robert C Walters	
Giles P Daubeney	
Alan R Bannatyne	(appointed 1 March 2007)
Russell P Tenzer*	
Martin A Griffiths*	
Lady Judge*	(appointed 19 October 2007)
Andrew D Kemp*	(appointed 7 November 2007)
Timothy G Barker*	(retired 10 May 2007)
Ian V Nash	(resigned 1 March 2007)

*Non-executive Directors

Lady Judge and Andrew Kemp were appointed during the year and offer themselves for election at the next Annual General Meeting.

Robert Walters and Giles Daubeney retire by rotation at the next Annual General Meeting and being eligible, offer themselves for re-election.

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 24.

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 26 and 27.

Substantial shareholdings

On 22 February 2008 the Company had been notified that there were holdings of 3% or more in the ordinary share capital of the Company as follows:

Name of shareholder	Holding (%)
Ruane Cunniff & Goldfarb Inc	11.33
Standard Life Investments	6.27
AXA SA	5.40
Majedie Asset Management	5.18
Legal & General Group PLC	4.94
Old Mutual Asset Managers	4.69
GlobeFlex Capital	4.64
Baillie Gifford & Company Limited	4.35
Capital Group Companies Inc	4.00
Aegon Asset Management UK PLC	3.90
Directors	3.51

Acquisition of Company's own shares

Further to the shareholders' resolution of 10 May 2007 and in order to enhance earnings per share, the Company purchased 3,936,667 ordinary shares from the market with a nominal share capital of £787,000 for a consideration of £12,834,000, representing 4.6% of the Company's called-up ordinary share capital. 1,116,299 of these shares remain held in treasury and 2,820,368 were cancelled.

Corporate Social Responsibility

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters. The Board monitors all significant risks to the Group, including SEE risks, which may impact the Group's short and long-term value. During 2007, no significant SEE risks were identified.

(i) Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

(ii) Equal opportunity

The Group endorses and supports the principles of equal employment opportunities. It is the policy of the Group to provide equal employment opportunities to all appropriately qualified individuals, and to ensure that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis.

(iii) Health and Safety

The Chief Executive Officer has overall responsibility for the implementation of the Group's Health and Safety policy, with specific operational responsibility delegated to managers at each location. Every effort is made to ensure that the Health and Safety at Work Act 1974, the European Community Directives on Health and Safety and the Australian Occupational Health and Safety Acts are complied with at all times.

(iv) Environment

The Group does not operate in a business sector which causes significant pollution; however, the Board recognises that the business does have an impact on the environment. The Group seeks to reduce the level of environmental impact by taking steps that it considers appropriate, such as the encouragement of reuse and recycling of all waste materials, and the reduction of energy consumption.

The Group has consulted extensively with the Carbon Trust, a UK Government initiative intended to accelerate the transformation of the UK to a low carbon economy, and has already undertaken a substantial number of the steps to implement their recommendations.

Specific actions that have been taken in respect of the reduction and conservation of energy include the migration of light bulbs to low energy equivalents, the piloting of a project for the use of low energy computer terminals and the installation of light activating motion detectors in a number of offices with an intention to roll this out across the Group.

In respect of the recycling and reuse of waste materials, the shredding, crushing and recycling of waste is already in place in a number of offices and will be in place across all of our larger offices by the end of the first half of the year.

The Group intends to reduce the carbon footprint of the business both through a policy of minimising travel to the extent that it is totally necessary (including reviewing the opportunity for home working where appropriate), and also through an accredited carbon offsetting programme focused on reforestation across areas of the UK, Australia and New Zealand.

During 2008 a process of evaluating all suppliers in respect of their environmental credentials will be undertaken, ensuring that they are aware of our Environmental Code of Practice. The possibility of obtaining electricity from genuine renewable sources will also be fully investigated.

At all times the Group endeavours to follow best practice in line with the requirements of BS 8555:2002 and is currently taking the necessary steps in order to qualify for this certification.

(v) Employee involvement

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings as well as a regular internal memorandum for all employees and the use of the Group intranet.

The Directors consider that the ability of employees to participate in the share ownership of the Company is vital for the success of the Group.

The Group currently operates a number of share incentive schemes and details of the Executive Share Option Schemes are included in note 18 to the accounts.

(vi) Political and charitable donations

The Group made charitable donations of £19,000 (2006: £8,000) during the year. The Group made no political donations during the year (2006: £nil).

(vii) Supplier payment policy

Companies in the Group agree standard terms of payment with their major suppliers at the commencement of business. Suppliers fulfilling the conditions of supply are normally paid in accordance with the agreed standard terms. Other suppliers are paid in accordance with contractual terms as agreed from time to time.

Creditor days for the Group at 31 December 2007 were equivalent to 27 days (2006: 27 days) based on the average daily amount invoiced by suppliers during the year.

The Company has no trade creditors as at 31 December 2007 (2006: £nil).

Auditors

Each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's Auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

A resolution to reappoint Deloitte & Touche LLP as the Company's Auditors will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 8 May 2008 and the notice of the Annual General Meeting, including an explanation of the special business of the meeting, will be sent out in due course.

On behalf of the Board

Alan Bannatyne
Company Secretary
22 February 2008

CORPORATE GOVERNANCE STATEMENT

Statement of compliance with the Combined Code

The Company has complied throughout the year ended 31 December 2007 with the principles of good governance ('Principles') and the Code of Best Practice known as the 2006 FRC Combined Code, which is annexed to the Listing Rules of the Financial Services Authority, except that following the retirement of Timothy Barker in May 2007, the number of Non-executive Directors no longer represented more than half of the Board until the appointment of Lady Judge in October 2007.

Further explanation of how the Principles have been applied is set out below and, in connection with Directors' remuneration, in the Report of the Remuneration Committee.

The Group's approach to corporate governance

The Group has a policy of seeking to comply with established best practice in the field of corporate governance. In addition, one of the core values communicated within the Group is a belief that the highest standard of integrity is essential in business. The Group has an express aim of respecting the needs of shareholders, employees, clients, candidates and contractors.

Board effectiveness

The Board considers that it has shown its commitment to leading and controlling the Group by:

- having a Board constitution which details the Board's responsibility to shareholders for the management of the Group's affairs. It exercises direction and supervision of the Group's operations throughout the world and defines the line of responsibility from the Board to the Chief Executive and the Executive Directors in whom responsibility for the executive management of the business is vested;
- the Board retaining specific responsibility for agreeing the strategic direction of the Group, the approval of accounts, business plan, budget and capital expenditure, the review of operating results, the effectiveness of governance practice and risk management, and also the appointment of senior executives and succession planning;
- a high level of attendance by the Directors at the six Board meetings held during the year. There was one apology from Giles Daubeney;
- the provision of appropriate training to all new Directors at the time of appointment to the Board, and by ensuring that existing Directors receive such training as to be equipped with the skills required to fulfil their roles; and
- delegating responsibilities to sub-committees: Audit Committee; Remuneration Committee; and Nomination Committee.

Division of responsibilities between Chairman and Chief Executive

The Board has shown its commitment to dividing responsibilities for the Board and running the Company's business by:

- appointing Philip Aiken as Non-executive Chairman, following the retirement of Timothy Barker;
- appointing Robert Walters as Chief Executive; and
- clearly defining in writing the respective responsibilities of the Chairman and the Chief Executive.

Board balance

The Group's commitment to achieving a balance of Executive and Non-executive Directors is shown by:

- the Non-executive Directors comprising more than half of the Board of Directors (other than the five month period between Timothy Barker's retirement and the appointment of Lady Judge);
- the Non-executive Directors being considered to act independently of management and free from any business relationship that could materially interfere with the exercise of their independent judgement; and
- Philip Aiken, Martin Griffiths, Lady Judge and Andrew Kemp being considered to be free from any other relationship which could materially interfere with the exercise of their independent judgement.

Russell Tenzer has been a Non-executive Director of the Robert Walters Group since 1989 and as a result, the Board considers that Russell does have a long-standing relationship with two of the Executive Directors.

The Board has formally considered this relationship and has concluded that the exercise of his independent judgement since his appointment to the Board of Robert Walters plc in July 2000 has not been affected.

Transparency of Board appointments

The Nomination Committee is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition and balance. The members of the Committee, which met four times during the year, are the Non-executive Directors – Philip Aiken (Chairman), Russell Tenzer and Martin Griffiths. During the year, the Nomination Committee met and unanimously approved the appointment of Alan Bannatyne as Group Finance Director, following the resignation of Ian Nash. The Committee also met to consider the appointment of new Non-executive Directors to the Board, agreeing unanimously to recommend Lady Judge and Andrew Kemp for those positions. Additionally, Philip Aiken, was appointed Chairman following the retirement of Timothy Barker at the Annual General Meeting.

The Nomination Committee has written terms of reference which are available on request. The procedure for appointments to the Board includes the requirement to specify the nature of the position in writing and to ensure that appointees have sufficient time available to meet the demands of the position. The terms of the contracts for the Non-executive Directors are available upon request.

Regular re-election of Directors
As disclosed in the Directors' Report, all Directors are subject to re-election every three years as required by the provisions of the Code of Best Practice. Prior to renomination, the Nomination Committee will conduct an assessment of the performance of each retiring Director. The Board will not approve such a renomination if the performance of the retiring Director is not considered satisfactory.

Timeliness and quality of Board information
The Board has sought to ensure that Directors are properly briefed on issues arising at Board meetings by establishing procedures for:

- distributing Board papers in advance of meetings and considering the adequacy of the information provided before making decisions;

- adjourning meetings or deferring decisions when Directors have concerns about the information available to them; and

- making the Company Secretary responsible to the Board for the timeliness and quality of information.

Performance evaluation
The annual performance appraisal of the Board and its Committees is considered by the Board to meet the requirements of the Combined Code. A detailed review was completed by each Director and individual discussions took place between the Chairman and each of the Directors and, in the case of the Chairman, with the Senior Independent Non-executive Director. Subsequently, there was a full Board discussion of the matters that were raised and a process to ensure that the decisions taken were appropriately implemented. This process did not identify any material issues that needed to be addressed.

Dialogue with institutional shareholders
The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by:

- making annual and interim presentations to institutional investors;

- meeting shareholders to discuss long-term issues and obtain their views;

- communicating regularly throughout the year; and

- regular meetings of the Board being used as the forum to ensure that Non-executive Directors are updated on the views of major shareholders that have been communicated to the Executive Directors.

Senior Independent Director
The Board has appointed Lady Judge as the Senior Independent Director. Lady Judge is available to shareholders who have concerns that cannot be addressed through the Chief Executive.

Constructive use of Annual General Meeting
The Board seeks to use the Annual General Meeting to communicate with private investors and encourage their participation by:

- inviting shareholders to submit questions in advance; and

- providing a balanced and understandable assessment of the Group's position and prospects.

Internal control
The Board is responsible for the effectiveness of the Group's system of internal control. A review has been completed by the Board for the year ended 31 December 2007 and up to the date of approval of the Annual Report, in accordance with the recommendations of the Turnbull Report. The Group's system of internal control is designed to safeguard the Group's assets and to ensure the reliability of information used within the business and for publication. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The full Board meets regularly and has a schedule of matters which are required to be brought to it or its duly authorised Committees for decision, aimed at maintaining full and effective control over appropriate strategic, financial, operational and compliance issues on an ongoing basis.

The Board has put in place an organisational structure with clearly defined responsibilities and delegation of authority. The Board constitution clearly sets out those matters for which the Board is required to give its approval.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee meets at least three times a year with the Group Finance Director and the Group's Auditors to review the interim and annual financial statements, the accounting policies of the Group, its internal financial control procedures and compliance with accounting standards, business risk, legal requirements and the requirements of the UK Listing Authority. The members of the Audit Committee are Martin Griffiths (Chairman), Russell Tenzer and Lady Judge, all of whom are Non-executive Directors. Lady Judge was appointed to the Committee in October and Philip Aiken resigned in December. The Committee met three times during the year and there was one apology from Russell Tenzer.

A process has been in existence throughout the period that this report relates to in order to assess the risks within the business and to report and monitor such risks. The Audit Committee regularly receives reports identifying the key internal controls in existence and also risk reports from the business. The Audit Committee then evaluates the effectiveness of those controls and the management of key risks within the Group.

The Audit Committee regularly reviews the need for a dedicated internal audit function. However, at present the Audit Committee has determined that given the size and nature of the Group's operations a separate internal audit function is not required. This decision will be regularly reviewed in the future. The Board seeks to improve the robustness of internal checks and balances within the Group on an ongoing basis and to implement controls and processes to address areas of potential improvement that come to the attention of the Board. Further, the Group's Auditors are engaged to perform additional work in relation to those of the Group's activities which the Audit Committee judge it would be beneficial for them to do so.

The Audit Committee discharges its responsibility in respect of the annual financial statements by: reviewing the terms of the scope of the external audit in advance of the audit; and, subsequently evaluating the findings of the external audit as presented to the Audit Committee by the external Auditors prior to the approval of the annual financial statements.

The Audit Committee recognises the importance of ensuring the independence and objectivity of the Company's Auditors and reviews the service provided by the Auditors, the level of their fees and that element comprising non-audit fees. The Audit Committee meets with the Auditors at least once a year without Executive Directors being present.

The Audit Committee also reviews the arrangements by which staff may raise concerns of a confidential nature, relating to potential improprieties or otherwise. The Audit Committee considers that the nomination of Martin Griffiths as a point of contact for raising any such matter is an appropriate measure and the procedure for raising such concerns is detailed on the Group's intranet.

Appropriate Audit Committee responsibilities and relationships with Auditors

The Board has delegated responsibility to the Audit Committee for making recommendations on the appointment, evaluation and dismissal of external Auditors. The Audit Committee reviews its terms of reference on an annual basis, and has adopted a policy with respect to the provision of non-audit services provided to the Group by the external Auditors that complies with the requirements of the Combined Code.

The terms of reference of the Audit Committee are available upon request.

Approved

This report was approved by the Board of Directors on 22 February 2008 and is signed on its behalf by:

Martin Griffiths
Director
22 February 2008

REPORT OF THE REMUNERATION COMMITTEE

Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles of good governance relating to Directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company.

The Regulations require the Auditors to report to the Company's shareholders on the 'auditable part' of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 as amended by the Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Remuneration Committee is composed of three Non-executive Directors: Lady Judge (Chairman); Russell Tenzer; and Andrew Kemp following the appointment to the Board of Lady Judge and Andrew Kemp. Philip Aiken and Martin Griffiths are no longer on the Remuneration Committee given their other responsibilities as Chairman of the Board and Chairman of the Audit Committee respectively. The Remuneration Committee met four times during the year and there was one apology from Martin Griffiths.

The purpose of the Committee is to consider all aspects of Executive Directors' remuneration and to determine the specific remuneration packages of the Executive Directors including bonus schemes, pensions contributions and other benefits. The Committee ensures that the remuneration packages are competitive within the recruitment industry and reflect both Group and personal performance during the year, and have regard to the broader levels of remuneration within the Group itself. The Committee meets when required to consider all aspects of Executive Directors' remuneration. Independent external advice on amendments to share incentive schemes was obtained from Kepler Associates Limited, New Bridge Street Consultants LLP and Patterson Associates during the year. The fees paid during the year in respect of this independent advice were £8,000, £18,000 and £108,000 respectively. There were no other connections between any of the Directors and Kepler Associates Limited, New Bridge Street Consultants LLP or Patterson Associates other than the provision of advice to the Remuneration Committee during the year, as detailed above. The terms of reference of the Remuneration Committee are available upon request.

Statement of remuneration policy

Executive Directors

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the highest calibre needed to maintain the Group's position as a market leader and to reward them for enhancing shareholder value.

The Group's policy on Executive Director remuneration for the year ended 31 December 2007 is as follows:

Salary

The basic salary of each Director is determined by the Remuneration Committee taking into account the performance of the individual and information from independent sources on the rates of salary for similar jobs in comparable companies.

Annual bonus

Each of the Executive Directors is entitled to participate in an annual executive bonus plan of up to 100% of salary. Under the bonus plan, the Executive Directors' bonuses are dependent upon the achievement of financial targets and individual key performance indicators. The majority of the bonus is linked to the financial performance of the Group.

Pensions and other benefits

In addition to the basic remuneration payable under the service agreements, each of the Executive Directors is entitled to a pension provision and a range of other benefits, including permanent health insurance, private medical insurance, car allowance and mortgage subsidy. All benefits are subject to annual review.

Share options

Directors and senior employees are incentivised by the grant of share options under an Executive Share Option Scheme. This scheme is administered by the Remuneration Committee and is open to employees and Directors of the Company and its subsidiaries, who are not within two years of their contractual retirement age. The share options are only exercisable between three and ten years from the date of grant and only to the extent that earnings per share ('EPS') targets have been satisfied over a period of three years. The EPS performance condition governing the vesting of options granted before 1 December 2005 is tested after three, four and five years.

The maximum number of options that may be granted to an existing Director or employee in any given year is the lower of 300,000 shares or the equivalent value of 2.5 times salary at the date of grant.

Further information relating to all options currently available to Executive Directors is detailed on page 26 and in note 18 to the accounts. In the event of a change of control, all options would vest subject to satisfaction of the performance conditions.

REPORT OF THE REMUNERATION COMMITTEE CONTINUED

Performance Share Plan ('PSP')

A long-term incentive plan for Executive Directors and senior employees was approved at the 2003 Annual General Meeting of the Company, and further amendments were approved at the 2006 Extraordinary General Meeting. This scheme is administered by the Remuneration Committee and is open to employees and the Executive Directors of the Company and its subsidiaries, who are not within six months of their contractual retirement age.

The PSP permits the award of both conditional shares and co-investment shares. Both awards vest in full after three years, subject to meeting targets based on total shareholder return ('TSR') and EPS over the three-year period, and in the case of co-investment shares, to the extent that the individual has met the requirements to invest in shares in the Company during the vesting period.

Further information relating to all PSP awards currently available to Executive Directors is detailed on page 27 and in note 18 to the accounts. In the event of a change of control, all awards would vest subject to satisfaction of the performance conditions. The awards would normally then be pro rated to reflect the period of time between the date of grant and the date of change of control.

Executive Directors

The service contracts for each of the Executive Directors are subject to review annually. These service contracts are terminable by either party giving up to 12 months' written notice at any time and there are no specific provisions relating to any payments for early termination of office.

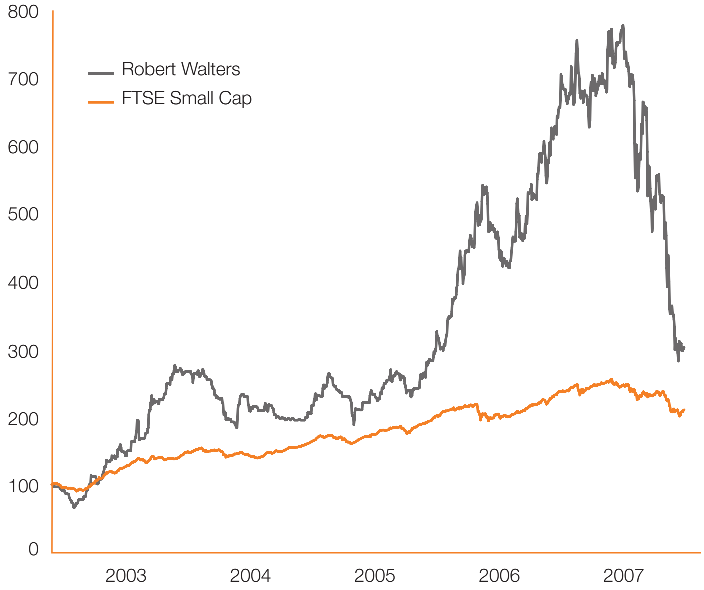
None of the Executive Directors currently hold significant Non-executive positions and it is expected that the Executive Directors would seek approval from the Board prior to the acceptance of any such positions in companies outside the Group.

Non-executive Directors

The remuneration of the Non-executive Directors is determined by the Board as a whole, based on outside advice and review of current practices in other companies. Their contracts are terminable by either party giving not less than three months' written notice at any time.

Performance graph

The following graph shows the Company's performance compared with the performance of the FTSE Small Cap Index, of which Robert Walters plc is a part, measured by TSR.



Source: Datastream

TSR is calculated by Datastream as the growth or fall in value of a shareholding from the date of initial investment over time, with the assumption that dividends are reinvested to purchase additional shares in the Company.

Contracts of service	Date of contract	Date of re-election
Executive Directors		
R C Walters	19 June 2000	May 2008
G P Daubeney	19 June 2000	May 2008
A R Bannatyne	1 March 2007	May 2009
Non-executive Directors		
P S Aiken	16 June 2000	May 2010
R P Tenzer	16 June 2000	May 2009
M A Griffiths	1 July 2006	May 2009
Lady Judge	19 October 2007	May 2008
A D Kemp	7 November 2007	May 2008

Audited information
Directors' remuneration, interests and transactions

	2007 £'000	2006 £'000
Aggregate remuneration		
The total amount of Directors' remuneration and other benefits was as follows:		
Emoluments	2,299	2,394
Group contributions to money purchase schemes	12	16
	2,311	2,410
Fees paid to third parties in respect of Directors' services	38	33

Fees paid to third parties comprise amounts paid to Hazlems Fenton, Chartered Accountants, under an agreement to provide the Group with the services of Russell Tenzer.

	2007 £'000				2006 £'000			
Emoluments	Salary and fees	Bonus	Taxable benefits	Total	Salary and fees	Bonus	Taxable benefits	Total
Executive								
R C Walters	440	440	75	**955**	419	419	71	909
G P Daubeney	367	367	49	**783**	349	349	47	745
A R Bannatyne	160	160	21	**341**	–	–	–	–
I V Nash[1]	50	–	5	**55**	287	287	28	602
Non-executive								
P S Aiken	54	–	–	**54**	33	–	–	33
M A Griffiths	38	–	–	**38**	17	–	–	17
R P Tenzer	38	–	–	**38**	33	–	–	33
T G Barker	21	–	–	**21**	55	–	–	55
Lady Judge[2]	8	–	–	**8**	–	–	–	–
A D Kemp	6	–	–	**6**	–	–	–	–
	1,182	**967**	**173**	**2,299**	1,193	1,055	146	2,394

[1] Subsequent to his resignation as a Director on 1 March 2007, Ian Nash remained an employee of the Group until October. During this time he received total remuneration of £225,000, including money purchase pension contributions of £3,500.
[2] Prior to her appointment as as a Non-executive Director, BT Consulting Inc Limited, a company associated with Lady Judge, received consultancy fees of £13,000.

Annual bonuses are determined by the Remuneration Committee.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments during the financial year ended 31 December 2007.

The nature of the taxable benefits comprises: mortgage allowance; car allowance; health club membership; and medical aid.

During 2006, following changes to UK pension regulations, Robert Walters elected to receive funds directly that were previously paid by the Group on his behalf to a money purchase scheme.

REPORT OF THE REMUNERATION COMMITTEE CONTINUED

Share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors under the Company's Executive Share Option Scheme. Details of the options are as follows:

	Options at 1 January 2007 or appointment date	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2007	Price granted[3] (p)	Share price on exercise (p)	Gain on exercise (£)	Exercise dates
R C Walters									
IPO Options (Super)	2,263,250	–	(995,830)	(1,267,420)	–	170	330	1,593,328	
Executive Options	300,000	–	(300,000)	–	–	56	360	912,000	
Executive Options	300,000	–	(300,000)	–	–	103	360	771,000	
Executive Options	1,500,000	–	–	–	1,500,000	244			Jul 2009 – Jun 2016
Executive Options	–	300,000	–	–	300,000	363			Jun 2010 – Jun 2017
	4,363,250	**300,000**	**(1,595,830)**	**(1,267,420)**	**1,800,000**			**3,276,328**	
G P Daubeney									
IPO Options (Super)	617,250	–	(271,590)	(345,660)	–	170	330	434,544	
Executive Options	250,000	–	(250,000)	–	–	56	360	760,000	
Executive Options	250,000	–	(250,000)	–	–	103	360	642,500	
Executive Options	400,000	–	–	–	400,000	244			Jul 2009 – Jun 2016
Executive Options	–	250,000	–	–	250,000	363			Jun 2010 – Jun 2017
	1,517,250	**250,000**	**(771,590)**	**(345,660)**	**650,000**			**1,837,044**	
A R Bannatyne									
Executive Options[1]	25,000	–	(9,952)	–	15,048	103	360	25,577	Jun 2007 – May 2013
Executive Options[1]	25,000	–	–	–	25,000	135			Dec 2008 – Dec 2015
Executive Options	–	117,079	–	–	117,079	363			Jun 2010 – Jun 2017
	50,000	**117,079**	**(9,952)**	**–**	**157,127**			**25,577**	
I V Nash									
Executive Options	200,000	–	(200,000)	–	–	56	346	580,000	
Executive Options	200,000	–	(200,000)	–	–	103	360	514,000	
Executive Options[2]	200,000	–	–	(200,000)	–	244			
	600,000	**–**	**(400,000)**	**(200,000)**	**–**			**1,094,000**	
	6,530,500	**667,079**	**(2,777,372)**	**(1,813,080)**	**2,607,127**			**6,232,949**	

[1] Options granted prior to appointment as a Director.
[2] Options lapsed on resignation as a Director.
[3] Market price when awarded.

The performance criteria of the options are detailed in note 18.

The market price of the ordinary shares at 31 December 2007 was 152.25p per share (2006: 326.75p per share) and the range during the year was 142.00p to 393.00p per share.

Performance Share Plan ('PSP')

There are currently 18 senior executives who participate in the PSP. The maximum number of shares receivable by Executive Directors is as follows:

Date of grant	Price granted (p)	Share awards	Co-investment awards	Vested during year	Lapsed during year	At 31 December 2007 or date of resignation	Gain on vesting (£)	Exercise date
R C Walters								
June 2004	101	419,847	150,076	(569,923)	–	–	2,051,724	June 2007
December 2005	142	304,813	116,598	–	–	421,411		December 2008
June 2006	244	187,824	–	–	–	187,824		June 2009
June 2007	371	137,786	50,269	–	–	188,055		June 2010
		1,050,270	**316,943**	**(569,923)**	**–**	**797,290**	**2,051,724**	
G P Daubeney								
June 2004	101	347,328	102,325	(449,653)	–	–	1,618,752	June 2007
December 2005	142	254,278	71,666	–	–	325,944		December 2008
June 2006	244	155,487	–	–	–	155,487		June 2009
June 2007	371	111,644	18,527	–	–	130,171		June 2010
		868,737	**192,518**	**(449,653)**	**–**	**611,602**	**1,618,752**	
A R Bannatyne								
June 2007	371	53,938	19,427	–	–	73,365		June 2010
		53,938	**19,427**	**–**	**–**	**73,365**	**–**	
I V Nash[1]								
June 2004	101	271,947	97,208	(369,155)	–	–	1,328,958	June 2007
December 2005	142	208,556	70,134	–	(92,897)	185,793		December 2008
June 2006	244	123,392	–	–	(123,392)	–		June 2009
		603,895	**167,342**	**(369,155)**	**(216,289)**	**185,793**	**1,328,958**	
		2,576,840	**696,230**	**(1,388,731)**	**(216,289)**	**1,668,050**	**4,999,434**	

[1] All of the PSP shares granted to Ian Nash in June 2006 and a third of the PSP shares granted to him in December 2005 lapsed on his resignation.

The shares granted in June 2004 vested on 14 June 2007 when the share price was £3.60, having satisfied the relevant performance conditions. Shares sufficient to cover income tax liabilities arising upon the vesting of the shares were sold on the same day, and the remainder of the shares were transferred into the names of the individual Directors.

Directors' interests in shares

The Directors who held office at 31 December 2007 had the following interests in the ordinary shares of the Company:

	31 December 2007 or date of resignation Number	31 December 2006 or date of appointment Number
R C Walters	1,485,372	3,186,732
G P Daubeney	1,104,139	1,121,959
A R Bannatyne	47,582	30,682
R P Tenzer	14,705	14,705
P S Aiken	11,176	11,176
M A Griffiths	–	–
Lady Judge	–	–
A D Kemp	–	–

REPORT OF THE REMUNERATION COMMITTEE CONTINUED

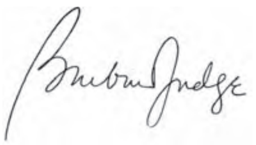
Pensions

Three Directors were members of money purchase pension schemes during the year. Contributions paid in by the Company in respect of such Directors were as follows:

	2007 £'000	2006 £'000
Name of Director		
R C Walters	–	4
G P Daubeney	6	6
A R Bannatyne	5	–
I V Nash	1	6
	12	**16**

Approval

This report was approved by the Board of Directors on 22 February 2008 and signed on its behalf by:



Lady Judge
Director
22 February 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Parent Company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Robert Walters plc

We have audited the Group and Parent Company financial statements (the 'financial statements') of Robert Walters plc for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 36. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report of the Remuneration Committee that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union, and for preparing the Parent Company financial statements and the Report of the Remuneration Committee in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Report of the Remuneration Committee described as having been audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Statement, the unaudited part of the Report of the Remuneration Committee, the Operating and Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Report of the Remuneration Committee described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Report of the Remuneration Committee described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Report of the Remuneration Committee described as having been audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2007;
- the Parent Company financial statements and the part of the Report of the Remuneration Committee described as having been audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
22 February 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Revenue	1		
Continuing operations		**319,795**	274,462
Cost of sales		(190,865)	(165,857)
Gross profit		**128,930**	108,605
Administrative expenses		(102,815)	(89,115)
Operating profit		**26,115**	19,490
Interest received		332	58
Interest paid	2	(831)	(506)
(Loss) gain on foreign exchange		(675)	805
Profit before taxation	3	**24,941**	19,847
Taxation	5	(7,518)	(5,754)
Profit after taxation		**17,423**	14,093
Dividends	6	(3,139)	(2,585)
Retained profit for the year	19	**14,284**	11,508
Earnings per share (p):	7		
Basic		23.2	18.9
Diluted		21.8	17.1

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	2007 £'000	2006 £'000
Profit for the year	**17,423**	14,093
Foreign currency translation differences	1,916	(1,761)
Total recognised income and expense for the year	**19,339**	12,332

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 £'000	2006 £'000
Non-current assets			
Intangible assets	8	7,822	7,747
Property, plant and equipment	9	4,745	4,210
Deferred tax asset	15	3,749	5,555
		16,316	17,512
Current assets			
Trade and other receivables	12	69,742	61,219
Corporation tax receivables		1,429	189
Cash and cash equivalents	16	23,953	19,584
		95,124	80,992
Total assets		111,440	98,504
Current liabilities			
Trade and other payables	13	(47,763)	(39,325)
Corporation tax liabilities		(4,937)	(3,431)
Bank loans	14	(4,640)	(4,617)
		(57,340)	(47,373)
Net current assets		**37,784**	33,619
Non-current liabilities			
Bank loans	14	(3,718)	(8,011)
Deferred tax liabilities	15	(683)	(1,143)
		(4,401)	(9,154)
Total liabilities		(61,741)	(56,527)
Net assets		**49,699**	41,977
Equity			
Called-up share capital	17	17,086	17,019
Share premium account	19	40,553	57,968
Other reserves	19	(73,470)	(74,034)
Own shares held	19	(1,073)	(2,686)
Treasury shares held	19	(18,865)	(14,773)
Foreign exchange reserves	19	438	(1,478)
Retained earnings	19	85,030	59,961
Total equity	20	**49,699**	41,977

The accounts on pages 32 to 52 were approved and authorised for issue by the Board of Directors on 22 February 2008 and signed on its behalf by:

Alan Bannatyne
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Cash generated from operating activities	21	**30,372**	18,190
Income taxes paid		(6,616)	(4,137)
Net cash from operating activities		**23,756**	14,053
Investing activities			
Interest paid (net)		(499)	(444)
Purchases of computer software		(697)	(526)
Purchases of property, plant and equipment (net)		(1,803)	(1,522)
Net cash used in investing activities		**(2,999)**	(2,492)
Financing activities			
Equity dividends paid		(3,139)	(2,585)
Proceeds from issue of equity		3,216	195
Proceeds from bank loan		–	10,000
Repayment of bank loan		(4,671)	(1,921)
Treasury shares purchased		(4,092)	(9,987)
Shares purchased for cancellation		(8,742)	–
Net cash used in financing activities		**(17,428)**	(4,298)
Net increase in cash and cash equivalents		**3,329**	7,263
Cash and cash equivalents at beginning of year		19,584	13,612
Effect of foreign exchange rate changes		1,040	(1,291)
Cash and cash equivalents at end of year		**23,953**	19,584

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 December 2007

Accounting policies

Basis of preparation

The financial report for the year ended 31 December 2007 has been prepared in accordance with the historic cost convention and with International Financial Reporting Standards ('IFRSs'), including International Accounting Standards and Interpretations as adopted for use by the European Union.

The principal accounting policies of the Group are summarised below and have been applied consistently in all aspects throughout the current year.

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of Robert Walters plc and its subsidiary undertakings drawn up to 31 December each year. Acquisitions are accounted for under the acquisition method.

(b) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is reviewed for impairment at least annually. Any impairment is recognised in the Consolidated Income Statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the net 1 January 2004 pounds sterling UK GAAP amounts, subject to being tested for impairment at that date. On disposal the attributable amount of goodwill is included in determining the profit or loss on disposal.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax is reviewed at each balance sheet date and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

(d) Employee share schemes

The cost of awards made under the Group's employee share schemes after 7 November 2002 is based on the fair value of the shares at the time of grant and is charged to the Consolidated Income Statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion to the services received is recognised at the current fair value determined at each balance sheet date for cash settled share-based payments.

(e) Revenue

Revenue comprises the value of services, net of VAT and other sales related taxes, provided in the normal course of business. Any bad debt provision that may be deemed necessary is treated as an administrative expense.

Revenue from the placement of permanent staff is recognised when a candidate accepts a position and a start date is determined. A provision is made for the cancellation of placements prior to or shortly after the commencement of employment based on past experience of this occurring.

Revenue from temporary placements represents the amounts billed for the services of temporary staff including the salary costs of those staff. This is recognised when the service has been provided, to the extent that the Group is acting as a principal. Where the Group is not considered to act as a principal, the salary costs of the temporary staff is excluded from revenue and only the net margin is recognised as revenue. Revenue in respect of outsourcing and consultancy is recognised when the service has been provided.

(f) Gross profit (net fee income)

Gross profit is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and advertising margin. It also includes the outsourcing and consultancy margin earned by Resource Solutions.

(g) Operating profit

Operating profit is the total revenue less the total associated costs incurred in the production of revenue. The only items that are excluded from operating profit are finance costs (including foreign exchange), investment income and expenditure, taxation, and if deemed appropriate, amounts that are identified as non-recurring material items.

(h) Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, with any gain or loss that may arise as a result being included in net profit or loss for the period.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through reserves, and recognised as income or as expenses in the period in which an operation is disposed of.

(i) Property, plant and equipment and computer software
Property, plant and equipment and computer software is stated at cost, net of depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- leasehold improvements and finance leases: the shorter of estimated useful life and the period of the lease;
- motor vehicles: 17.5%;
- fixtures, fittings and office equipment: 10% to 20%; and
- computer equipment and computer software: 33.3%.

(j) Leases
Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis.

(k) Investments
Investments are shown at cost less provision for impairment where appropriate.

(l) Receivables
Trade and other receivables are recorded at cost, less any provision for impairment.

(m) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(n) Other financial liabilities
Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs.

(o) Pensions
The Group currently contributes to the money purchase pension plans of certain individual Directors and employees. Contributions payable in respect of the year are charged to the Consolidated Income Statement.

New IFRS accounting movements
At the date of authorisation of these accounts, the following Standards and Interpretations which have not been applied in these accounts were in issue but not yet effective:

- IFRS 8: Operating Segments;
- Amendments to IAS 1: Presentation of financial statement – A revised presentation;
- Amendments to IAS 23: Borrowing costs;
- IFRIC 11: IFRS 2: Group and treasury share transactions;
- IFRIC 12: Service concession arrangements;
- IFRIC 13: Customer loyalty programmes; and
- IFRIC 14: IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction.

The Group does not consider that these Standards or Interpretations will have a significant impact on the accounts of the Group when they come into effect.

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting polices, which are described above, management considers that judgements in relation to revenue recognition and bad debt expense have the most significant effect on the amounts recognised in the financial statements. These are also the key sources of estimation uncertainty and are arrived at through specific analysis and historical experience.

NOTES TO THE GROUP ACCOUNTS

1. Segmental information

	2007 £'000	2006 £'000
i) Revenue:		
UK	148,746	138,374
Europe*	44,439	32,999
Asia Pacific	124,132	98,997
Other*	2,478	4,092
	319,795	274,462
ii) Gross profit:		
UK	48,594	44,144
Europe*	25,790	19,361
Asia Pacific	52,114	41,197
Other*	2,432	3,903
	128,930	108,605
iii) Profit before interest and taxation:		
UK	4,997	3,203
Europe*	5,096	3,798
Asia Pacific	15,926	11,963
Other*	96	526
Operating profit	**26,115**	19,490
Net finance (cost) credit	(1,174)	357
Profit before taxation	**24,941**	19,847
iv) Net assets:		
UK	1,702	15,007
Europe*	7,262	3,791
Asia Pacific	25,902	16,815
Other*	(322)	(1,762)
Unallocated corporate assets and liabilities	15,155	8,126
	49,699	41,977

The analysis of revenue by destination is not materially different to the analysis by origin. The Group is divided into geographical areas for management purposes, and it is on this basis that the primary segmental information has been prepared.

v) Other information – 2007:

	Property, plant and equipment additions £'000	Depreciation and amortisation £'000	Assets £'000	Liabilities £'000
UK	1,313	1,253	39,839	(38,137)
Europe*	443	194	17,941	(10,679)
Asia Pacific	927	512	39,402	(13,500)
Other*	38	23	300	(622)
Unallocated corporate assets and liabilities	–	–	29,131	(13,976)
	2,721	**1,982**	**126,613**	**(76,914)**

1. Segmental information continued

v) Other information continued **– 2006:**

	Property, plant and equipment additions £'000	Depreciation and amortisation £'000	Assets £'000	Liabilities £'000
UK	875	1,069	37,946	(22,939)
Europe*	587	149	10,997	(7,206)
Asia Pacific	588	374	25,786	(8,971)
Other*	21	30	471	(2,233)
Unallocated corporate assets and liabilities	–	–	25,328	(17,202)
	2,071	**1,622**	**100,528**	**(58,551)**

* In 2007, following a realignment of the Group's internal reporting structure, Ireland is now presented in 'Europe'. As a result the comparative figures for both 'Europe' and 'Other' have been restated to reflect this change.

For the purposes of other information, unallocated corporate assets and liabilities include cash, bank loans and corporate and deferred tax balances.

	2007 £'000	2006 £'000
vi) Revenue by business grouping:		
Robert Walters	303,431	265,342
Resource Solutions (recruitment process outsourcing)	16,364	9,120
	319,795	274,462
vii) Carrying value of assets:		
Robert Walters	77,985	58,247
Resource Solutions	19,498	16,953
	97,483	75,200
viii) Additions to fixed assets:		
Robert Walters	2,548	1,504
Resource Solutions	173	36
	2,721	1,540

2. Interest paid

	2007 £'000	2006 £'000
Interest on bank overdrafts	195	365
Interest on long-term loans	560	141
Other	76	–
Total borrowing costs	**831**	506

3. Profit before taxation

	2007 £'000	2006 £'000
Profit is stated after charging:		
Auditors' remuneration – Deloitte & Touche LLP (as Auditors)		
– Fees payable to the Company's Auditors for the audit of the Company's annual accounts	52	50
– The audit of the Company's subsidiaries pursuant to legislation	152	148
	204	198
– Other services pursuant to legislation	23	21
– Fees payable to the Auditors pursuant to legislation	227	219
– Tax advisory services	32	21
Total fees	**259**	240
Depreciation and amortisation of assets – owned	1,982	1,622
Loss on disposal of fixed assets	63	96
Impairment of financial assets (net)	121	(237)
Operating lease rentals – property	3,302	3,818
– computers and equipment	712	665

NOTES TO THE GROUP ACCOUNTS CONTINUED

4. Staff costs

	2007 Number	2006 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was:		
Group employees	**1,388**	1,180

	2007 £'000	2006 £'000
Their aggregate remuneration comprised:		
Wages and salaries	61,709	52,496
Social security costs	6,611	5,510
Other pension costs	1,801	1,848
	70,121	59,854

5. Taxation

	2007 £'000	2006 £'000
Current tax charge		
Corporation tax – UK	1,236	1,134
Corporation tax – Overseas	6,904	5,151
Double tax relief	–	(50)
Adjustments in respect of prior periods		
Corporation tax – UK	(6)	58
Corporation tax – Overseas	71	148
	8,205	6,441
Deferred tax		
Deferred tax – UK	251	(385)
Deferred tax – Overseas	(938)	122
Adjustments in respect of prior periods		
Deferred tax – UK	–	(99)
Deferred tax – Overseas	–	(325)
	(687)	(687)
Total tax charge for year	**7,518**	5,754

UK corporation tax has been charged at 30% (2006: 30%).

	2007 £'000	2006 £'000
Profit before taxation	24,941	19,847
Tax at standard UK corporation tax rate of 30%	7,482	5,954
Effects of:		
Reduction in withholding tax on foreign earnings	(521)	(329)
Other expenses not deductible for tax purposes	590	394
Overseas earnings taxed at different rates	(98)	(47)
Adjustments to tax charges in previous periods	65	(218)
Total tax charge for year	**7,518**	5,754

6. Equity dividends

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of 1.35p per share (2006: 1.15p)	1,025	871
Final dividend for 2006 of 2.85p (2005: 2.35p)	2,114	1,714
	3,139	2,585
Proposed final dividend for 2007 of 3.35p (2006: 2.85p)	**2,518**	2,114

The proposed final dividend of £2,518,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

7. Earnings per share

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

	2007 £'000	2006 £'000
Profit after taxation	**17,423**	14,093

	2007 Number of shares	2006 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	85,096,683	84,731,927
Shares issued in the year	1,541,259	243,739
Shares cancelled in the year	(964,983)	–
Treasury and own shares held	(10,724,113)	(10,245,689)
For basic earnings per share	**74,948,846**	74,729,977
Outstanding share options	4,904,365	7,714,057
For diluted earnings per share	**79,853,211**	82,444,034

NOTES TO THE GROUP ACCOUNTS CONTINUED

8. Intangible assets

	Goodwill £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2006	6,847	2,176	9,023
Additions	–	531	531
Disposals	–	(3)	(3)
Foreign currency translation differences	–	(14)	(14)
At 31 December 2006	6,847	2,690	9,537
Additions	–	697	697
Disposals	–	(1)	(1)
Foreign currency translation differences	–	4	4
At 31 December 2007	**6,847**	**3,390**	**10,237**
Accumulated amortisation and impairment			
At 1 January 2006	–	1,326	1,326
Charge for the year	–	476	476
Disposals	–	(2)	(2)
Foreign currency translation differences	–	(10)	(10)
At 31 December 2006	–	1,790	1,790
Charge for the year	–	621	621
Disposals	–	(1)	(1)
Foreign currency translation differences	–	5	5
At 31 December 2007	**–**	**2,415**	**2,415**
Carrying value			
At 31 December 2006	6,847	900	7,747
At 31 December 2007	**6,847**	**975**	**7,822**

The carrying value of goodwill, denominated in pounds sterling, relates to the historic acquisition of the Dunhill Group in Australia and is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is based on value in use, calculated by preparing cash flow forecasts derived from the most recent financial budgets and an assumed growth rate of 3%, which does not exceed the anticipated long-term average potential growth rate of the Australian market. The value of the cash flows is then discounted at a post tax rate of 8%, based on the Group's weighted average cost of capital.

9. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2006	2,884	3,873	1,945	29	8,731
Additions	212	872	456	–	1,540
Disposals	(26)	(96)	(97)	–	(219)
Foreign currency translation differences	(97)	(154)	(43)	(3)	(297)
At 31 December 2006	2,973	4,495	2,261	26	9,755
Additions	349	1,056	610	9	2,024
Disposals	–	(129)	(241)	(4)	(374)
Foreign currency translation differences	(114)	273	28	3	190
At 31 December 2007	**3,208**	**5,695**	**2,658**	**34**	**11,595**
Accumulated depreciation and impairment					
At 1 January 2006	1,399	2,056	1,215	4	4,674
Charge for the year	355	401	388	2	1,146
Disposals	(13)	(89)	(21)	–	(123)
Foreign currency translation differences	(41)	(84)	(29)	2	(152)
At 31 December 2006	1,700	2,284	1,553	8	5,545
Charge for the year	403	532	423	3	1,361
Disposals	–	(69)	(20)	(1)	(90)
Foreign currency translation differences	(141)	118	56	1	34
At 31 December 2007	**1,962**	**2,865**	**2,012**	**11**	**6,850**
Carrying value					
At 31 December 2006	1,273	2,211	708	18	4,210
At 31 December 2007	**1,246**	**2,830**	**646**	**23**	**4,745**

10. Fixed asset investments

	Total £'000
Cost	
At 1 January 2007 and 31 December 2007	103
Provision	
At 1 January 2007 and 31 December 2007	(103)
Carrying value	
At 1 January 2007 and 31 December 2007	–

11. Principal Group investments

Details of principal Group investments existing as at 31 December 2007 are as follows:

	Percentage of ordinary shares	Principal activity	Country of incorporation
Subsidiary undertaking			
Robert Walters Pty Limited	100%	Recruitment consultancy	Australia
Robert Walters SA	100%	Recruitment consultancy	Belgium
Walters Interim SA	100%	Recruitment consultancy	Belgium
Robert Walters SAS	100%	Recruitment consultancy	France
Walters Interim	100%	Recruitment consultancy	France
Robert Walters (Hong Kong) Limited	100%	Recruitment consultancy	Hong Kong
Robert Walters Limited	100%	Recruitment consultancy	Ireland
Robert Walters Japan KK	100%	Recruitment consultancy	Japan
Robert Walters BV	100%	Recruitment consultancy	Netherlands
Robert Walters New Zealand Limited	100%	Recruitment consultancy	New Zealand
Robert Walters (Singapore) Pte Limited	100%	Recruitment consultancy	Singapore
Robert Walters SAS	100%	Recruitment consultancy	Spain
Robert Walters Operations Limited	100%	Recruitment consultancy	United Kingdom
Resource Solutions Limited	100%	HR outsourcing services	United Kingdom
Robert Walters Associates Inc.	100%	Recruitment consultancy	USA
Other investments			
Merryck and Co Limited	4.5%	CEO Business Mentoring	United Kingdom

Advantage has been taken of section 231(5) of the Companies Act 1985 to list only those undertakings required by that provision, as an exhaustive list would involve a statement of excessive length. A full listing of the Company's subsidiary undertakings is included in the Company's Annual Return.

12. Trade and other receivables

	2007 £'000	2006 £'000
Receivables due within one year:		
Trade receivables	53,237	50,525
Other receivables	1,621	1,458
Prepayments and accrued income	14,884	9,236
	69,742	61,219

13. Trade and other payables: amounts falling due within one year

	2007 £'000	2006 £'000
Trade payables	4,663	4,051
Other taxation and social security	10,050	8,877
Other trade payables	8,800	7,316
Accruals and deferred income	24,250	19,072
Dividends proposed and payable	–	9
	47,763	39,325

NOTES TO THE GROUP ACCOUNTS CONTINUED

14. Bank loans

	2007 £'000	2006 £'000
Bank loans	8,358	12,628
The borrowings are repayable as follows:		
Within one year	4,640	4,617
In the second year	3,718	4,438
In the third to fifth year inclusive	–	3,573
	8,358	12,628
Less: amount due for settlement within 12 months (shown under current liabilities)	(4,640)	(4,617)
Amount due for settlement after 12 months	**3,718**	8,011

A Japanese yen denominated bank loan was taken out on 24 October 2005 at a fixed interest rate of 1.78% per annum and thus exposes the Group to fair value interest rate risk, currency risk being addressed by the Group's Japanese operations. The initial value was £5,000,000 and repayments are quarterly until 16 September 2008.

A euro denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 5.36% per annum and thus exposes the Group to fair value interest rate risk, currency risk being addressed by the Group's European operations. The initial value was £5,000,000 and repayments are quarterly until 10 November 2009.

A pounds sterling denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 6.94% per annum and thus exposes the Group to fair value interest rate risk. The initial value was £5,000,000 and repayments are quarterly until 10 November 2009.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet at £8,358,000 (2006: £12,628,000).

These loans are secured against the main trading operations of the Group.

15. Deferred taxation

The following are the major tax assets (liabilities) recognised by the Group and the movements during the current and prior year.

	Accelerated depreciation £'000	Withholding tax on subsidiary income £'000	Share-based payment £'000	Accruals and provisions £'000	Total £'000
At 1 January 2006	(205)	(646)	667	456	272
Credit (charge) to income	376	125	(1,369)	84	(784)
Credit to equity	–	–	4,924	–	4,924
At 31 December 2006	**171**	**(521)**	**4,222**	**540**	**4,412**
(Charge) credit to income	(32)	521	(272)	470	687
Charge to equity	–	–	(2,033)	–	(2,033)
At 31 December 2007	**139**	**–**	**1,917**	**1,010**	**3,066**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

Group	2007 £'000	2006 £'000
Deferred tax assets	3,749	5,555
Deferred tax liabilities	(683)	(1,143)
	3,066	4,412

16. Derivatives and other financial instruments

The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables, trade payables, etc, that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Group has not entered into derivative transactions and no gains or losses on hedges have been incurred.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and interest rate risk.

(i) Financial assets

Surplus cash balances are invested in financial institutions with favourable credit ratings that offer competitive rates of return, whilst still providing the Group with flexibility in its cash management.

Cash	2007 £'000	2006 £'000
Pounds sterling	4,295	5,219
Euros	5,254	5,630
Australian dollars	5,794	2,878
Japanese yen	1,503	485
Hong Kong dollars	2,189	1,469
Singapore dollars	2,914	1,906
New Zealand dollars	1,014	472
US dollars	801	1,450
Other	189	75
	23,953	19,584

All financial assets, as detailed above, are at floating rate. There is no material difference between the fair value and the carrying value of the financial assets.

(ii) Currency exposures

The main functional currencies of the Group are pounds sterling, euros and Australian dollars. The Group does not have material transactional exposures because in local entities, revenues and costs are in their functional currencies.

There are no material net exposures to monetary assets and monetary liabilities.

The Group has translation exposure in accounting for overseas operations and its policy is not to hedge against this exposure.

(iii) Liquidity risk

The Group's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due. Surplus funds are invested on short-term deposit. Short-term flexibility is achieved by overdraft facilities, if appropriate.

(iv) Interest rate risk

The Group manages its cash funds through its London Corporate Head Office and does not actively manage its exposure to interest rate fluctuations. Surplus funds in the United Kingdom earn interest at a rate linked to the Bank of England base rate. Surplus funds in other countries earn interest based on a number of different indices, varying from country to country.

NOTES TO THE GROUP ACCOUNTS CONTINUED

16. Derivatives and other financial instruments continued

(v) Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily in respect of trade receivables.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with entities that have adequate credit rating. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Trade receivables consist of a large number of customers, spread across industry sectors and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any counterparty. The Group has managed its exposure to a few major customers in its recruitment outsourcing business, Resource Solutions, by entering into a debt factoring facility, the terms of which are detailed under the financial liabilities section below.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis. The amount of the write-down takes into account an estimate of the recoverable cash flows, nature of counterparty, past due date, geographical area, the costs of recovery and the fair value of any guarantee received.

In a number of territories in which Group operates, particularly in the contract and interim businesses, contractually, invoices are payable on demand. The maximum exposure of credit risk for trade receivables is represented by their carrying value, net of impairment.

Out of trade receivables totalling £53.2m at 31 December 2007 (2006: £50.5m), balances totalling £25.0m (2006: £25.1m) are not due. The amount of trade receivables past due up to one month are £19.6m (2006: £17.3m) and past due greater than one month are £8.6m (2006: £8.1m). The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2007 was £0.8m (2006: £1.8m). The level of bad debt provision at 31 December 2007 was £1.3m (2006: £1.3m).

(vi) Financial liabilities

The Group finances its operations through a mixture of retained earnings and also has an agreed overdraft facility of £10.0m at 31 December 2007 (2006: £10.0m). The overdraft facility was renewed in May 2007 and is next is due for renewal in May 2008, is pounds sterling denominated and is repayable on demand. The average effective interest rate approximates 6.5% (2006: 5.6%) and is determined based upon 1.0% plus base rate. In addition, the Group has a debt factoring facility of £15.0m (2006: £nil). This commenced in August 2007 and is due for renewal in May 2008. The average effective interest rate for 2007 approximates 6.6% and is determined upon 0.75% plus LIBOR. As the rates are floating, the Group is exposed to cash flow risk. Pounds sterling and euro loans were taken out during 2006, in addition to a Japanese yen loan that was taken out in 2005. Further details in respect of these loans are disclosed in note 14 to the accounts.

The Group has used a sensitivity analysis technique that measures the estimated change to the fair value of the Group's external foreign currency loans, to the income statement and to equity, of an instantaneous 10% strengthening and weakening in pounds sterling against the euro and the Japanese yen with all other variables remaining constant. This analysis is for illustration purposes only, as in practice market rates rarely change in isolation.

Actual results in the future may differ materially from these due to developments in global financial markets which may cause fluctuations in exchange rates to vary from the hypothetical amounts disclosed below.

The effect on equity and the income statement of a 10% strengthening of sterling is to increase equity and foreign exchange gains in the income statement by approximately £450,000. Conversely, the effect on equity and the income statement of a 10% weakening of pounds sterling is to decrease equity and increase foreign exchange losses in the income statement by approximately £450,000.

The Group's sensitivity to foreign currency has decreased during the year as quarterly repayments have been made on the bank loans.

Trade and other payables are settled within normal terms of business and are payable in less than 120 days.

17. Called-up share capital

	2007 Number	2006 Number	2007 £'000	2006 £'000
Authorised Ordinary shares of 20p each	**200,000,000**	200,000,000	**40,000**	40,000
Allotted, called-up and fully paid Ordinary shares of 20p each	**85,428,703**	85,096,683	**17,086**	17,019

The called-up share capital of the Company was increased on a number of occasions during the year following the issue of new shares in accordance with obligations in respect of the Executive Share Option Scheme.

The Company has one class of ordinary shares which carry no right to fixed income.

18. Share options

Equity settled share option plan

As at 31 December 2007 the following options had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's Executive Share Option Scheme:

	Share options granted	Price granted (p)	Exercisable between From	To
IPO Options – Super	16,461	170	July 2005	June 2010
Executive Options	7,700	58	January 2006	December 2012
Executive Options	11,690	92	September 2006	August 2013
Executive Options	247,581	103	June 2007	May 2014
Executive Options	250,000	102	May 2008	May 2015
Executive Options	1,140,000	135	December 2008	December 2015
Executive Options	2,794,181	244	July 2009	July 2016
Executive Options	65,819	240	September 2009	September 2016
Executive Options	1,806,079	363	June 2010	June 2017
	6,339,511			

The movements within the balance of share options are indicated below, as well as a calculation of the respective weighted averages for each category of movement and the opening and closing balances.

	2007		2006	
	Options	Weighted average exercise Price (£)	Options	Weighted average exercise Price (£)
At 1 January	**9,935,732**	**1.68**	9,853,987	1.23
Granted during the year	1,806,079	3.63	3,145,000	2.44
Forfeited during the year	275,000	2.50	(315,000)	1.08
Exercised during the year	(3,331,997)	1.19	(556,016)	1.20
Expired during the year	(1,735,303)	1.70	(2,192,239)	0.95
At 31 December	**6,399,511**	**2.46**	9,935,732	1.68

The weighted average share price at the date of exercise for share options exercised during the period was £1.19. The options outstanding at 31 December 2007 had a weighted average remaining contractual life of seven years and a weighted average exercise price of £2.46.

There were 283,432 options already exercisable at the end of the year.

NOTES TO THE GROUP ACCOUNTS CONTINUED

18. Share options continued

Equity settled share option plan continued

The inputs into the Stochastic model are as follows:

	2007	2006	2005	2004
Weighted average share price	£3.63	£2.44	£1.42	£1.03
Weighted average exercise price	£3.63	£2.46	£1.35	£1.03
Expected volatility	39.4%	39.0%	39.4%	45.2%
Expected life (years)	6	6	6	6
Risk free rate	5.7%	4.8%	4.3%	5.2%
Expected dividend yield	1.1%	1.4%	2.2%	3.1%

Expected volatility was determined by calculating the historical volatility of the Group's share price from 1 January 2002. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Exercise of the Executive Share Options is subject to the achievement of a percentage increase in earnings per share which exceeds the percentage increase in inflation by at least an average of 5% per annum (8% for grants subsequent to 1 June 2006), over a period of three, four or five financial years of the Group. However, grants subsequent to 1 December 2005 are no longer subject to retesting in years four and five.

On satisfaction of these performance targets, 33.33% of the options vest. Vesting then increases progressively with the Executive Options fully vesting where earnings per share growth matches the UK retail price index plus an average of 9% per annum (14% for grants subsequent to 1 June 2006).

1,900,000 options were issued on 30 June 2006 in accordance with one-off performance conditions, whereby the terms were varied such that the period of vesting was four years instead of three years, and the percentage required for full vesting was 16% rather than 14%.

Exercise of the IPO Super Options was subject to the achievement of an average compound growth in the Company's share price of 8.45%, for which one third of the options would vest. The Super Options would fully vest where the average compound growth in the share price is 24.57% (equivalent to 200% after five years). At the end of the five-year period, on 7 July 2007, 44% of the options vested and the remainder expired.

18. Share options continued

Equity settled Performance Share Plan (PSP)

As at 31 December 2007 the following Share Awards had been granted and remained outstanding in respect of the Company's ordinary shares of 20p each under the Company's PSP:

The movements within the balances of Share Awards and Co-investment Awards are indicated below.

	2007			2006		
	Share Awards	Co-investment Awards	Total	Share Awards	Co-investment Awards	Total
At 1 January	**3,287,796**	**949,618**	**4,237,414**	5,153,695	2,189,773	7,343,468
Granted during the year	484,801	131,175	615,976	633,860	79,202	713,062
Vested during the year	(1,439,122)	(507,812)	(1,946,934)	(2,437,340)	(1,278,425)	(3,715,765)
Forfeited during the year	(222,911)	(32,672)	(255,583)	(62,419)	(40,932)	(103,351)
At 31 December	**2,110,564**	**540,309**	**2,650,873**	3,287,796	949,618	4,237,414

The options outstanding at 31 December 2007 had a weighted average remaining contractual life of 17 months (2006: 16 months). No Awards expired during the year (2006: nil).

The inputs into the Stochastic model are as follows:

	2007	2006	2005	2004
Weighted average share price	£3.71	£2.44	£1.42	£1.01
Weighted average exercise price	nil	nil	nil	nil
Expected volatility	31.8%	33.0%	34.8%	45.2%
Expected life (years)	3	3	3	3
Risk free rate	5.8%	4.8%	4.4%	5.2%
Expected dividend yield	1.1%	1.4%	2.2%	3.1%

Expected volatility was determined by calculating the historical volatility of the Group's share price from 1 January 2002. The expected life used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Under the terms of the PSP the number of shares receivable by Executive Directors for a nominal value is dependent upon the total shareholder return ('TSR') and the earnings per share ('EPS') growth over the three-year period from the initial date of grant. In the case of Co-investment Awards, the continued ownership of qualifying shares in the Company is also required. As such it is not possible to determine the interests of the individual Directors prior to the completion of the vesting period, although no shares will vest if the TSR performance does not at least equal the performance of the FTSE Small Cap Index or for certain grants subsequent to 1 June 2006, the EPS compound annual growth exceed 8%. For all of the PSP shares to vest, the TSR must exceed the FTSE Small Cap Index by a compound 12.5% per annum and for grants subsequent to 1 June 2006 the EPS compound annual growth must also exceed 14%.

The Group recognised total expenses of £2,287,000 (2006: £1,571,000) during the year in respect of equity settled share-based payment transactions and £288,000 (2006: £nil) in respect of cash settled share-based payment transactions.

NOTES TO THE GROUP ACCOUNTS CONTINUED

19. Reserves

Group	Share capital £'000	Share premium account £'000	Other reserves £'000	Own shares held £'000	Treasury shares held £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
Shareholders' funds at 1 January 2006	16,946	77,846	(74,034)	(8,232)	(4,786)	283	27,673	35,696
Shares issued	73	122	–	–	–	–	–	195
Own shares purchased	–	–	–	–	(9,987)	–	–	(9,987)
Reduction of share premium	–	(20,000)	–	–	–	–	20,000	–
Movements in equity in respect of share incentive schemes	–	–	–	5,546	–	–	780	6,326
Foreign currency translation differences	–	–	–	–	–	(1,761)	–	(1,761)
Retained profit for the year	–	–	–	–	–	–	11,508	11,508
Shareholders' funds at 31 December 2006	17,019	57,968	(74,034)	(2,686)	(14,773)	(1,478)	59,961	41,977
Shares issued	631	2,585						3,216
Treasury shares purchased	–	–	–	–	(4,092)	–	–	(4,092)
Shares purchased for cancellation	(564)	–	564	–	–	–	(9,351)	(9,351)
Reduction of share premium	–	(20,000)	–	–	–	–	20,000	–
Movements in equity in respect of share incentive schemes	–	–	–	1,613	–	–	136	1,749
Foreign currency translation differences	–	–	–	–	–	1,916	–	1,916
Retained profit for the year	–	–	–	–	–	–	14,284	14,284
Shareholders' funds at 31 December 2007	**17,086**	**40,553**	**(73,470)**	**(1,073)**	**(18,865)**	**438**	**85,030**	**49,699**

The other reserves of the Group include a merger reserve of £(83,379,000) (2006: £(83,379,000)), a capital reserve of £9,301,000 (2006: £9,301,000), a capital redemption reserve of £564,000 (2006: £nil) and a capital contribution reserve of £44,000 (2006: £44,000).

The own shares are held by an employee benefit trust as a hedge against Employees National Insurance Tax payable on the executive share options, which is dependent on the prevailing share price when an option is exercised, and also to satisfy the potential share obligations of the Group.

The Company also has an obligation to make regular contributions to the ESOP to enable it to meet its financing costs. Rights to dividends on shares held by the plan have been waived by the trustees.

Charges of £10,000 (2006: £10,000) have been reflected in the Consolidated Income Statement in respect of the scheme.

The number and market value of own shares held at 31 December 2007 was 1,778,099 (2006: 3,531,394) and £2,707,000 (2006: £11,539,000). The number and market value of treasury shares held at 31 December 2007 was 8,497,075 (2006: 7,380,776) and £12,937,000 (2006: £24,117,000).

The UK Listing Rules prevent the Company from purchasing its own shares during the close period. The Company entered into an agreement with its brokers to purchase shares during the close period. This arrangement has resulted in a non-cash financial liability of £609,000 being recorded in accordance with IAS 32. The corresponding debit has been recognised in equity since the contract is to purchase the Company's own shares.

20. Movement in equity

	2007 £'000	2006 £'000
Profit for the year	**17,423**	14,093
Foreign currency translation differences	1,916	(1,761)
	19,339	12,332
Dividends paid	(3,139)	(2,585)
Treasury shares purchased	(4,092)	(9,987)
Shares purchased for cancellation	(9,351)	–
Credit in respect of share schemes	1,749	6,326
New shares issued	3,216	195
Net increase in equity	**7,722**	6,281
Opening equity	41,977	35,696
Closing equity	**49,699**	41,977

21. Notes to the cash flow statement

	2007 £'000	2006 £'000
Operating profit	**26,115**	19,490
Adjustments for:		
Depreciation and amortisation charges	1,982	1,607
Loss on disposal of computer software	–	1
Loss on disposal of property, plant and equipment	63	95
Movement in share scheme balance	2,287	1,571
Operating cash flows before movements in working capital	**30,447**	22,764
Increase in receivables	(6,302)	(18,428)
Increase in payables	6,227	13,854
Cash generated by operations	**30,372**	18,190

22. Reconciliation of net cash flow to movement in net funds

	2007 £'000	2006 £'000
Increase in cash and cash equivalents in the year	**3,329**	7,263
Cash (outflow) inflow from decrease (increase) in bank loans	4,671	(8,079)
Foreign currency translation differences	639	(1,291)
Movement in net funds in the year	**8,639**	(2,107)
Net funds at beginning of year	6,956	9,063
Net funds at end of year	**15,595**	6,956

NOTES TO THE GROUP ACCOUNTS CONTINUED

23. Commitments

The Group has the following outstanding commitments for future minimum lease payments under non-cancellable operating leases:

	2007 £'000	2006 £'000
Operating leases expiry date:		
– within one year	5,967	5,406
– between two and five years	12,500	15,419
– after five years	650	995
	19,117	21,820

The Company has no finance lease commitments (2006: £nil).

There are no capital commitments for the Group or the Company (2006: £nil).

24. Related party transactions

There were no related party transactions in the year to 31 December 2007 (2006: £nil) other than as disclosed in the Report of the Remuneration Committee.

25. Contingent liabilities

Each member of the Robert Walters plc Group is party to joint and several guarantees in respect of banking facilities granted to Robert Walters plc.

The Company has issued a parent guarantee to secure banking facilities for its Australian operations.

The Company has no other contingent liabilities as at 31 December 2007 (2006: £nil).

26. Subsequent events

Since the balance sheet date, the Group has acquired a majority interest in a specialist recruitment business in mainland China, for a maximum consideration of Renminbi 20m (£1.4m) payable over two years.

COMPANY BALANCE SHEET

As at 31 December 2007

	Notes	2007 £'000	2006 £'000
Non-current assets			
Investments	28	184,585	182,298
		184,585	182,298
Current assets			
Trade and other receivables	29	–	9,641
Total assets		**184,585**	191,939
Current liabilities			
Trade and other payables	30	(96,959)	(88,269)
Corporation tax liability		(2)	(155)
Bank loans	31	(4,640)	(4,617)
Total current liabilities		**(101,601)**	(93,041)
Non-current liabilities			
Bank loans	31	(3,718)	(8,011)
Total liabilities		(105,319)	(101,052)
Net assets		**79,266**	90,887
Equity			
Called-up share capital	32	17,086	17,019
Share premium account	33	40,553	57,968
Capital redemption reserve	33	564	–
Treasury shares held	33	(18,865)	(14,773)
Retained earnings	33	39,928	30,673
Shareholders' funds		**79,266**	90,887

The accounts on pages 53 to 56 were approved by the Board of Directors on 22 February 2008 and signed on its behalf by:

Alan Bannatyne
Group Finance Director

NOTES TO THE COMPANY ACCOUNTS

27. Accounting policies

The principal accounting policies of the Company are summarised below and have been applied consistently in all aspects throughout the current year and the preceding year.

(a) Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and law.

(b) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are dealt with through reserves.

(c) Investments

Investments are shown at cost less provision for impairment where appropriate.

28. Fixed asset investments

	Total £'000
Cost:	
At 1 January 2007	182,298
Increase in the year due to equity incentive schemes	2,287
At 31 December 2007	**184,585**

Please refer to note 11 for a list of the Company's principal investments.

29. Trade and other receivables

	2007 £'000	2006 £'000
Amounts due from subsidiaries	–	9,641
Other debtors	–	–
	–	9,641

30. Trade and other payables: amounts falling due within one year

	2007 £'000	2006 £'000
Accrued interest payable	47	–
Amounts due to subsidiaries	96,912	88,260
Dividends proposed and payable	–	9
	96,959	88,269

31. Bank loans

	2007 £'000	2006 £'000
Bank loans	8,358	12,628
The borrowings are repayable as follows:		
Within one year	4,640	4,617
In the second year	3,718	4,438
In the third to fifth year inclusive	–	3,573
	8,358	12,628
Less: amount due for settlement within 12 months (shown under current liabilities)	(4,640)	(4,617)
Amount due for settlement after 12 months	**3,718**	8,011

A Japanese yen denominated bank loan was taken out on 24 October 2005 at a fixed interest rate of 1.78% per annum and thus exposes the Group to fair value interest rate risk, currency risk being addressed by the Group's Japanese operations. The initial value was £5,000,000 and repayments are quarterly until 16 September 2008.

A euro denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 5.36% per annum and thus exposes the Group to fair value interest rate risk, currency risk being addressed by the Group's European operations. The initial value was £5,000,000 and repayments are quarterly until 10 November 2009.

A pounds sterling denominated bank loan was taken out on 8 November 2006 at a fixed interest rate of 6.94% per annum and thus exposes the Group to fair value interest rate risk. The initial value was £5,000,000 and repayments are quarterly until 10 November 2009.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Company Balance Sheet at £8,358,000 (2006: £12,628,000).

These loans are secured against the main trading operations of the Group.

32. Called-up share capital

	2007 Number	2006 Number	2007 £'000	2006 £'000
Authorised				
Ordinary shares of 20p each	**200,000,000**	200,000,000	**40,000**	40,000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	**85,428,703**	85,096,683	**17,086**	17,019

The called-up share capital of the Company was increased on a number of occasions during the year following the issue of new shares in accordance with obligations in respect of the Executive Share Option Scheme.

The Company has one class of ordinary shares which carry no right to fixed income.

NOTES TO THE COMPANY ACCOUNTS CONTINUED

33. Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share treasury shares £'000	Retained earnings £'000	Total £'000
Shareholders' funds at 1 January 2007	17,019	57,968	–	(14,773)	30,673	90,887
Shares issued	631	2,585	–	–	–	3,216
Treasury shares purchased	–	–	–	(4,092)	–	(4,092)
Shares purchased for cancellation	(564)	–	564	–	(8,745)	(8,745)
Reduction of share premium	–	(20,000)	–	–	20,000	–
Movements in equity in respect of share incentive schemes	–	–	–	–	2,287	2,287
Retained loss for the year	–	–	–	–	(4,287)	(4,287)
Shareholders' funds at 31 December 2007	**17,086**	**40,553**	**564**	**(18,865)**	**39,928**	**79,266**

The Company has elected not to present its own profit and loss account as permitted by section 230 of the Companies Act 1985. Robert Walters plc reported a loss for the year of £4.3m (2006: £2.3m).

£15.4m of the retained earnings for the Company represents distributable reserves.

Details of proposed dividends are provided in note 6 to the accounts.

Details of Treasury shares are disclosed in note 19 to the accounts.

34. Commitments

The Company has no finance lease commitments (2006: £nil).

There are no capital commitments for the Company (2006: £nil).

35. Related party transactions

There were no related party transactions in the year to 31 December 2007 (2006: £nil) other than as disclosed in the Report of the Remuneration Committee.

36. Contingent liabilities

The Company has issued a parent guarantee to secure banking facilities for its Australian operations.

The Company has no other contingent liabilities as at 31 December 2007 (2006: £nil).

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