ANNUAL REPORT AND ACCOUNTS 2011

Robert Walters plc

ROBERT WALTERS

We are one of the world's leading specialist professional recruitment businesses.

We stand for innovation, vision and leadership in the global recruitment market and manage the careers of the highest calibre professionals across the specialist disciplines of accounting & finance, banking, engineering, human resources, information technology, legal, sales & marketing, secretarial & support and supply chain & procurement.

Our unrivalled client base ranges from multinational blue-chip corporates and the world's leading financial services organisations through to SMEs and start ups.

47 Offices
23 Countries
2,000+ Staff

FINANCIAL HIGHLIGHTS

£528.1m Revenue

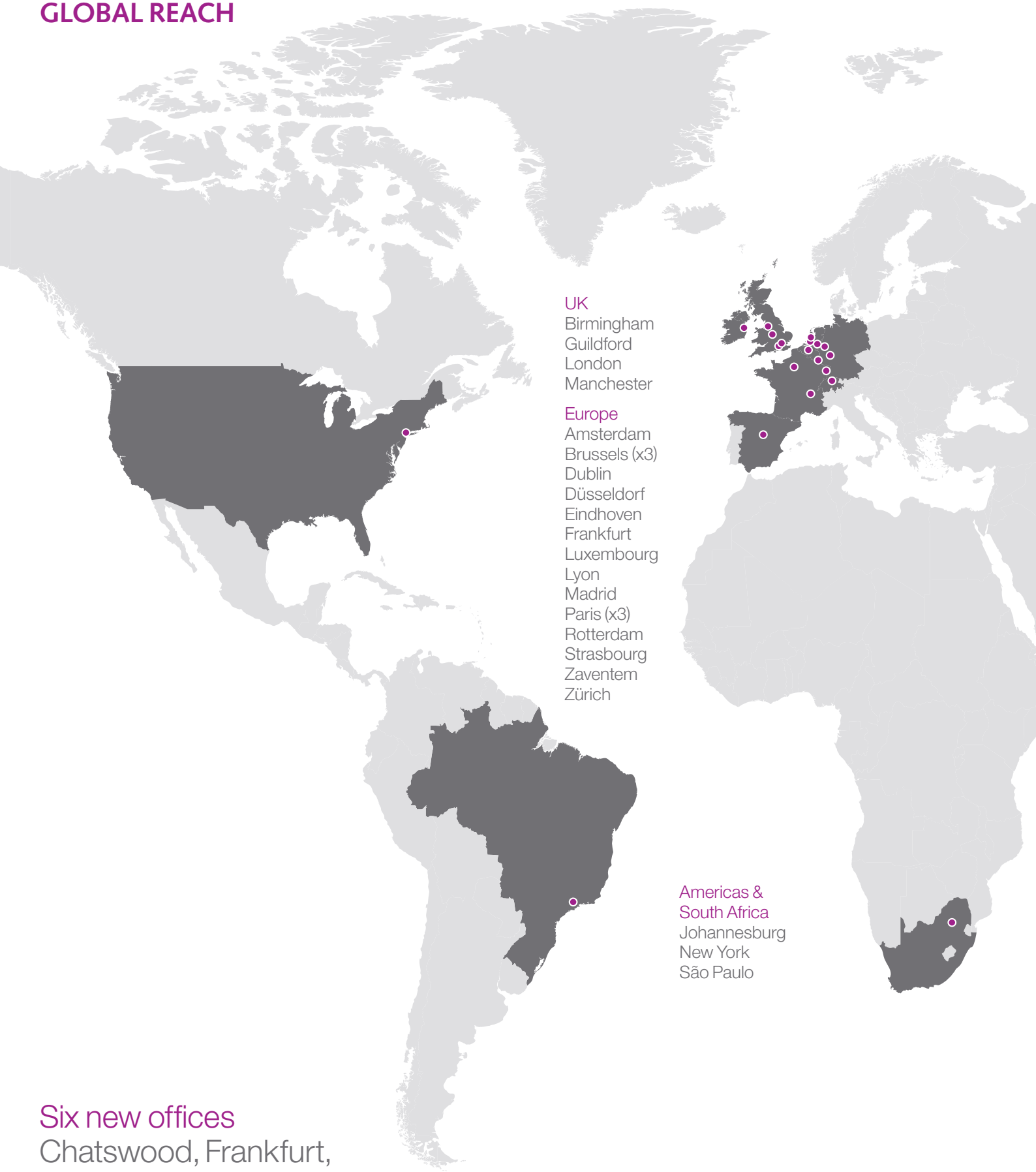
£183.4m Net fee income

£15.6m Operating profit

£15.1m Profit before taxation

14.1p Basic earnings per share

GLOBAL REACH



Six new offices

Chatswood, Frankfurt, Ho Chi Minh City, Jakarta, Nanjing, Taipei

Three new markets

Indonesia, Taiwan, Vietnam

Asia Pacific
Adelaide
Auckland
Bangkok
Beijing
Brisbane
Chatswood
Ho Chi Minh City
Hong Kong
Jakarta
Kuala Lumpur
Melbourne
Nanjing
Osaka
Perth
Seoul
Shanghai
Singapore
Suzhou
Sydney
Taipei
Tokyo
Wellington

NET FEE INCOME

51% Asia Pacific
26% UK
21% Europe
2% Americas & South Africa

"THE GROUP OPENED SIX NEW OFFICES AND EXPANDED INTO THREE NEW ASIAN MARKETS DURING THE YEAR AND NOW HAS A GLOBAL FOOTPRINT OF 47 OFFICES IN 23 COUNTRIES."

Philip Aiken Chairman

CHAIRMAN'S STATEMENT

I am pleased to announce that the Group delivered profitable growth for the year despite a backdrop of volatile and uncertain global economic conditions. These results validate our long-established strategy of organic growth, geographic expansion and discipline diversification.

Results

Revenue was £528.1m (2010: £424.2m) and gross profit (net fee income) increased by 18% to £183.4m (2010: £155.4m). Operating profit was £15.6m (2010: £13.2m) and profit before taxation rose by 15% to £15.1m (2010: £13.1m). The Group has maintained a strong balance sheet, with net cash of £17.1m as at 31 December 2011 (31 December 2010: £24.9m).

The Group opened six new offices and expanded into three new Asian markets during the year and now has a global footprint of 47 offices in 23 countries. 74% (2010: 71%) of net fee income is derived from our international businesses and permanent recruitment represents 69% (2010: 69%) of the Group's recruitment net fee income.

Europe was the Group's fastest-growing region with net fee income increasing by 29% this year. In Asia Pacific, where the Group has a market-leading position, net fee income grew by 23% and this region now generates more than half of the Group's net fee income.

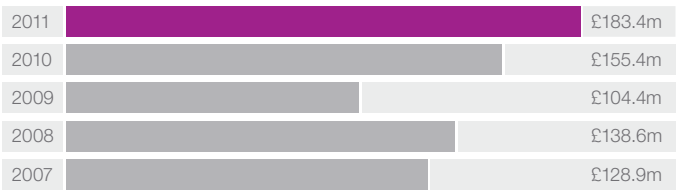
In view of the strength of the balance sheet and our confidence in the Group's long-term growth prospects, the Board will be recommending a 5% increase in the final dividend to 3.68p per share (2010: 3.5p per share). Combined with the interim dividend of 1.47p per share, this will result in a total dividend of 5.15p per share (2010: 4.9p).

During the year £1.0m of shares were purchased through the Group's share buy-back programme and the Board will be seeking shareholder approval for the renewal of the authority to repurchase up to 10% of the Group's issued share capital at the Annual General Meeting on 24 May 2012.

Finally, I would like to thank all of our staff across the globe for their loyalty and endeavours which have enabled the Group to deliver a positive set of results. Not only has it been a difficult year from a macro-economic perspective, but some of our operations also experienced other unexpected challenges, specifically the floods in Brisbane and Bangkok and the earthquakes in New Zealand and Japan. I would like to pay tribute to our staff for their superb response to the consequences of these natural disasters.

Philip Aiken
Chairman
29 February 2012

NET FEE INCOME



PERMANENT / CONTRACT SPLIT
12 months to 31 December 2011

69% Permanent
31% Contract

PERMANENT / CONTRACT SPLIT
12 months to 31 December 2010

69% Permanent
31% Contract

"I AM PARTICULARLY PLEASED WITH THE GROUP'S STRONG PERFORMANCE IN A YEAR WHICH HAS SEEN MORE THAN ITS FAIR SHARE OF ECONOMIC TURBULENCE."

Robert Walters Chief Executive

CHIEF EXECUTIVE'S STATEMENT

I am particularly pleased with the Group's strong performance in a year which has seen more than its fair share of economic turbulence. During the year, we opened our first offices in Indonesia, Taiwan and Vietnam, in line with our plans to enter less mature recruitment markets offering significant growth potential. We also strengthened our existing markets, through the opening of a sixth office in Australia, a second office in Germany and a fourth office in mainland China.

Group headcount increased to 2,047 as at 31 December 2011 (2010: 1,735).

Review of operations

Asia Pacific (51% of net fee income)

Revenue was £246.6m (2010: £191.3m) and net fee income increased 23% (17% in constant currency*) to £92.7m (2010: £75.6m), producing an operating profit of £12.3m (£11.9m in constant currency) (2010: £11.3m).

Australia, the region's largest business, produced strong growth in both net fee income and operating profit with our offices in Brisbane and Perth performing especially well. Our new office in Chatswood, Sydney was profitable in its first year of operation.

In Asia, China continued to produce strong net fee income growth and we opened our fourth office, Nanjing, during the second quarter. Our business in Japan recovered well in the second half of the year following the earthquake and tsunami in March. Hong Kong performed well, aided by strong growth in its recently established contract business, and Singapore delivered solid levels of net fee income. Our smaller, more recently established businesses in Malaysia, Thailand and Korea continued to deliver strong growth and offer opportunities in what are immature recruitment markets.

We also expanded our footprint further across the region with the opening of offices in Jakarta, Taipei and Ho Chi Minh City. In Asia Pacific the Group now has 22 offices in 11 countries.

UK (26% of net fee income)

Revenue was £189.0m (2010: £157.9m) and net fee income increased by 3% to £47.0m (2010: £45.8m), producing an operating profit of £0.5m (2010: £1.3m).

Trading conditions in the UK remained difficult. Hiring activity in the financial services sector continued to be weak although demand remained for high quality professionals, particularly across risk, compliance and governance. We increased net fee income across commerce finance in both London and the regions and also successfully grew our presence in sales & marketing and human resources.

Resource Solutions, our recruitment process outsourcing business, performed well, securing a number of new clients across both commerce and industry and financial services. During the year, the business also further developed its offering across both the Asia Pacific and European regions.

Europe (21% of net fee income)

Revenue was £87.4m (2010: £71.3m) and net fee income increased by 29% (27% in constant currency) to £39.1m (2010: £30.4m), producing an operating profit of £2.8m (£2.8m in constant currency) (2010: £0.8m).

France, the region's largest business, delivered an excellent performance, growing market share and significantly increasing operating profit. Germany also delivered strong growth and we opened a second German office in Frankfurt to take advantage of buoyant conditions in what remains an immature recruitment market.

Our other offices in the region delivered solid performances against the backdrop of ongoing Eurozone uncertainty.

Continues over page >>

*Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

CHIEF EXECUTIVE'S STATEMENT

Continued

Americas and South Africa (2% of net fee income)

Revenue was £5.1m (2010: £3.7m) and net fee income increased by 29% (35% in constant currency) to £4.6m (2010: £3.6m), producing an operating profit of £nil (£nil in constant currency) (2010: operating loss of £0.1m).

The strong performance of our recently established presence in Brazil validates our strategic intention to continue to grow the Group's presence across South America. Our operation in New York experienced difficult market conditions and in South Africa, we moved into new, larger premises to support local expansion and grew both net fee income and operating profit.

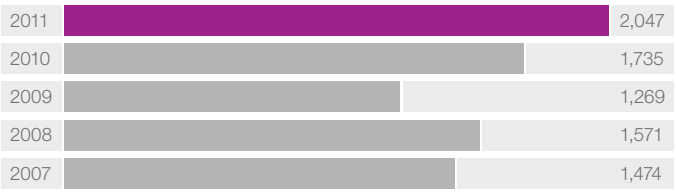
Outlook

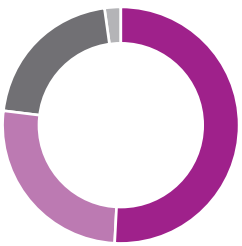
We are mindful of current market conditions and weaker client and candidate confidence. We will run the business as we have in previous times of economic uncertainty, through sensible cost management and long-term investment in those markets offering strong growth opportunities.

The Group remains well positioned to meet the challenges ahead and well placed to exploit opportunities where growth potential is strongest, given the power of our global brand, the strength of our balance sheet and the depth and experience of our management team.

Robert Walters
Chief Executive
29 February 2012

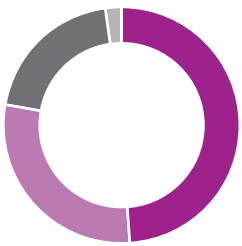
GROUP HEADCOUNT





NET FEE INCOME
12 months to 31 December 2011

51% Asia Pacific
26% UK
21% Europe
2% The Americas and South Africa



NET FEE INCOME
12 months to 31 December 2010

49% Asia Pacific
29% UK
20% Europe
2% The Americas and South Africa

"THE GROUP REMAINS WELL POSITIONED TO MEET THE CHALLENGES AHEAD AND WELL PLACED TO EXPOIT OPPORTUNITIES WHERE GROWTH POTENTIAL IS STRONGEST, GIVEN THE POWER OF OUR GLOBAL BRAND, THE STRENGTH OF OUR BALANCE SHEET AND THE DEPTH AND EXPERIENCE OF OUR MANAGEMENT TEAM."

Robert Walters Chief Executive

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 Asia Pacific, the UK, Europe, the Americas and South Africa to clients in the financial, commercial and industrial sectors. Our activities also include recruitment process outsourcing services, delivered through the Group's Resource Solutions business.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 10 to the accounts. The Group's primary objective is to be the world's leading specialist professional recruitment consultancy. We plan 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 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

The Group's internationally recognised brand and strong balance sheet have enabled it to grow revenue, net fee income, profit and market share during 2011, despite the volatile trading conditions experienced during the year. During 2012, we will continue to run the business as we have in previous times of economic uncertainty, through sensible cost management and the identification of and investment in those markets offering strong growth potential.

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 margin derived from payrolling contracts charged by Resource Solutions to its clients.

Revenue increased 24% to £528.1m (2010: £424.2m) with 54.2% (2010: 55.5%) of the annual total being generated in the second half of the year.

The Group continues to focus on consultant productivity, hiring selectively in the areas of the business where recruitment activity levels are increasing.

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 margin earned by Resource Solutions.

Net fee income for the year increased by 18% to £183.4m (2010: £155.4m). Net fee income was £94.3m in the second half compared to £89.1m in the first half (2010: 1H £72.3m, 2H £83.1m).

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

Operating profit

Operating profit increased by 18% to £15.6m (2010: £13.2m) and administrative expenses were £167.8m (2010: £142.2m). The principal reason for the increase in costs was the 26% growth in the Group's average headcount from 1,540 during 2010 to 1,934 in 2011, coupled with higher consultant bonus payments and investment expenditure in new offices, major office moves and country start-ups.

Interest and financing costs

The Group incurred a net interest charge for the year of £0.4m (2010: £0.2m). In June 2010, the Group entered into a £20.0m three-year committed financing facility. At 31 December 2011, £10.2m was drawn down under this facility. In February 2012 this committed facility was increased to £25.0m and extended until February 2014. The Group also has an outstanding loan of £1.7m which was used to finance the growth in working capital of our business in China. This Renminbi-denominated loan is secured by cash deposits in Hong Kong and is repayable in installments over four years. More details are provided in note 13 to the accounts.

A foreign exchange loss of £0.2m arose during the year on translation of the Group's intercompany trading accounts and external borrowings (2010: gain of £0.1m).

Taxation

The tax charge in 2011 was £4.9m (2010: £4.3m) which gives an effective rate of 32.5% (2010: 32.9%).

The tax rate is higher that the standard UK rate of 26.5% due to the impact of adjustments to accounting profit in the tax calculation, primarily disallowable entertainment and higher rates of overseas taxation in Japan, Australia and France.

Earnings per share

Basic earnings per share were 14.1p (2010: 12.5p) and the weighted average number of shares for the year was 69.7m (2010: 68.6m).

Dividend and dividend policy

A final dividend of 3.68p (2010: 3.5p) per ordinary share is being proposed by the Board. Together with the interim dividend of 1.47p (2010: 1.4p) per ordinary share paid in October 2011, the total dividend per share would amount to 5.15p (2010: 4.9p). The final dividend, if approved, which amounts to £2.6m, will be paid on 15 June 2012 to those shareholders on the register as at 25 May 2012.

Balance sheet

The Group had net assets of £70.7m at 31 December 2011 (2010: £62.2m) including goodwill of £7.9m (2010: £7.9m). The increase in the Group net assets of £8.5m comprises profit for the year of £10.2m, currency movements of £0.3m, credits relating to share schemes of £2.4m, offset by dividends paid of £3.4m and share repurchases of £1.0m.

Cash flow and net cash position

At 31 December 2011, the Group had cash balances of £29.0m (2010: £31.9m). Cash inflow from operating activities was £17.0m (2010: £15.7m).

The significant payments made from operational cash flow were £9.3m of fixed asset expenditure, including the relocation during the year of a number of large offices including London, Singapore, Sydney and Melbourne, £10.0m of corporation tax payments, £3.5m of dividends, £1.3m of computer software and £1.0m for the acquisition of the Company's own shares. These payments were partially offset by a £4.7m draw down of the borrowing facility. The Group had positive cash flows from operations and is currently well placed to meet future working capital cash requirements.

Surplus cash balances are invested with financial institutions with favourable credit ratings that offer competitive rates of return.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on page 10. The Group's principal risks and uncertainties are also set out on pages 12 and 13.

The Group had £17.1m of net cash at 31 December 2011 and further detail of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within this Operational and Financial Review. In addition, note 16 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Despite the volatile and uncertain global economic conditions, the Group remains confident of its long-term growth prospects. The Group has a strong balance sheet and considerable financial resources, together with a diverse range of clients and suppliers across different geographic locations and sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

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.

Key performance indicators

KPI	2011	2010	Definition	Analysis
Net fee income	£183.4m	£155.4m	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, consulting and payrolling margin earned by Resource Solutions.	Net fee income grew by 18% with a further six offices opened during the year including first office openings in Indonesia, Taiwan and Vietnam, in line with the Group's strategy for growth across both existing and new markets.
Productivity	£162.9k	£181.5k	Productivity represents the total net fee income generated per fee earner.	Weaker candidate and client confidence during the year was the key factor resulting in lower productivity in 2011. The Group is well positioned to take advantage of any improvement in market conditions.
Earnings per share	14.1p	12.5p	Earnings per share is defined as profit for the year attributable to the Group's equity shareholders, divided by the weighted average number of shares in issue during the year.	The 13% increase reflects the improved profitability of the Group during the year.
International mix	74%	71%	International mix represents the percentage of net fee income generated outside UK operations.	The increase in the international mix primarily reflects the growth in the Asia Pacific and European regions which have grown at a faster rate than the UK business in line with the Group's strategy of geographical diversification.
Debtor days	30	33	Debtor days represents the length of time it takes the Company to receive payments from its debtors. It is calculated by reference to the number of days' billings it takes to cover the debtor balance.	Tight control over debtor collection assists in reducing the overall risk profile of the business.

Principal risks and uncertainties

Risk management process

The risk management process includes a review by the Board of the Group's risk profile on an annual basis. The effectiveness of the risk management process is monitored by the Audit Committee. The process involves identifying and prioritising the key risks within the Group, and developing and implementing appropriate mitigation strategies to address those risks.

We review our risks in terms of likelihood of occurrence and potential impact on the business and the Audit Committee review and consider the extent to which management has addressed the key risks through appropriate controls and actions to mitigate those risks. The Board has undertaken an exercise to identify the key risks facing the Group and in turn has identified a series of key processes relevant to each of these risk areas in order to develop an appropriate evaluation strategy.

Our auditor provided external benchmarking and risk analysis which was further developed in order to provide a series of relevant control activity statements, questions and proposed tests. Each local management team has been asked to consider these risk areas and review their system of internal controls to ensure that each risk area is addressed within the business. Our auditor provides an independent follow-up with a sample level of testing of these controls.

The Group Internal Audit Plan is based on the risk management process and the internal audit function is tasked with testing the effectiveness of the most important controls of the Group.

A summary of the key risks that we believe could potentially impact the Group's operating and financial performance, together with associated key actions, is shown opposite.

Principal risks and uncertainties

Risk	Actions to mitigate risk
Economic environment 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. Candidates are less inclined to move jobs when the number of jobs available is stagnant or in decline which could lead to a deterioration in the Group's financial performance.	The Group is geographically diversified with offices in 23 countries which reduces the reliance on the success of any particular market.
	The Board's strategy when facing a slowdown in a 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.
People management The Group relies heavily on recruiting and retaining talented individuals with the right skill-sets to grow the business. In addition, as the Group expands its operations in emerging markets the supply of people with the required skills in specific geographic regions may be limited. The failure to attract and retain key employees with the required sales, management and leadership skills may adversely affect the Group's financial results.	The Group's policy of linking bonuses to profitability in discrete operating units has a high correlation to the retention of efficient and effective members of staff.
	The long-term incentive schemes that are detailed in note 18 to the accounts also form a key part of a wider strategy to improve levels of staff retention, particularly of the Group's senior employees.
	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 including regular appraisals, aimed at core consultant competencies and focused on enhancing management potential. A comprehensive approach to succession planning is also in place across the Group.
	The Group offers international career opportunities and actively encourages the re-deployment of existing talent to grow new businesses and establish new offices.
Brand and reputation There is an inherent risk that the brand and reputation of the Group could be impacted by a failure to maintain high quality service levels to both candidates and clients.	Quality control standards are maintained and reviewed for each stage of the recruitment cycle with all new employees receiving appropriate levels of training applicable to their role.
	Candidate and client satisfaction surveys are carried out on a regular basis with Directors addressing any negative feedback directly with the client or candidate.
	A 'Contact us' email address is available on the Group's website so any negative feedback or improper conduct can be acted upon swiftly by the Group Marketing Director and local senior management.
Laws and regulations The Group operates in a number of diverse jurisdictions and has to comply with numerous domestic and international laws and regulations, any change to which could have a detrimental effect on the Group's financial performance.	To ensure compliance, our legal department works with leading external advisors as required to monitor potential changes in employment legislation across the markets in which we operate.
	Robert Walters has reviewed and updated its procedures in light of the Bribery Act 2010 in the UK.
	Contract terms and conditions are thoroughly reviewed before signing to ensure contract provisions are fully understood and risks are fairly allocated between parties.
	An escalation process exists such that contracts with non-standard terms are reviewed and approved by the Group Legal Director and Group Finance Director as appropriate.
Technology The Group is reliant on its technological infrastructure to maintain client and candidate data. A critical infrastructure or system disruption could have a material impact on the Group's financial results, whilst a loss of confidential and competitive information can have an adverse impact on operations.	The Group continues to review and improve its Business Continuity Plan to mitigate against any critical infrastructure disruptions.
	The Group maintains a comprehensive IT security policy, which is reviewed on a regular basis, covering all areas of IT security from user access through to server access.
	All sensitive candidate and customer information is held securely with restricted access.

DIRECTORS AND ADVISORS

Philip Aiken (63)
Chairman
After graduating from the University of Sydney as a BE (Chem), 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 Independent Director of Kazakhmys plc and Non-executive Director of National Grid plc, Miclyn Express Offshore Limited and Essar Energy plc. He was appointed to the Board of Robert Walters plc in July 2000 and appointed as Chairman in May 2007.

Robert Walters (57)
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 its commerce division and subsequently set up and ran their public practice unit. In 1982 he set up and managed its New York office. He resigned in 1984 and founded the business of Robert Walters in 1985.

Giles Daubeney (50)
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 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 (42)
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 plc as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Group Finance Director in March 2007.

Russell Tenzer (55)
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 (45)
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 AG Barr plc. Martin was appointed to the Board of Robert Walters plc in July 2006.

Andrew Kemp (61)
Non-executive Director
Andrew is currently Group HR Director at De La Rue plc. He previously held Group HR Director appointments at Bovis, Transport Development Group plc, News International, Aegis and Rentokil Initial plc. Prior to Bovis, Andrew 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.

Carol Hui (55)
Non-executive Director
Carol is the General Counsel and Group Company Secretary of BAA and a member of its Executive Committee. Previously, she has held the positions of Board Director and General Counsel of Amey plc, Group Legal Director and Company Secretary of TDG plc and Deputy General Counsel of BG plc. Carol was awarded European General Counsel of the Year by the International Law Office and Association of Corporate Counsel. She is a Non-executive Director and Trustee of the national charity, Action for Blind People. Carol was appointed to the Board of Robert Walters plc in January 2012.

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St Martin's Courtyard
London WC2E 9AB

Registered number
3956083

Auditor
Deloitte LLP
Chartered Accountants
2 New Street Square
London EC4A 3BZ

Solicitors
Dechert
160 Queen Victoria Street
London EC4V 4QQ

Stockbrokers
Investec
2 Gresham Street
London EC2V 7QP

Principal bankers
Barclays
Level 28
1 Churchill Place
Canary Wharf
London E14 5HP

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

DIRECTORS' REPORT

The Directors present their review of the affairs of the Group and Company, together with the audited financial statements for the year ended 31 December 2011.

Business review

A review of the Group's business and future developments is set out in the Operating and Financial Review on pages 10 to 13.

Results and dividends

The Group's audited financial statements for the year ended 31 December 2011 are set out on pages 32 to 51 and the Company's audited financial statements are set out on pages 52 to 54. The Group's profit for the year ended 31 December 2011 was £10,173,000 (2010: £8,811,000).

The Directors recommend a final dividend of 3.68p per ordinary share (2010: 3.5p) to be paid on 15 June 2012, to shareholders on the register on 25 May 2012, which together with the interim dividend of 1.47p paid on 21 October 2011 makes a total of 5.15p per share for the year (2010: 4.9p).

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
Russell P Tenzer*
Martin A Griffiths*
Lady Judge* (resigned 30 April 2011)
Andrew D Kemp*
Carol Hui* (appointed 1 January 2012)

*Non-executive Directors

In line with the UK Corporate Governance Code, all Directors will stand for election in the forthcoming Annual General Meeting.

Details of the Directors' service contracts are shown in the Report of the Remuneration Committee on page 26.

Details of share options granted to Directors and the interests of the Directors in the ordinary shares of the Company are shown on pages 28 and 29.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 17.

Details of employee share schemes are set out in note 18. Under the Articles of Association, the Company has authority to issue 200,000,000 ordinary shares.

Substantial shareholdings

On 29 February 2012 the Company has been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name of shareholder	No. of shares	Voting rights (%)
Blackrock	12,066,707	16.37
Robert Walters plc EBT*	6,764,629	5.00
Standard Life Investments	5,595,466	7.59
Majedie Asset Management Ltd	5,310,842	7.20
Aberforth Partners	4,745,842	6.44
Fidelity Investments	3,033,404	4.12
Kames Capital	2,978,334	4.04
Legal & General Investment Management	2,794,930	3.79
Aberdeen Asset Management	2,783,000	3.78
Scottish Widows	2,752,918	3.73
Ruane Cunnif & Goldfarb	2,702,211	3.67

*Robert Walters plc EBT is restricted to 5% voting rights

Acquisition of Company's own shares

Further to the shareholders' resolution of 25 May 2011 and in order to enhance earnings per share, the Company purchased 368,971 ordinary shares from the market with a nominal share capital of £73,794 for a consideration of £960,162, representing 0.4% of the Company's called-up ordinary share capital. All of these shares were purchased by the Robert Walters Employee Benefit Trust to satisfy current and future obligations under the Company's share schemes.

Corporate 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 2011, no significant SEE risks were identified.

i) FTSE4GOOD Index

The Group has held FTSE4GOOD status since 2008. FTSE4GOOD Index inclusion criteria covers a number of corporate responsibility themes, such as environmental management, climate change, human and labour rights countering bribery and supply chain labour standards. Our continued inclusion in the index recognises that our policies and management systems enable us to address and mitigate crucial corporate responsibility risks.

ii) Diversity

We are an equal opportunities employer and fully embrace the principles of diversity and equality. We aim to provide a working environment and culture that recognises and values difference and believe that having a diverse workforce not only allows us to benefit from a variety of perspectives but also ensures we fully realise the Group's potential right across the globe.

Our Diversity policy forms a critical part of our staff induction programme and all employees participate in our diversity workshops.

Diversity is as critical an issue for our candidate population and clients as it is for our own staff. All candidates are encouraged to complete an equal opportunities form on registration, the data from which is important to both the Group and our clients to ensure we are introducing candidates from the widest possible talent pool and helping clients fulfil their own diversity programmes.

We are members of the organisations listed below with the intention of ensuring the Group is at the forefront of developments in diversity best practice:

- Employers Forum on Disability – the world's leading employers' organisation focused on disability as it affects business.
- Employers Forum on Age – an independent network of leading employers who recognise the value of an age diverse workforce.

iii) Our people

Growing leaders of tomorrow

Our people are the lifeblood of our business and our philosophy is one of providing continuous professional development and learning opportunities for all staff with the aim of growing our future leaders from within. We are extremely proud that many of our senior management team across the globe started their careers with us as consultants and now manage businesses in different parts of the world.

Employees participate in structured training programmes, covering formal skills training through to on-going mentoring from senior members of staff. Activities include:

- induction training – including company values, diversity, client and candidate service, role expectations, marketing and HR and legal policies and procedures;
- technology skills – both basic and advanced as required;
- consultant training – core sales skills training programmes for consultants. Two to three day courses spread over the first two years of a consultant's tenure with the Group;
- management training for both fee earning and support staff; and
- leadership training and development for Directors.

International mobility

Our international mobility programme is an important factor that underpins our strategy of international growth and diversification and enables us to replicate the Group's core values right across our office network. The programme offers successful fee earning and back office staff the opportunity to transfer to the Group's businesses overseas, providing valuable international business exposure and opportunities to replicate best practice.

iv) Employee communication and involvement

The Group places considerable value on the involvement of its employees and has continued its best practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group;

- bi-annual videocasts to all staff by the Chief Executive and Chief Operating Officer;
- quarterly global newsletters and regular local business updates;
- quarterly team-building events; and
- top Perfomers events – international events for high performing consultants and managers.

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.

v) Charity and supporting local communities

A strong commitment to the local communities that support us is a trait that we are proud to say exists right across the Group's operations around the world. The Group made charitable donations of £63,000 during the year (2010: £17,000) and outlined below are just some of the activities undertaken by our businesses and staff across the globe.

The Japan earthquake and tsunami devastated significant parts of the country and our employees in Japan have taken a number of actions to support the relief effort. An employee collection was matched by the local business and donated to the Red Cross Society, whilst staff also contributed much needed supplies and food. The Group also made a donation to the UK-based Japanese Earthquake Relief Fund. As part of the clean-up effort, employees from Tokyo volunteered for and took part in two separate 'Get Your Hands Dirty' visits to affected areas to assist in clearing debris from public parks, streets and homes. Our business in Japan has also been a sponsor of the FIT (Financial Industry in Tokyo) For Charity Run since 2009; an annual event providing financial services professionals with the opportunity to support local charities.

Elsewhere in Asia, consultants in China regularly attend 'Reading Buddies' events, which provide students with a fun and relaxed environment to develop their English language reading and vocabulary skills. In Singapore, we are a sponsor of the 'Bare Your Sole' barefoot charity walk, an event that raises money for people in developing countries living in dire conditions and disaster stricken locations. We also partner with the 'Make a Wish Foundation', which grants the wishes of children with life-threatening medical conditions, using our client events as an opportunity to raise much-needed funds – the most notable being the Robert Walters Cup, a client 5-a-side football tournament where all participation fees and proceeds are donated to the Foundation.

With an office in Brisbane, we were well aware of the impact of the Queensland floods of early 2011. To support those affected, an employee collection was organised across all our Australia offices with donations made to the official appeal fund. The Group is a 'Major Supporter of Life Saving Services' at the North Bondi Life Saving Club in Sydney, Australia's oldest life saving institution. Our contribution enables the Club to purchase state-of-the-art life saving equipment and continue to protect the safety of all those who enjoy the beach. During 2011, we also sponsored the 'British Art Now Exhibition' at the Saatchi Gallery in Adelaide. As part of our wider commitment to support the Arts, our UK business became a Corporate Partner of the Saatchi Gallery in London during the year.

In New Zealand, our employees in Auckland and Wellington raised funds for the victims of the Christchurch earthquake. We are also supporters of a variety of charities including the Starship Foundation, Plunket and City Missions in both Auckland and Wellington.

In the UK, for the past five years we have sponsored the Macmillan Cancer Support Carols Concert in London. Macmillan Cancer Support strives to improve the lives of those affected by cancer. We have also held events at our London head office for ClearlySo, which works to connect social business, enterprise, commerce and investment and for the Brokerage, a charity that helps create a pathway to the City for young residents of London's inner-city boroughs. Employees from the Group's Resource Solutions business worked with the East London Business Alliance an organisation, which supports the long-term unemployed through the running of workshops on CV writing and interview techniques.

In Continental Europe, our business in France is a founding member of A Compétence Egale (ACE), an independent anti-discrimination organisation. Established in 2006, ACE now counts more than 55 recruitment firms as partners. Staff from our Paris office provide students at some of the finest French business schools and universities, such as HEC, ESSEC and Dauphine, in Paris with regular career enhancement workshops and participated in the La Parisienne charity run in support of breast cancer.

Staff from Japan assist in the earthquake and tsunami clean-up operation

The Group sponsored Macmillan's Christmas Carols by Candlelight Concert for the fifth consecutive year

In Belgium, we are a corporate member of the Corporate Funding Programme (CFP). CFP's main purpose is to implement and manage projects between the corporate world and non-profit organisations in Africa. In 2011, Robert Walters supported a project to educate women in West Africa (Togo, Ivory Coast and Benin). Staff donations to the project were matched by the Group.

In the Netherlands, we have supported for the last eight years, Stichting Welzijn Gehandicapten, a foundation for mentally disabled people. The sponsorship funds we provided in 2011 covered the cost of a foundation trip to Disneyland, Paris. Our staff in Amsterdam routinely participate in the Dam tot Damloop, a charity run of Amsterdam with all sponsorship funding raised by our employees matched by the Group and donated to Hulphond – a charity providing trained dogs for disabled people.

vi) Environment

While it is recognised that the Group does not operate in a business sector that can cause significant pollution, the Board ensures that all the environmental aspects of the Group's activities are evaluated. As a result, the Group's environmental policy seeks to reduce its environmental impacts by encouraging waste segregation and the reduction of energy consumption.

The Group is active in working towards the achievement of local environmental management standards. Currently the Group's London and Amsterdam operations are certified to ISO14001, the International Standard for Environmental Management.

The Standard provides a framework for achieving the balance between maintaining profitability while setting targets for improving the organisation's environmental performance. The Group's compliance with ISO14001 and its drive for continuous environmental performance improvement is independently assessed by the British Standard Institute (BSI).

It is the Group's intention that best practice from our accredited environmental management system be deployed across the Group worldwide.

Other environmental initiatives that are in place across the Group include:

- Carbon emissions
  The Group continues to actively reduce the carbon footprint of the business through:
  - Consulting closely with the Carbon Trust and considering its recommendations as environmental objectives;
  - Establishing objectives for minimising travel to that which is totally necessary; and
  - Offsetting travel-related carbon emissions through an accredited reforestation scheme covering the UK, Europe and Asia Pacific.
- Recycling
  Policies and procedures continue to be enhanced for the shredding, segregation and recycling of waste across the majority of our offices globally.
- Suppliers
  The Group continues to evaluate the environmental credentials of critical suppliers, where necessary by following a physical audit trail, including those that dispose of waste, and ensures that they are aware of the Group's Environmental Code of Practice.
- Electricity
  Where possible, the Group's offices have adopted a policy of obtaining electricity from renewable sources or from suppliers that have adopted green energy purchase procedures.
- Energy conservation
  Across the office network, the Group has continued to acquire low energy office equipment and install lighting systems that are controlled by motion sensors. PC's automatically shutdown at 11pm every night and it is Group policy that new or redeveloped properties occupied for recruitment operations have a BREEAM* efficiency rating of 'very good' or higher.

**BREEAM (Building Research Establishment) is the world's foremost environmental assessment method and rating system for buildings. 'Very Good' has become the standard for all new Government and public buildings.*

Clients and staff prepare for the Robert Walters Cup in Hong Kong

Staff prepare to participate in La Parisienne

vii) 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.

viii) Political donations
The Group made no political donations during the year (2010: £nil).

ix) 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 2011 were equivalent to 25 days (2010: 32 days), based on the average daily amount invoiced by suppliers during the year. The Company has no trade creditors as at 31 December 2011 (2010: £nil).

To read more about the Group's Corporate Social Responsibility activities please visit www.robertwalters.com/CSR

Auditor

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 Auditor is unaware.
- The Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 24 May 2012 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
29 February 2012

Our support for life saving services at the North Bondi Life Saving Club in Sydney – Australia's oldest life-saving institution

CORPORATE GOVERNANCE STATEMENT

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2010 by the Financial Reporting Council (the Code) for which the Board is accountable to shareholders.

Statement of compliance with the UK Corporate Governance Code

The Company has complied throughout the year ended 31 December 2011 with the Code provisions set out in the 2010 UK Corporate Governance Code.

The Board of Directors is committed to the highest standards of corporate governance and has applied the principles set out in the Code, including the Main Principles, the Supporting Principles and the Provisions by complying with the Code as reported above. Further explanation of how the Main Principles have been applied is set out below and, in connection with Directors' remuneration, in the Report of the Remuneration Committee and the Report of the Audit Committee.

Chairman's statement

I am pleased with the progress that the Group has made to ensure best practice is maintained, with the addition of a dedicated internal audit function to the Group with effect from 1 January 2012. The Board has a wide range of responsibilities and it is my duty to ensure it has the right mix of skills and talent and to ensure that it works effectively as a team towards shared goals.

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 expressed aim of respecting the needs of shareholders, employees, clients, candidates, contractors and suppliers.

Directors

Board effectiveness

The Board is responsible to the Group's shareholders for the conduct and performance of the Group's business. Having strong governance processes and oversight help drive the culture of the business so that it can better deliver on its responsibility to all of our stakeholders.

The Board has developed a Board governance framework which sets out the governance structure of the Board and its Committees. The Board considers that is has shown its commitment to leading and controlling the Group by:

- having a Board constitution which details the Board's responsibility to the Group's 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 seven Board meetings held during the year. All members of the Board were present at each of the seven meetings;
- 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;
- 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;
- 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
- Martin Griffiths, Carol Hui 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 Philip Aiken has been a Non-executive Director of the Company since July 2000. As a result, the Board considers that Russell and Philip do have a long-standing relationship with two of the Executive Directors.

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

As Philip Aiken has now been Director of the Company for over nine years, he is subject to re-election on an annual basis. Consequently, he will retire at the Annual General Meeting to be held on 24 May 2012 and offer himself for re-election. Russell Tenzer will be resigning from the Board at the Annual General Meeting and will not offer himself for re-election.

Senior Independent Director

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

Transparency of Board appointments

The Nomination Committee is responsible for nominating candidates to fill Board vacancies, considers the ongoing succession of the Board and its Committees and makes recommendations on Board composition and balance. The members of the Committee, which met twice during the year, are the Non-executive Directors and Robert Walters. During the year, the Nomination Committee met to consider and approve the re-election at the May 2011 Annual General Meeting of Philip Aiken, Giles Daubeney, Robert Walters and Russell Tenzer. With the resignation of Lady Judge in April 2011, the Committee also considered the appointment of Carol Hui as a Non-executive Director (appointed 1 January 2012).

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

Previously, all Directors were subject to re-election every three years, or every year in the case of those Non-executive Directors who have held office for more than nine years. Commencing this year, in line with the recommendations of the Code, the Board has agreed to submit all Directors for annual election at the Annual General Meeting.

Carol Hui will offer herself for election, with the remaining Directors offering themselves for re-election. As a result of their annual performance evaluation, the Board considers that their individual performances continue to be effective, with each Director demonstrating commitment to their role. The Board is therefore pleased to support their re-election at the forthcoming Annual General Meeting.

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.

Professional development

On appointment, the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board Committees and the powers delegated to those Committees, the Group's corporate governance policies and procedures and the latest financial information about the Group.

Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior executives, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and those which affect them as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up-to-date on relevant new legislation and changing commercial risks.

Performance evaluation

The annual performance appraisal of the Board and its Committees is considered by the Board to meet the requirements of the 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.

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 2011 and up to the date of approval of the Annual Report, in accordance with the recommendations of the Turnbull Report.

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Audit Committee assist the Board in discharging its review responsibilities. During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has been considered appropriate.

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.

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. As part of the drive to improve risk management and internal control across the business, the Board, with the approval of the Audit Committee, has sanctioned the creation of a dedicated Internal Audit function that has been fully operational with effect from 1 January 2012.

Audit Committee and Auditor

A separate Report of the Audit Committee is set out on page 22 and provides details of the role and activities of the Committee and its relationship with the external auditor.

Philip Aiken
Chairman
29 February 2012

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board from the Non-executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the Code. The terms of reference are considered annually by the Audit Committee and are available upon request.

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 all matters indicated by the terms of reference. The members of the Audit Committee are Martin Griffiths (Chairman), Russell Tenzer and Andrew Kemp, all of whom are Non-executive Directors. The Committee met three times during the year and all members were present at each of the meetings.

The Audit Committee is required to include one financially-qualified member. Currently, both Martin Griffiths and Russell Tenzer fulfil this requirement. All Audit Committee members are expected to be financially literate. The composition of the Committee was reviewed during the year, and the Board and Committee are satisfied that it has the expertise and resource to fulfil its responsibilities effectively including those relating to risk and control.

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 and as of January 2012, the Audit Committee has approved the creation of a dedicated function and has reviewed and approved the Internal Audit Plan for 2012. Internal Audit will report on reviews and tests of key business processes and control activities, including following up the implementation of management action plans to address any identified control weaknesses and reporting any overdue actions to the Audit Committee. Further, the Group's Auditor is engaged to perform additional work that the Audit Committee judge it would be beneficial for them to do.

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 Group's Auditors and reviews the service provided by the Auditors and the level of their fees. Any non-audit fees greater than £50,000 require the approval of the Audit Committee. The Audit Committee meets with the Auditors at least once a year without Executive Directors being present.

The Audit Committee is responsible for making recommendations to the Board regarding the remuneration and appointment of its external auditors. Whilst the appointment of external auditors is considered each year, it is the policy of the Audit Committee to review the appointment in greater detail at least every five years. Such a review was performed during 2010, taking into account a number of factors, including audit effectiveness at both operating company and at Group level; quality, continuity and depth of resources, expertise and competitiveness of fees. The appointment of the Senior Statutory Auditor is also rotated every five years and Edward Hanson was appointed to this role for the 2009 audit.

The Audit Committee also reviews the Group's whistleblowing procedures to ensure that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action. 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 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 Code.

Approved

This report was approved by the Board of Directors on 29 February 2012 and is signed on its behalf by:

Martin Griffiths
Audit Committee Chairman
29 February 2012

REPORT OF THE REMUNERATION COMMITTEE

Dear Shareholder

I am pleased to introduce the report of the Board covering the Group's remuneration policy and practice in respect of Executive and Non-executive Directors.

The Remuneration Committee's activities and composition in 2011

Following my appointment as Chairman of the Remuneration Committee in April 2011, I have spoken to a number of key institutional shareholders and representative trade bodies. I look forward to further dialogue on a continuing basis. The Remuneration Committee was very disappointed that a significant number of our shareholders were unable to support the report of the Remuneration Committee last year. The discussions with our major shareholders have helped us to understand this more fully and the Remuneration Committee has carefully considered the feedback received during the year. We have, as a result of these discussions, sought to make the Report of the Remuneration Committee much clearer and to explain in more detail the basis of the decisions we have made.

In 2011, our key areas of focus – in addition to the engagement process with our largest shareholders and representative trade bodies – have been:

- a review of the basic pay, benefits, bonus and equity incentives for the Executive Directors;
- an assessment of the link between reward for individual and Company performance to align the interests of the Executive Directors with those of shareholders; and
- consideration of Executive Directors' remuneration in relation to the reward structures in place for other Group employees.

The composition of the Remuneration Committee has changed during the course of 2011. I succeeded Lady Judge, who left the Committee at the end of April, with Philip Aiken becoming a member of the Committee at the same time. In January 2012, both Martin Griffiths and Carol Hui were appointed, whilst Philip Aiken resigned from the Committee. The Committee will no longer have the services of Russell Tenzer after the Annual General Meeting in 2012 following his decision not to stand for re-election to the Board.

2011 performance and reward

This was a challenging year for the Group given the highly cyclical nature of the business and the impact of economic uncertainty on the confidence and willingness of clients to hire and candidates to move roles. Despite the unsettled global conditions, the Group succeeded both in increasing profitability during the year whilst also making a significant level of investment in strategic areas identified as recruitment markets offering significant growth prospects and future return on investment.

Net fee income increased by 18% and profit before taxation increased by 15% from £13.1m to £15.1m. Based on this positive operating result but with regard to the stretching specific financial and non-financial targets set out at the beginning of 2011 for the year which were not achieved in full, the Committee decided to pay cash bonuses of 40% of salary. The Report explains more about the basis of the decision in respect of the annual performance-based award. With regard to longer-term incentives, whilst the share price increased in the first half of the year, it fell sharply in the second half of the year as a consequence of negative market sentiment. Nevertheless, Total Shareholder Return (TSR) over the three-year period ended 31 December 2011 was 118.51% compared to a relative result for the FTSE Small Cap Index of 56.38%. As a consequence, 50% of the awards made in 2009 under the Performance Share Plan have vested. The remaining 50% of these awards and all of the Executive share option awards granted in 2009 failed the relevant earnings per share performance target and have lapsed.

The structure of remuneration

In determining the review of basic pay, the Committee has considered the overall employment market and also the average base pay increases for employees within both the UK and the overall Group, together with current trading conditions. As a result, the Committee has decided to exercise restraint and believes that an increase of 2.5%, which is below the average increase to employees within the Group, is appropriate with effect from 1 January 2012.

The Committee has reviewed the overall structure of pay in 2011 and has decided that the bonus opportunity for Executive Directors and the level of awards under the equity incentive schemes and other senior executives should remain unchanged for the time being. We believe that the measures and the performance ranges set in 2011 continue to be stretching.

We shall keep our executive pay arrangements under review in the light of comments from our major shareholders, the representative bodies, the provisions of the Code and any future regulatory requirements. I hope that our shareholders will be able to support the Report at the 2012 Annual General Meeting.

Andrew Kemp
Remuneration Committee Chairman
29 February 2012

Unaudited information

Remuneration Committee

The Remuneration Committee comprises Andrew Kemp, Martin Griffiths, Russell Tenzer and Carol Hui, all of whom are Non-executive Directors. Andrew Kemp succeeded Lady Judge as Chairman following her resignation from the Board on 30 April 2011 and Philip Aiken was appointed to the Committee on the same date. Carol Hui was appointed to the Committee on 1 January 2012 and, on 23 January 2012, Philip Aiken resigned from the Committee and was replaced by Martin Griffiths.

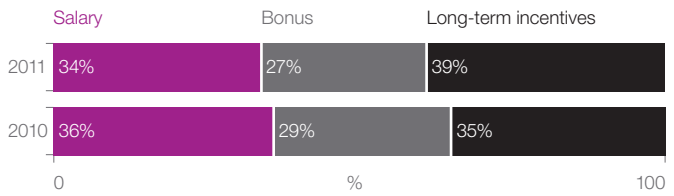
The purpose of the Committee is to consider all aspects of Executive Directors' remuneration and to determine the specific remuneration packages of the Executive Directors, including bonus schemes, pension contributions and other benefits. The Committee ensures that the remuneration packages are competitive within the recruitment industry, and reflect both Group and personal performance during the year, whilst also having regard to the broader levels of remuneration within the Group itself and environmental, social and governance issues. The Committee meets when required to consider all aspects of Executive Directors' remuneration and received independent external advice from Towers Watson and Hewitt New Bridge Street Consultants LLP during the year. Towers Watson and Hewitt New Bridge Street have been formally appointed by the Committee. Neither firm provides other services to the Committee and both are members of the Remuneration Consultants Group. The Committee is satisfied that no conflicts of interest have arisen. 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 individuals of the highest calibre needed to maintain the Group's position as a market leader and to reward them for enhancing shareholder value.

In each year, a significant proportion of each Executive Director's remuneration is variable and linked to corporate performance. The following chart illustrates the proportion of fixed and variable pay for the Executive Directors.



The above pay mix chart shows the proportion of fixed to variable pay and the emphasis that is placed on pay for performance. The values are calculated by reference to the potential bonus award for hitting the target profit before taxation and the expected value of equity incentives.

The Group's policy on Executive Directors' remuneration for the year ended 31 December 2011 was as follows:

i) Salary

The basic salary of each Executive Director is determined by the Remuneration Committee and normally takes into account the performance of each individual, information from independent sources on the levels of salary for similar jobs in comparable companies, average increases for employees across the Group as a whole, affordability and fairness. Salaries are reviewed annually with changes taking effect from 1 January. On the basis of this information and in line with the Group average salary increase for 2011, the basic salary for each of the Directors was increased by 5%. Applying similar principles, although at a lower level than the Group average, the salary increase for Executive Directors effective from 1 January in 2012 will be 2.5%.

ii) Annual bonus

Each of the Executive Directors participates in the annual executive bonus plan under which payments are subject to a maximum of 100% of salary. 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, which is approved by the Board each January and specific Key Performance Indicators (KPIs) exist for the non-financial element of the bonus.

For 2011, the Committee determined the annual bonus payment for the Executive Directors by reference to specific performance targets set at the beginning of the year. The performance measures are:

- profit before taxation for the Group; and
- personal KPIs which may cover strategic performance objectives such as the successful execution of the Group's investment strategy, opening of new offices, staff retention and development, client and candidate satisfaction, innovation and improvements to IT infrastructure.

Stretching goals are set out at the beginning of the year and in the case of profit before taxation, performance is assessed on the basis of accounts reviewed by the auditor.

The business performed relatively well during the year and despite the significant deterioration in levels of candidate and client confidence experienced in the second half of the year, managed to increase profitability at the same time as delivering further expansion into strategic new geographical locations.

Taking into account the extent to which the financial and non-financial performance objectives were met, with all Executive Directors having delivered strongly against their personal objectives and in particular the level of strategic international growth, the Committee approved an annual bonus payment of 40% to each of the Executive Directors, against a maximum bonus opportunity of 100% of salary.

Performance in respect of the 2012 annual bonus scheme for the Executive Directors will continue to be measured against the underlying financial performance of the Group and personal performance measured against individual key performance indicators. The maximum annual bonus opportunity will remain unchanged at 100% of salary.

iii) Pensions and other benefits

Each of the Executive Directors is entitled to a range of benefits, including pension (or cash in lieu of pension), permanent health insurance, private medical insurance, car allowance and mortgage subsidy. All benefits are subject to annual review. The Committee considered whether the value of benefits should be increased but decided that no changes should be made to the value in 2011 or 2012. In respect of pension, each Director is entitled to an annual contribution of 20% of salary into an approved money purchase scheme. The Chief Executive takes his pension contribution as a cash allowance. Both the Group Finance Director and the Chief Operating Officer opted to take the element of their contribution, over and above the limit set by HMRC, in cash.

iv) Long-term incentive arrangements

Executive Directors participate in two share plans and are encouraged to invest their own funds in the Company. Award levels are set under both plans to ensure that at least two thirds of total pay is performance-related and to ensure the appropriate balance between short-term and longer-term performance. Equity incentives are cascaded throughout the leadership team of Robert Walters and play a crucial part in staff retention and the unification of our businesses across the Group.

a) Share options – executive and all-employee

Executive Directors and selected senior employees participate in the Executive Share Option Scheme. This scheme is administered by the Remuneration Committee and is open to employees and Executive Directors of the Company and its subsidiaries. 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 targets have been satisfied over an initial period of three years. Options over shares are generally granted on an annual basis.

The maximum number of options that may be granted to an existing Executive 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. To date, the number of shares granted to Executive Directors is broadly unchanged from year to year, an approach that ensures participants do not benefit from receiving larger grants of options as a consequence of a fall in the share price.

In March 2011, the Executive Directors were granted option awards as follows: 300,000 for the Chief Executive; 250,000 for the Chief Operating Officer; and 200,000 for the Group Finance Director. As a percentage of salary the expected value of the grants amounted to 48% of salary. The vesting of options granted in 2011 is subject to the achievement of an earnings per share growth rate which exceeds the percentage increase in the UK retail price index by at least an annual compound growth of 8% per annum, over a period of three financial years of the Group. On satisfaction of this performance target, one third of the options vest. The options vest in full only where earnings per share growth matches the UK retail price index plus an annual compound growth of 14%. Vesting between these points is linear. To the extent that the performance targets are not met at the end of the three-year period, options will lapse. The vesting criteria have been selected on the basis that they are considered to be stretching and align the interests of management with shareholders.

The Robert Walters Save As You Earn (SAYE) option scheme is an HMRC-approved scheme open to all permanent UK employees, allowing an individual to acquire options over ordinary shares of the Company at a discount of up to 20% of their market price up to a maximum value of £9,000. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract.

Further information relating to all options currently available to Executive Directors is detailed on pages 28 and 29 and in note 18 to the accounts. The rules, as approved by shareholders, specify that in the event of a change of control, all options would vest subject to satisfaction of the performance conditions.

b) 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.

The PSP permits the award of both performance shares and co-investment shares. Both awards vest in full after three years, subject to meeting two performance targets: relative TSR measured against the FTSE Small Cap Index; and, earnings per share growth over the three-year period. In the case of co-investment shares, there is a further performance condition that the individual must meet the requirement to invest in shares in the Company during the vesting period.

The maximum award of performance shares that may be made to an Executive Director in any financial year is limited to shares with an aggregate market value equal to 100% of 'pay' which is defined in the scheme rules as basic salary plus cash-denominated benefits in kind. The maximum award expressed as a percentage of base salary is 120%. In each year that co-investment shares are offered, each participant may invest in shares using personal funds of up to 25% of salary. An award of co-investment shares will then be made over that number of shares which could have been acquired had the amount of salary invested been on a pre-tax basis.

The vesting criteria for PSP awards is split into two separate components. Half the shares awarded will vest subject to meeting earnings per share growth targets. In the event that Group performance exceeds the UK retail price index, by at least an annual compound growth of 8% per annum, over a period of three financial years, one third of the shares will vest. There is then a straight-line increase in vesting with 100% vesting where earnings per share growth matches the UK retail index plus annual compound growth of 14%. Vesting of the remaining 50% of the shares is determined by reference to relative TSR over a three-year period. No vesting occurs of such shares unless performance at least matches the performance of the FTSE Small Cap Index and full vesting occurs when TSR exceeds the FTSE Small Cap Index by annual compound growth of 12.5%. This level of performance is deemed to be broadly equivalent to upper quartile performance. To the extent that the performance targets are not met at the end of the three-year period, the shares will lapse. The criteria have been selected on the basis that they are considered to be stretching and align the interests of management with shareholders. The existence of a market related component ensures that performance is also benchmarked against relative performance and not just absolute performance. TSR over the three-year period ended 31 December 2010 was 62.89% compared to a relative result for the FTSE Small Cap Index of -6.26%. As a consequence, 50% of the 2008 Performance Share Plan awards vested. The remaining 50% of these awards fail the relevant earning per share performance targets and therefore lapsed.

In accordance with the guidance issued by the Association of British Insurers and consistent with the rules of Company's share schemes, the maximum number of new shares that may be issued in respect of all share schemes is limited to 10% of the issued share capital. At 1 January 2012 the Company had outstanding options representing 8.1% of issued share capital. The Company also has an Employee Benefit Trust that may acquire shares in order to meet contingent obligations under share-based incentive schemes.

In the event of a change of control, the rules specify that 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. Further information relating to all PSP awards currently available to Executive Directors is detailed on page 29 and in note 18 to the accounts.

v) Share ownership

The percentage and value of the shareholdings of the Executive Directors, based on the share price at 31 December 2011 and expressed as a percentage of salary are as follows:

	% of issued share capital	% of salary
R C Walters	2.85	733
G P Daubeney	2.11	652
A R Bannatyne	0.25	106

vi) Service contracts

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 Director 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.

Contracts of service	Date of contract
Executive Directors	
R C Walters	19 June 2000
G P Daubeney	19 June 2000
A R Bannatyne	1 March 2007
Non-executive Directors	
P S Aiken	16 June 2000
R P Tenzer	16 June 2000
M A Griffiths	1 July 2006
Lady Judge (resigned 30 April 2011)	19 October 2007
A D Kemp	7 November 2007
C Hui (appointed 1 January 2012)	1 January 2012

In line with the Code, all Directors will stand for election at the forthcoming Annual General Meeting.

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. Non-executive Directors do not participate in any of the Company's share schemes, pension schemes or bonus arrangements.

Performance graph

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

Source: Datastream (Thomson Reuters)

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 re-invested to purchase additional shares in the Company.

Audited information
Directors' remuneration, interests and transactions

	2011 £'000	2010 £'000
Aggregate remuneration		
The total amount of Directors' remuneration and other benefits was as follows:		
Emoluments	2,330	3,203
Group contributions to money purchase schemes	124	144
	2,454	3,347
Fees paid to third parties in respect of Directors' services	49	47

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.

	2011 £'000					2010 £'000				
Emoluments	Salary and fees	Bonus	Pension benefit received as cash[1]	Other taxable benefits[2]	Total	Salary and fees	Bonus	Pension benefit received as cash[1]	Other taxable benefits[2]	Total
Executive										
R C Walters	524	209	105	60	898	499	599	100	60	1,258
G P Daubeney	437	175	16	48	676	416	499	–	48	963
A R Bannatyne	320	128	10	27	485	304	365	–	27	696
Non-executive										
P S Aiken	80	–	–	–	80	76	–	–	–	76
M A Griffiths	61	–	–	–	61	58	–	–	–	58
Lady Judge	20	–	–	–	20	58	–	–	–	58
A D Kemp	61	–	–	–	61	47	–	–	–	47
R P Tenzer	49	–	–	–	49	47	–	–	–	47
	1,552	**512**	**131**	**135**	**2,330**	1,505	1,463	100	135	3,203

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 2011.

[1] Following changes to UK pension regulations in 2011, all Executive Directors have now elected to receive either all or a proportion of amounts directly that were previously paid by the Group on their behalf to a money purchase scheme.

[2] Other taxable benefits comprise mortgage allowance; car allowance; health club membership; and medical aid with the first two items designated as cash benefits in kind.

Pensions

Two Executive Directors were members of money purchase schemes during the year. Contributions paid in by the Company were as follows:

	2011 £'000	2010 £'000
Director		
G P Daubeney	71	83
A R Bannatyne	53	61
	124	144

Share options

Aggregate emoluments disclosed on page 27 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 or SAYE Option Scheme. Details of the options are as follows:

	Options at 1 January 2011 Options	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options at 31 December 2011	Price granted[1] (p)	Share price on exercise (p)	Gain on exercise (£)	Exercise dates
R C Walters									
Executive Options	300,000	–	–	(300,000)	–	150	–	–	
SAYE Options	7,500	–	(7,500)	–	–	128	301	12,938	
Executive Options	300,000	–	–	–	300,000	92	–	–	Mar 2012 – Mar 2019
Executive Options	300,000	–	–	–	300,000	208	–	–	Mar 2013 – Mar 2020
SAYE Options	–	3,740	–	–	3,740	243	–	–	May 2014 – Nov 2014
Executive Options	–	300,000	–	–	300,000	329	–	–	Mar 2014 – Mar 2021
	907,500	**303,740**	**(7,500)**	**(300,000)**	**903,740**			**12,938**	
G P Daubeney									
Executive Options	250,000	–	–	(250,000)	–	150	–	–	
SAYE Options	7,500	–	(7,500)	–	–	128	301	12,938	
Executive Options	250,000	–	–	–	250,000	92	–	–	Mar 2012 – Mar 2019
Executive Options	250,000	–	–	–	250,000	208	–	–	Mar 2013 – Mar 2020
SAYE Options	–	3,740	–	–	3,740	243	–	–	May 2014 – Nov 2014
Executive Options	–	250,000	–	–	250,000	329	–	–	Mar 2014 – Mar 2021
	757,500	**253,740**	**(7,500)**	**(250,000)**	**753,740**			**12,938**	
A R Bannatyne									
Executive Options	200,000	–	–	(200,000)	–	150	–	–	
SAYE Options	7,500	–	(7,500)	–	–	128	301	12,938	
Executive Options	200,000	–	–	–	200,000	92	–	–	Mar 2012 – Mar 2019
Executive Options	200,000	–	–	–	200,000	208	–	–	Mar 2013 – Mar 2020
SAYE Options	–	3,740	–	–	3,740	243	–	–	May 2014 – Nov 2014
Executive Options	–	200,000	–	–	200,000	329	–	–	Mar 2014 – Mar 2021
	607,500	**203,740**	**(7,500)**	**(200,000)**	**603,740**			**12,938**	
	2,272,500	**761,220**	**(22,500)**	**(750,000)**	**2,261,220**			**38,814**	

1 Market price when awarded, except for SAYE Options which were granted at a 20% discount to the market price.

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

The market price of the ordinary shares at 31 December 2011 was 162.00p per share (2010: 325.25p per share) and the range during the year was 158.25p to 347.00p per share.

Performance Share Plan (PSP)

There are currently 41 senior executives who participate in the PSP. The maximum number of shares receivable by Executive Directors is as follows:

	Date of grant	Share awards	Co-investment awards	Vested during year	Lapsed during year	At 31 December 2011	Exercise date
R C Walters							
	February 2008	383,412	134,180	(258,796)	(258,796)	–	
	March 2009	431,425	243,217	–	–	674,642	March 2012
	March 2010	275,602	137,055	–	–	412,657	March 2013
	March 2011	163,496	100,104	–	–	263,600	March 2014
		1,253,935	**614,556**	**(258,796)**	**(258,796)**	**1,350,899**	
G P Daubeney							
	February 2008	319,644	111,864	(215,754)	(215,754)	–	
	March 2009	359,673	82,446	–	–	442,119	March 2012
	March 2010	227,324	49,057	–	–	276,381	March 2013
	March 2011	136,304	84,406	–	–	220,710	March 2014
		1,042,945	**327,773**	**(215,754)**	**(215,754)**	**939,210**	
A R Bannatyne							
	February 2008	209,867	73,446	(141,657)	(141,656)	–	
	March 2009	263,396	30,608	–	–	294,004	March 2012
	March 2010	162,032	80,578	–	–	242,610	March 2013
	March 2011	99,824	56,380	–	–	156,204	March 2014
		735,119	**241,012**	**(141,657)**	**(141,656)**	**692,818**	

Directors' interests in shares

The Directors who held office at 31 December 2011 had the following interests in the ordinary shares of the Company:

	31 December 2011 Number	31 December 2010 Number
R C Walters	2,181,480	2,582,805
G P Daubeney	1,619,112	1,798,798
A R Bannatyne	192,378	157,252
R P Tenzer	14,705	14,705
M A Griffiths	20,000	20,000
P S Aiken	15,176	15,176
A D Kemp	10,000	10,000

Approval

This report was approved by the Board of Directors on 29 February 2012 and signed on its behalf by:

Andrew Kemp
Remuneration Committee Chairman
29 February 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under Company Law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Operating and Financial Review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,

Alan Bannatyne
Group Finance Director
29 February 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROBERT WALTERS PLC

We have audited the financial statements of Robert Walters plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, and the related notes 1 to 33. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2011 and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.
- The Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, contained within the Operating and Financial Review, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Edward Hanson
Senior statutory auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 February 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	1	**528,114**	424,203
Cost of sales		(344,671)	(268,819)
Gross profit		**183,443**	155,384
Administrative expenses		(167,810)	(142,176)
Operating profit		**15,633**	13,208
Finance income		368	349
Finance costs	2	(730)	(534)
(Loss) gain on foreign exchange		(189)	104
Profit before taxation	3	**15,082**	13,127
Taxation	5	(4,909)	(4,316)
Profit for the year		**10,173**	8,811
Attributable to:			
Owners of the Company		**9,866**	8,613
Non-controlling interest		307	198
		10,173	8,811
Earnings per share (pence):	7		
Basic		14.1	12.5
Diluted		12.7	11.1

The amounts above relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the year	**10,173**	8,811
Exchange differences on translation of overseas operations	397	2,694
Total comprehensive income and expense for the year	**10,570**	11,505
Attributable to:		
Owners of the Company	**10,263**	11,307
Non-controlling interest	307	198
	10,570	11,505

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Intangible assets	8	9,292	8,632
Property, plant and equipment	9	11,564	4,909
Deferred tax assets	14	6,942	7,696
		27,798	21,237
Current assets			
Trade and other receivables	11	115,680	100,410
Corporation tax receivables		327	106
Cash and cash equivalents	16	28,965	31,906
		144,972	132,422
Total assets		**172,770**	153,659
Current liabilities			
Trade and other payables	12	(87,059)	(77,566)
Corporation tax liabilities		(1,295)	(5,548)
Bank overdrafts and loans	13	(11,904)	(6,828)
Provisions	15	(1,318)	(1,095)
		(101,576)	(91,037)
Net current assets		**43,396**	41,385
Non-current liabilities			
Bank loans	13	–	(195)
Deferred tax liabilities	14	(65)	(25)
Provisions	15	(382)	(191)
		(447)	(411)
Total liabilities		(102,023)	(91,448)
Net assets		**70,747**	62,211
Equity			
Share capital	17	17,113	17,092
Share premium		21,247	21,040
Other reserves	19	(73,410)	(73,410)
Own shares held	19	(12,028)	(14,115)
Treasury shares held	19	(19,860)	(19,860)
Foreign exchange reserves		11,646	11,249
Retained earnings		125,534	120,017
Equity attributable to owners of the Company		**70,242**	62,013
Non-controlling interest		505	198
Total equity		**70,747**	62,211

The accounts on pages 32 to 51 were approved and authorised for issue by the Board of Directors on 29 February 2012 and signed on its behalf by:

Alan Bannatyne
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Cash generated from operating activities	20	**16,983**	15,683
Income taxes paid		(10,004)	(519)
Net cash from operating activities		**6,979**	15,164
Investing activities			
Acquisition of subsidiary (net of cash acquired)		–	(299)
Net interest paid		(362)	(185)
Purchases of computer software		(1,291)	(560)
Purchases of property, plant and equipment		(9,350)	(2,696)
Net cash used in investing activities		**(11,003)**	(3,740)
Financing activities			
Equity dividends paid		(3,484)	(3,250)
Proceeds from issue of equity		228	496
Proceeds from bank loans and overdrafts		5,070	4,651
Repayment of long-term bank loans		(270)	(268)
Purchase of own shares (net of proceeds of option exercises)		(528)	(2,537)
Net cash generated (used) in financing activities		**1,016**	(908)
Net (decrease) increase in cash and cash equivalents		**(3,008)**	10,516
Cash and cash equivalents at beginning of year		31,906	19,812
Effect of foreign exchange rate changes		67	1,578
Cash and cash equivalents at end of year		**28,965**	31,906

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

Group	Share capital £'000	Share premium £'000	Other reserves £'000	Own shares held £'000	Treasury shares held £'000	Foreign exchange reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2010	17,034	20,586	(73,410)	(12,763)	(18,865)	8,555	112,197	53,334	–	53,334
Profit for the year	–	–	–	–	–	–	8,613	8,613	198	8,811
Foreign currency translation differences	–	–	–	–	–	2,694	–	2,694	–	2,694
Total comprehensive income and expense for the year	–	–	–	–	–	2,694	8,613	11,307	198	11,505
Dividends paid	–	–	–	–	–	–	(3,250)	(3,250)	–	(3,250)
Own shares purchased	–	–	–	(2,000)	(995)	–	–	(2,995)	–	(2,995)
Adjustment in respect of share schemes	–	–	–	648	–	–	2,457	3,105	–	3,105
New shares issued	58	454	–	–	–	–	–	512	–	512
Balance at 31 December 2010	17,092	21,040	(73,410)	(14,115)	(19,860)	11,249	120,017	62,013	198	62,211
Profit for the year	–	–	–	–	–	–	9,866	9,866	307	10,173
Foreign currency translation differences	–	–	–	–	–	397	–	397	–	397
Total comprehensive income and expense for the year	–	–	–	–	–	397	9,866	10,263	307	10,570
Dividends paid	–	–	–	–	–	–	(3,484)	(3,484)	–	(3,484)
Own shares purchased	–	–	–	(960)	–	–	–	(960)	–	(960)
Adjustment in respect of share schemes	–	–	–	3,047	–	–	(865)	2,182	–	2,182
New shares issued	21	207	–	–	–	–	–	228	–	228
Balance at 31 December 2011	**17,113**	**21,247**	**(73,410)**	**(12,028)**	**(19,860)**	**11,646**	**125,534**	**70,242**	**505**	**70,747**

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 December 2011

Accounting policies

Basis of preparation

Robert Walters plc is a Company incorporated in the UK under the Companies Act.

The financial report for the year ended 31 December 2011 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 financial statements have been prepared on a going concern basis. This is discussed in the Operating and Financial Review on pages 10 to 13.

The principal accounting policies of the Group are summarised below and have been applied consistently in all aspects throughout the current year and preceding 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. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement and is not subsequently reversed.

Non-controlling interests in the acquired entity are initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

c) 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 not amortised but 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.

d) 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 tax laws that have been enacted or substantively 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.

Current and deferred tax is recognised in the income statement except when the tax relates to items charged or credited directly to equity, in which case the tax is also recognised in equity.

e) 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.

f) 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 are excluded from revenue and only net margin is recognised as revenue. Revenue in respect of outsourcing and consultancy is recognised when the service has been provided.

g) 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.

h) 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.

i) 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 other comprehensive income and reserves, and recognised as income or as expenses in the period in which an operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilites of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as pounds sterling denominated assets and liabilities.

j) 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%.

k) 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.

l) Investments

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

m) Receivables

Trade and other receivables are recorded at cost, less any provision for impairment.

n) 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.

o) Other financial liabilities

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

p) 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.

q) Provisions

A provision is recognised when the Group has a present legal or contractive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

New IFRS accounting movements

The following new and revised Standards and Interpretations have been adopted by the Group in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements:

- IAS 24 (revised 2009): Related Party Disclosures.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

- IAS 32 (amended): Offsetting Financial Assets and Financial Liabilities;
- IFRS 7 (amended): Disclosures – Offsetting Financial Assets and Financial Liabilities;
- IFRS 9: Financial Instruments;
- IAS 19 (revised): Employee Benefits;
- IFRS 10: Consolidated Financial Statements; and
- IAS 12 (amended): Deferred Tax: Recovery of Underlying Assets.

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

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates. The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilites have been identified by management as revenue recognition and bad debt expense.

- Revenue recognition – in making this judgement, management considered the detailed criteria for the recognition of revenue from permanent placements who had accepted a position and agreed a start date, but had not started employment. A provision is made by management, based on historical evidence, for the proportion of those placements where the candidate may reverse their acceptance prior to the start date.
- Bad debt provisioning – at each balance sheet date each subsidiary evaluates the collectability of trade receivables and records a provision based on anticipated recoverable cash flows, nature of counterparty, past due date, geographical location, the costs of recovery and the fair value of any guarantee received.
- Deferred tax – management judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. Deferred tax assets are only recognised to the extent that they are considered recoverable based on forecasts of available taxable profits against which they can be utilised.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2011

1 Segmental information

	2011 £'000	2010 £'000
i) Revenue:		
Asia Pacific	246,613	191,316
UK	188,958	157,892
Europe	87,449	71,326
The Americas and South Africa	5,094	3,669
	528,114	424,203
ii) Gross profit:		
Asia Pacific	92,721	75,586
UK	46,952	45,805
Europe	39,130	30,408
The Americas and South Africa	4,640	3,585
	183,443	155,384
iii) Profit before taxation:		
Asia Pacific	12,327	11,268
UK	488	1,258
Europe	2,786	754
The Americas and South Africa	32	(72)
Operating profit	**15,633**	13,208
Net finance costs	(551)	(81)
Profit before taxation	**15,082**	13,127
iv) Net assets:		
Asia Pacific	27,579	20,236
UK	11,785	11,691
Europe	8,175	2,784
The Americas and South Africa	237	388
Unallocated corporate assets and liabilities*	22,971	27,112
	70,747	62,211

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

The analysis of revenue by destination is not materially different to the analysis by origin and the analysis of finance income and costs are not significant.

The Group is divided into geographical areas for management purposes, and it is on this basis that the segmental information has been prepared.

NOTES TO THE GROUP ACCOUNTS

For the year ended 31 December 2011 continued

1 Segmental information continued

	P,P&E and software additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
v) Other information – 2011:					
Asia Pacific	4,816	1,616	13,418	51,966	(24,387)
UK	4,937	1,220	5,731	59,905	(48,119)
Europe	666	317	1,454	22,556	(14,381)
The Americas and South Africa	222	63	253	2,109	(1,872)
Unallocated corporate assets and liabilities*	–	–	6,942	36,234	(13,264)
	10,641	**3,216**	**27,798**	**172,770**	**(102,023)**

	P,P&E and software additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
Other information – 2010:					
Asia Pacific	1,182	1,135	10,145	39,762	(19,526)
UK	1,696	1,614	2,028	53,830	(42,139)
Europe	288	279	1,233	18,422	(15,638)
The Americas and South Africa	90	46	135	1,937	(1,549)
Unallocated corporate assets and liabilities*	–	–	7,696	39,708	(12,596)
	3,256	3,074	21,237	153,659	(91,448)

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

	2011 £'000	2010 £'000
vi) Revenue by business grouping:		
Robert Walters	446,169	366,912
Resource Solutions (recruitment process outsourcing)	81,945	57,291
	528,114	424,203

2 Finance costs

	2011 £'000	2010 £'000
Interest on bank overdrafts	644	445
Interest on bank loans	86	89
Total borrowing costs	**730**	534

3 Profit before taxation

	2011 £'000	2010 £'000
Profit is stated after charging:		
Auditor's remuneration – Deloitte LLP (as Auditor)		
– Fees payable to the Company's Auditor for the audit of the Company's annual accounts	53	53
– The audit of the Company's subsidiaries pursuant to legislation	274	258
	327	311
– Other services pursuant to legislation	25	25
– Fees payable to the Auditor pursuant to legislation	352	336
– Tax advisory services	62	41
– Other non-audit services	9	14
Total fees	**423**	391
Depreciation and amortisation of assets – owned	3,216	3,074
Loss on disposal of property, plant and equipment	165	76
Impairment of trade receivables (net)	648	345
Operating lease rentals – property	9,671	7,640
Operating lease rentals – computers and equipment	892	884

4 Staff costs

	2011 Number	2010 Number
The average monthly number of employees of the Group (including Executive Directors) during the year was:		
Group employees	**1,934**	1,540

The Directors analyse headcount in a number of ways and therefore headcount has been presented on a global basis.

	2011 £'000	2010 £'000
Their aggregate remuneration comprised:		
Wages and salaries	100,525	84,074
Social security costs	11,265	9,258
Other pension costs	3,402	2,728
	115,192	96,060

Details of the Directors' remuneration are given in the Directors' remuneration report on page 27.

5 Taxation

	2011 £'000	2010 £'000
Current tax charge		
Corporation tax – Overseas	5,848	7,307
Adjustments in respect of prior years		
Corporation tax – UK	(74)	77
Corporation tax – Overseas	(171)	(83)
	5,603	7,301
Deferred tax		
Deferred tax – UK	(815)	(1,561)
Deferred tax – Overseas	124	(1,184)
Adjustments in respect of prior years		
Deferred tax – UK	894	(283)
Deferred tax – Overseas	(897)	43
	(694)	(2,985)
Total tax charge for year	**4,909**	4,316
Profit before taxation	15,082	13,127
Tax at standard UK corporation tax rate of 26.5% (2010: 28%)	3,997	3,676
Effects of:		
Unrelieved losses	239	314
Other expenses not deductible for tax purposes	126	255
Overseas earnings taxed at different rates	537	117
Adjustments to tax charges in previous years	(247)	(245)
Impact of tax rate change	257	199
Total tax charge for year	**4,909**	4,316

6 Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 1.47p per share (2010: 1.4p)	1,027	958
Final dividend for 2010 of 3.5p per share (2009: 3.35p)	2,457	2,292
	3,484	3,250
Proposed final dividend for 2011 of 3.68p per share (2010: 3.5p)	**2,568**	2,393

The proposed final dividend of £2,568,000 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 share is based on the profit for the year attributable to equity holders of the parent and the weighted average number of shares of the Company.

	2011 £'000	2010 £'000
Profit for the year attributable to equity holders of the parent	**9,866**	8,613

	2011 Number of shares	2010 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	85,463,121	85,168,703
Shares issued in the year	79,054	145,800
Treasury and own shares held	(15,810,840)	(16,667,426)
For basic earnings per share	**69,731,335**	68,647,077
Outstanding share options	7,841,200	8,996,317
For diluted earnings per share	**77,572,535**	77,643,394

8 Intangible assets

	Goodwill £'000	Computer software £'000	Total £'000
Cost:			
At 1 January 2010	7,840	5,406	13,246
Additions	–	560	560
Disposals	–	(20)	(20)
Foreign currency translation differences	34	112	146
At 31 December 2010	7,874	6,058	13,932
Additions	–	1,291	1,291
Disposals	–	(38)	(38)
Foreign currency translation differences	68	20	88
At 31 December 2011	**7,942**	**7,331**	**15,273**
Accumulated amortisation and impairment:			
At 1 January 2010	–	4,333	4,333
Charge for the year	–	899	899
Disposals	–	(20)	(20)
Foreign currency translation differences	–	88	88
At 31 December 2010	–	5,300	5,300
Charge for the year	–	698	698
Disposals	–	(30)	(30)
Foreign currency translation differences	–	13	13
At 31 December 2011	**–**	**5,981**	**5,981**
Carrying value:			
At 1 January 2010	7,840	1,073	8,913
At 31 December 2010	7,874	758	8,632
At 31 December 2011	**7,942**	**1,350**	**9,292**

The carrying value of goodwill relates to the acquisition of Talent Spotter in China (£1,095,000) and the historic acquisition of the Dunhill Group in Australia (£6,847,000). The historical acquisition cost of Talent Spotter was £768,000, with the movement to the current carrying value a result of foreign currency translation differences. Goodwill 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 calculations over the next five years, calculated by preparing cash flow forecasts derived from the most recent financial budgets for the next year and an assumed growth rate of 3% for years two to five, which does not exceed the long-term average potential growth rate of the respective operations. The forecast for revenue and costs as approved by the Board reflect the latest industry forecasts and management expectation based on past experience. The value of the cash flows is then discounted at a post-tax rate of 7.8% (pre-tax rate of 11.6%), based on the Group's estimated 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 2010	3,957	7,236	3,941	64	15,198
Additions	694	623	1,328	51	2,696
Disposals	(145)	(171)	(209)	(39)	(564)
Foreign currency translation differences	194	294	207	2	697
At 31 December 2010	4,700	7,982	5,267	78	18,027
Additions	3,521	3,962	1,859	8	9,350
Disposals	(2,248)	(1,621)	(531)	–	(4,400)
Foreign currency translation differences	55	(53)	39	(5)	36
At 31 December 2011	**6,028**	**10,270**	**6,634**	**81**	**23,013**
Accumulated depreciation and impairment:					
At 1 January 2010	3,186	4,601	3,088	52	10,927
Charge for the year	528	821	812	14	2,175
Disposals	(142)	(100)	(209)	(37)	(488)
Foreign currency translation differences	159	217	130	(2)	504
At 31 December 2010	3,731	5,539	3,821	27	13,118
Charge for the year	658	836	1,009	15	2,518
Disposals	(2,284)	(1,470)	(481)	–	(4,235)
Foreign currency translation differences	50	(20)	17	1	48
At 31 December 2011	**2,155**	**4,885**	**4,366**	**43**	**11,449**
Carrying value:					
At 1 January 2010	771	2,635	853	12	4,271
At 31 December 2010	969	2,443	1,446	51	4,909
At 31 December 2011	**3,873**	**5,385**	**2,268**	**38**	**11,564**

10 Principal Group investments

Details of principal Group investments existing as at 31 December 2011 are as follows:

Subsidiary undertaking

	Percentage of ordinary shares	Principal activity	Country of incorporation
Robert Walters Pty Limited	100%	Recruitment consultancy	Australia
Robert Walters SA	100%	Recruitment consultancy	Belgium
Walters People SA	100%	Recruitment consultancy	Belgium
Robert Walters Brazil Limitada	100%	Recruitment consultancy	Brazil
Robert Walters Talent Consulting (Shanghai) Ltd	70%	Recruitment consultancy	China
Robert Walters SAS	100%	Recruitment consultancy	France
Robert Walters Solutions SAS	100%	Recruitment consultancy	France
Walters Interim SAS	100%	Recruitment consultancy	France
Robert Walters Germany GMBH	100%	Recruitment consultancy	Germany
Robert Walters (Hong Kong) Limited	100%	Recruitment consultancy	Hong Kong
PT. Robert Walters Indonesia	100%	Recruitment consultancy	Indonesia
Robert Walters Limited	100%	Recruitment consultancy	Ireland
Robert Walters Japan KK	100%	Recruitment consultancy	Japan
Robert Walters Sdn Bhd	100%	Recruitment consultancy	Malaysia
Walters People BV	100%	Recruitment consultancy	Netherlands
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 Holdings SAS	100%	Recruitment consultancy	Spain
Robert Walters Korea Limited	100%	Recruitment consultancy	South Korea
Robert Walters Switzerland AG	100%	Recruitment consultancy	Switzerland
Robert Walters Company Limited (Taiwan)	100%	Recruitment consultancy	Taiwan
Robert Walters Recruitment (Thailand) Ltd	100%	Recruitment consultancy	Thailand
Robert Walters Dubai Ltd	100%	Recruitment consultancy	United Arab Emirates
Robert Walters Operations Limited	100%	Recruitment consultancy	United Kingdom
Resource Solutions Limited	100%	HR outsourcing services	United Kingdom
Robert Walters Holdings Limited[1]	100%	Holding company	United Kingdom
Robert Walters Associates Inc.	100%	Recruitment consultancy	USA
Robert Walters Vietnam Company Limited	100%	Recruitment consultancy	Vietnam

1 Robert Walters Holdings Limited has branch operations in Luxembourg and South Africa.

Advantage has been taken of Section 410 of the Companies Act 2006 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.

11 Trade and other receivables

	2011 £'000	2010 £'000
Receivables due within one year:		
Trade receivables	89,443	78,023
Other receivables	5,194	2,449
Prepayments and accrued income	21,043	19,938
	115,680	100,410

12 Trade payables and other payables: amounts falling due within one year

	2011 £'000	2010 £'000
Trade payables	2,553	2,820
Other taxation and social security	17,862	18,192
Other trade payables	18,542	14,008
Accruals and deferred income	48,102	42,546
	87,059	77,566

There is no material difference between the fair value and the carrying value of the Group's trade and other payables.

13 Bank overdrafts and loans

	2011 £'000	2010 £'000
Bank overdrafts and loans: current	11,904	6,828
Bank loans: non-current	–	195
	11,904	7,023
The borrowings are repayable as follows:		
Within one year	11,904	6,828
In the second year	–	195
	11,904	7,023

In March 2008, the Group borrowed Renminbi 20m (£2.0m) at a rate of 110% of the People Bank Of China base rate to finance the acquisition of Talent Spotter and provide working capital. Of the Renminbi 20m (£2.0m), Renminbi 10m (£1.0m) was a long-term loan and repayable over four years. The remaining Renminbi 10m (£1.0m) is a short-term facility, which was increased to Renminbi 15m (£1.5m) in March 2011. The loan is secured against cash deposits in Hong Kong.

In June 2010 the Group entered into a committed, three-year, £20.0m receivables financing agreement. At 31 December 2011, £10.2m was drawn down under this facility. In February 2012 this facility was increased to a committed, £25.0m receivables financing agreement and the term extended until February 2014.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £11,904,000 (2010: £7,023,000).

14 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	Tax losses £'000	Share based payment £'000	Accruals and provisions £'000	Total £'000
At 1 January 2010	139	868	1,086	1,079	3,172
Credit to income	835	811	101	1,189	2,936
Credit to equity	–	–	1,304	–	1,304
Foreign currency translation differences	–	16	–	243	259
At 31 December 2010	974	1,695	2,491	2,511	7,671
Credit (charge) to income	193	(170)	(70)	797	750
Charge to equity	–	–	(1,626)	–	(1,626)
Foreign currency translation differences	–	10	–	72	82
At 31 December 2011	**1,167**	**1,535**	**795**	**3,380**	**6,877**

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:

	2011 £'000	2010 £'000
Group		
Deferred tax assets	6,942	7,696
Deferred tax liabilities	(65)	(25)
	6,877	7,671

For presentational purposes, the analysis of the deferred tax balances for the prior year has been amended.

At 31 December 2011, no deferred tax liability is recognised on temporary differences of £10.7m (2010: £7.7m) relating to the unremitted earnings of overseas subsidiaries. Unremitted earnings may be liable to some overseas tax, but should not be liable to UK tax if they were to be distributed as dividends.

The reduction on the UK corporation tax rate from 26% to 25% (from 1 April 2012) was substantially enacted on 19 July 2011. This rate change has resulted in a deferred tax charge of £0.3m arising from the reduction in the balance sheet carrying value of UK deferred tax assets, to reflect the anticipated rate of tax (at 25%) at which those assets are expected to reverse.

The UK Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. The future rate changes would further reduce the UK deferred tax asset recognised. The further rate change to 24% was not substantively enacted at the balance sheet date and therefore is not reflected in these financial statements.

Deferred tax assets of £1.5m (2010: £1.7m) have been recognised in respect of carried forward losses and latest forecasts show that these are expected to be recovered against future profit streams.

The Group has total unrecognised deferred tax assets relating to £2.7m (2010: £1.9m) of tax losses of which £0.6m (2010: £0.3m) have no time restriction over when they can be utilised. The Group has unrecognised deferred tax assets relating to time restricted tax losses of £2.1m (2010: £1.6m) for which the weighted average period over which they can be utilised is 14.4 years.

15 Provisions

	Total £'000
At 1 January 2011	1,286
Additional provisions charged to income statement	603
Provision released	(2)
Utilisation of provisions	(189)
Foreign exchange movements	2
At 31 December 2011	**1,700**
Analysis of total provision:	
Current	1,318
Non-current	382
	1,700

The provisions comprise of rents and other related amounts payable on vacated properties and dilapidation provisions.

16 Financial risk management

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.

	2011 £'000	2010 £'000
Cash		
Euros	6,715	8,371
Australian Dollars	4,938	7,454
Japanese Yen	4,479	5,140
Hong Kong Dollars[1]	3,733	4,362
Singapore Dollars	2,566	2,817
Chinese Renminbi	2,190	539
New Zealand Dollars	1,356	1,574
US Dollars	1,052	446
Malaysian Ringgit	560	490
Other	1,376	713
	28,965	31,906

1 Included in the Hong Kong dollars cash balance is £2.2m (2010: £2.1m) of restricted cash held on deposit as security against the Chinese Renminbi bank loan. Refer to note 13 for further details of this loan.

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, the Euro and Australian Dollars. The Group does not have material transactional exposures because in the 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 head office and does not actively manage its exposure to interest rate fluctuations. Surplus funds in the UK 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.

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 counterparties that are deemed creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with entities that are considered to have adequate credit ratings. 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 locations. In a number of territories in which the Group operates, particularly in the contract and interim businesses, invoices are contractually payable on demand. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Balances which are considered uncollectable 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. The Group has provided fully for all receivables over 120 days because historical experience is such that receivables past due beyond 120 days are generally not recoverable.

The maximum exposure of credit risk for trade receivables is represented by their carrying value, net of impairment.

Out of trade receivables totalling £89.4m at 31 December 2011 (2010: £78.0m), balances totalling £64.4m (2010: £57.5m) are not due. The amount of trade receivables past due up to one month are £19.1m (2010: £14.7m) and past due greater than one month are £7.7m (2010: £5.8m). The amount of trade receivables outstanding by more than 90 days from invoice date at 31 December 2011 was £0.9m (2010: £1.5m). The level of bad debt provision at 31 December 2011 was £1.8m (2010: £1.2m).

vi) Financial liabilities

The Group finances its operations through a mixture of retained earnings and also has a Renminbi loan, which was taken out in 2008 and a two-year committed Pounds Sterling sales financing facility entered into in February 2012. The average effective interest rate for 2011 on the sales financing facility approximates to 3% and is determined upon the lenders published rate plus 2.5%. As the rates are floating, the Group is exposed to cash flow risk. Further details in respect of these loans are disclosed in note 13 to the accounts.

The Group's sensitivity to foreign currency has decreased during the year as 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 Share capital

	2011 Number	2010 Number	2011 £'000	2010 £'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	**85,568,121**	85,463,121	**17,113**	17,092

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 2011 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 and SAYE Option Scheme:

	Share options granted	Price granted (p)	Exercisable from	Exercisable to
Executive Options	3,690	92	September 2006	August 2013
Executive Options	55,533	103	June 2007	May 2014
Executive Options	250,000	102	May 2008	May 2015
Executive Options	332,278	135	December 2008	December 2015
Executive Options	300,000	244	July 2009	July 2016
Executive Options	30,000	240	September 2009	September 2016
Executive Options	1,654,000	92	March 2012	March 2019
Executive Options	1,659,000	208	March 2013	March 2020
Executive Options	20,000	221	April 2013	April 2020
Executive Options	20,000	234	August 2013	August 2020
Executive Options	20,000	299	November 2013	November 2020
Executive Options	1,557,500	329	March 2014	March 2021
SAYE Options	438,559	243	May 2014	November 2014
	6,340,560			

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.

	2011 Weighted average options	2011 Weighted average exercise price (£)	2010 Weighted average options	2010 Weighted average exercise price (£)
At 1 January	**6,740,841**	**1.49**	9,658,902	1.91
Granted during the year	2,038,059	3.10	1,959,000	2.09
Forfeited during the year	(404,150)	1.51	(4,241,079)	2.72
Exercised during the year	(435,190)	1.52	(624,116)	1.53
Expired during the year	(1,599,000)	1.39	(11,866)	1.70
At 31 December	**6,340,560**	**2.03**	6,740,841	1.49

The fair value of share options granted during the year was £1,758,000.

The weighted average share price at the date of exercise for share options exercised during the period was £3.09. The options outstanding at 31 December 2011 had a weighted average remaining contractual life of eight years and a value of £2.03.

There were 971,501 options already exercisable at the end of the year, with a weighted exercise price of £1.61.

The inputs into the stochastic model are as follows:

	Executive Options 2011	Executive Options 2010	Executive Options 2009	Executive Options 2008	SAYE options 2011
Weighted average share price	£3.29	£2.05	£0.83	£1.50	£3.04
Weighted average exercise price	£3.29	£2.08	£0.92	£1.39	£2.43
Expected volatility	44.6%	42.4%	41.6%	41.9%	47.0%
Expected life	4	4	4	4	3.25
Risk free rate	2.8%	3.1%	2.3%	4.5%	1.7%
Expected dividend yield	1.5%	2.3%	5.7%	3.1%	1.6%

Expected volatility has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant. 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 8% per annum, over a period of three financial years of the Group.

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 14% per annum.

The SAYE Option Scheme enables UK permanent employees to use the proceeds of a related SAYE contract to acquire options over ordinary shares of the Company at a discount of up to 20% of their market prices. Options granted under the scheme can normally be exercised during a period of six months starting on the third anniversary of the start of the relevant SAYE contract. Exercise of an option is subject to continued employment.

Equity settled Performance Share Plan (PSP)

As at 31 December 2011 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 Executive PSP Scheme:

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

	2011 Share Awards	2011 Co-investment Awards	2011 Total	2010 Share Awards	2010 Co-investment Awards	2010 Total
At 1 January	**5,756,209**	**2,216,459**	**7,972,668**	4,707,780	1,447,021	6,154,801
Granted during the year	1,535,054	584,710	2,119,764	1,922,338	967,174	2,889,512
Vested during the year	(1,051,266)	(379,083)	(1,430,349)	(29,671)	(9,934)	(39,605)
Lapsed during the year	(720,348)	(258,047)	(978,395)	(362,709)	(108,092)	(470,801)
Forfeited during the year	(10,000)	(67,540)	(77,540)	(481,529)	(79,710)	(561,239)
At 31 December	**5,509,649**	**2,096,499**	**7,606,148**	5,756,209	2,216,459	7,972,668

The fair value of Share Awards and Co-investment Awards granted during the year was £5,562,000.

The awards outstanding at 31 December 2011 had a weighted average remaining contractual life of 13 months (2010:15 months). No Awards expired during the year (2010: none).

The inputs into the stochastic model are as follows:

	2011	2010	2009	2008
Weighted average share price	£3.29	£2.05	£0.83	£1.50
Weighted average exercise price	nil	nil	nil	nil
Expected volatility	48.1%	52.2%	48.1%	42.0%
Expected life	3	3	3	3
Risk free rate	1.4%	3.0%	1.7%	4.4%
Expected dividend yield	1.5%	2.3%	5.7%	3.1%

Expected volatility has been calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. 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 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 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 the EPS compound annual growth must also exceed 14%.

The Group recognised an expense of £3,377,000 (2010: £1,368,000) during the year in respect of equity-settled share-based payment transactions and a credit of of £1,029,000 (2010: expense of £739,000) in respect of cash-settled share-based payment transactions.

19 Reserves

The other reserves of the Group include a merger reserve of £83,379,000 (2010: £83,379,000), a capital reserve of £9,301,000 (2010: £9,301,000), capital redemption reserve of £624,000 (2010: £624,000) and a capital contribution reserve of £44,000 (2010: £44,000).

The own shares are held by an employee benefit trust (EBT) to satisfy the potential share obligations of the Group. The Company also has an obligation to make regular contributions to the EBT to enable it to meet its financing costs. Rights to dividends on shares held by the EBT have been waived by the trustees. Charges of £17,000 (2010: £11,000) have been reflected in the Consolidated Income Statement in respect of the EBT.

The number and market value of own shares held at 31 December 2011 was 6,764,629 (2010: 8,156,198) and £10,959,000 (2010: £26,528,000). The number and market value of treasury shares held at 31 December 2011 was 8,922,900 (2010: 8,922,900) and £14,455,000 (2010: £29,022,000).

20 Notes to the cash flow statement

	2011 £'000	2010 £'000
Operating profit	**15,633**	13,208
Adjustments for:		
Depreciation and amortisation charges	3,216	3,074
Loss on disposal of property, plant and equipment and computer software	173	76
Movement in share scheme balance	3,377	1,368
Operating cash flows before movements in working capital	**22,399**	17,726
Increase in receivables	(15,202)	(30,953)
Increase in payables	9,786	28,910
Cash generated from operating activities	**16,983**	15,683

21 Reconciliation of net cash flow to movement in net funds

	2011 £'000	2010 £'000
(Decrease) increase in cash and cash equivalents in the year	**(3,008)**	10,516
Cash inflow from movement in bank loans	(4,800)	(4,383)
Foreign currency translation differences	(14)	1,479
Movement in net cash in the year	**(7,822)**	7,612
Net cash at beginning of year	24,883	17,271
Net cash at end of year	**17,061**	24,883

Net cash is defined as cash and cash equivalents less bank loans.

22 Commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011 £'000	2010 £'000
Within one year	6,325	7,102
In the second to fifth years inclusive	21,269	19,876
After five years	28,641	7,799
	56,235	34,777

The Company has no finance lease commitments (2010: £nil).

There are no capital commitments for the Group (2010: £2,451,000).

23 Related party transactions

Transactions between Robert Walters plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The remuneration of key management personnel who are deemed to be Directors has been disclosed in the Report of the Remuneration Committee.

During the year, there were related party transactions totalling £186,000 (2010: £57,000) with Molten Group plc. The Chairman of Molten Group plc was Philip Aiken, who is also the Chairman of Robert Walters plc. Philip Aiken resigned as Chairman of Molten Group plc on 14 January 2011. There were no oustanding balances at 31 December 2011. All transactions were undertaken on an arms-length basis.

24 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 no other contingent liabilities as at 31 December 2011 (2010: £nil).

COMPANY BALANCE SHEET

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Investments	26	192,690	189,303
Current assets			
Trade and other receivables	27	838	857
Total assets		193,528	190,160
Current liabilities			
Trade and other payables	28	(111,680)	(107,896)
Net current liabilities		**(111,680)**	(107,896)
Net assets		**81,848**	82,264
Equity			
Share capital	29	17,113	17,092
Share premium	30	21,247	21,040
Capital redemption reserve	30	624	624
Own shares held	30	(12,028)	(14,115)
Treasury shares held	30	(19,860)	(19,860)
Retained earnings	30	74,752	77,483
Shareholders' funds		**81,848**	82,264

The accounts of Robert Walters plc, Company Number 3956083, on pages 52 to 54 were approved by the Board of Directors on 29 February 2012 and signed on its behalf by:

Alan Bannatyne
Group Finance Director

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 December 2011

25 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 2006.

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and law.

b) Foreign currencies

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.

26 Fixed asset investments

	Total £'000
At 1 January 2011	189,303
Increase in the year due to equity incentive schemes	3,387
At 31 December 2011	**192,690**

Please refer to note 10 for a list of Company's principal investments.

27 Trade and other receivables

	2011 £'000	2010 £'000
Amounts due from subsidiaries	838	857
	838	857

28 Trade payables and other payables: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to subsidiaries	111,680	107,896
	111,680	107,896

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 December 2011 continued

29 Share capital

	2011 Number	2010 Number	2011 £'000	2010 £'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	**85,568,121**	85,463,121	**17,113**	17,092

30 Reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Shareholders' funds at 1 January 2011	17,092	21,040	624	(14,115)	(19,860)	77,483	82,264
Shares issued	21	207	–	–	–	–	228
Own shares purchased	–	–	–	(960)	–	–	(960)
Movements in equity in respect of share incentive schemes	–	–	–	3,047	–	771	3,818
Loss for the year	–	–	–	–	–	(18)	(18)
Dividends paid	–	–	–	–	–	(3,484)	(3,484)
Shareholders' funds at 31 December 2011	**17,113**	**21,247**	**624**	**(12,028)**	**(19,860)**	**74,752**	**81,848**

The Company has elected not to present its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

Robert Walters plc reported a result for the year of £0.0m (2010: £nil).

£29.1m (2010: £33.1m) of the retained earnings of the Company represents distributable reserves.

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

Details of Treasury and own shares held are disclosed in note 18 to the accounts.

31 Commitments

The Company has no finance lease commitments (2010: £nil).

There are no capital commitments for the Company (2010: £nil).

32 Related party transactions

There were no related party transactions in the year to 31 December 2011 (2010: £nil) other than as disclosed in the Report of the Remuneration Committee and notes 27 and 28.

33 Contingent liabilities

The Company has no contingent liabilities as at 31 December 2011 (2010: £nil).

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