ROBERT WALTERS

1 March 2018

ROBERT WALTERS PLC
(the "Company", or the "Group")

Results for the year ended 31 December 2017

OPERATING PROFIT UP 60%; DIVIDEND UP 50%

Robert Walters plc (LSE: RWA), the leading international recruitment group, today announces its results for the year ended 31 December 2017.

Financial and Operational Highlights

	2017	2016	% change	% change (constant currency*)
Revenue	£1.2bn	£1.0bn	17%	14%
Gross profit (net fee income)	£345.2m	£278.3m	24%	20%
Operating profit	£41.9m	£26.2m	60%	54%
Profit before taxation	£40.6m	£28.1m	44%	50%
Basic earnings per share	42.9p	27.7p	55%	n/a
Final dividend per share	9.3p	6.2p	50%	n/a

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

- Record performance with operating profit increasing by 60% (54%*) to £41.9m (2016: £26.2m) and profit before taxation increasing by 44% (50%*) to £40.6m (2016: £28.1m).
- 71% of the Group's net fee income derived from outside of the UK.
- All regions grew both net fee income and operating profit.
- Asia Pacific net fee income up 16% (11%*) to £136.6m (£131.1m*) (2016: £117.6m) and operating profit up 21% (14%*) to £17.7m (£16.8m*) (2016: £14.7m).
    - In Asia, growth continued to be broad-based across both established and emerging markets with Japan, Hong Kong, Vietnam and Indonesia all delivering excellent results.
    - Good performance across Australia and a record set of results in New Zealand.
    - Resource Solutions won several new multi-country contracts across the region.
- UK net fee income up 16% to £100.9m (2016: £86.7m) producing an 84% increase in operating profit to £11.8m (2016: £6.4m).
    - Activity levels in London were strongest across technology, legal and financial services. In the regions, Manchester and St. Albans were the standout performers.
    - Resource Solutions delivered impressive net fee income growth and entered new industry sectors winning clients in retail, mobile telecommunications, fintech and property management.
- Europe net fee income up 34% (26%*) to £80.6m (£75.5m*) (2016: £60.1m) and operating profit increased 168% (149%*) to £11.3m (£10.5m*) (2016: £4.2m).
    - Outstanding performance across the region.
    - Belgium, Germany, Portugal, the Netherlands and Spain all delivered net fee income growth in excess of 20% year-on-year.
    - Our French business, our largest in the region, grew net fee income by 18% and delivered a significant increase in operating profit.
    - Blend of permanent, contract and interim recruitment businesses is a pillar of strength and point of differentiation.
- Other International (Brazil, Canada, South Africa, the Middle East and the USA) net fee income up 93% (87%*) to £27.1m (£26.2m*) (2016: £14.0m) and operating profit increased by 16% (41%*) to £1.1m (£1.3m*) (2016: £0.9m).
    - Strongest growth across the North America region. Market conditions in Brazil remain challenging but encouraging to see our local business deliver net fee income growth in excess of 50%.
- Group headcount increased by 17% to 3,793 (2016: 3,229).
- The Group purchased 2.1m shares at an average price of £3.79 for £8.0m which were subsequently cancelled. An additional 0.4m shares have also been purchased at an average price of £4.03 for £1.8m through the Group's Employee Benefit Trust.
- Strong balance sheet with net cash of £31.1m as at 31 December 2017 (31 December 2016: £22.5m).

Robert Walters, Chief Executive, said:

"The Group delivered a record performance in 2017 increasing operating profit by 60% year-on-year. We continued to benefit from both our international footprint which covers 28 countries including many of the world's fastest-growing and exciting recruitment markets and our blend of revenue streams covering permanent, contract, interim and recruitment process outsourcing.

"The Group has successfully maintained the momentum of 2017 and started the year strongly. As a result, we look ahead with confidence."

The Company will be holding a presentation for analysts at 11.00am today at Newgate Communications, Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE.

The Company will publish an interim management statement for the first quarter ending 31 March 2018 on 10 April 2018.

Further information

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About Robert Walters

Robert Walters is a market-leading international specialist professional recruitment group with over 3,700 staff spanning 28 countries. We specialise in the placement of the highest calibre professionals across the disciplines of accountancy and finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial and support and supply chain and procurement. Our client base ranges from the world's leading blue-chip corporates and financial services organisations through to SMEs and start-ups. The Group's outsourcing division, Resource Solutions is a market leader in recruitment process outsourcing and managed services.

www.robertwalters.com

Forward looking statements

This announcement contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them at the time of their approval of this announcement and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Robert Walters plc
Results for the year ended 31 December 2017

Chairman's Statement
The Group delivered an outstanding performance in 2017, increasing profit before taxation by 44% (50%*) to a record £40.6m (2016: £28.1m). All of the Group's regions delivered increases in both gross profit (net fee income) and operating profit and 71% (2016: 69%) of the Group's net fee income is now derived from overseas businesses.

Revenue was up 17% (14%*) to £1.2bn (2016: £1.0bn) and net fee income increased by 24% (20%*) to £345.2m (2016: £278.3m). Operating profit was up 60% (54%*) to £41.9m (2016: £26.2m) and earnings per share increased by 55% to 42.9p per share (2016: 27.7p per share). The Group further strengthened its balance sheet with net cash of £31.1m as at 31 December 2017 (31 December 2016: £22.5m). The Group's ratio of permanent and contract recruitment net fee income is 68% permanent to 32% contract (2016: 69%:31%).

During the year, headcount increased by 17% to 3,793 (2016: 3,229). Headcount investment is highest in those regions and business units demonstrating the strongest potential for accelerated growth.

The Board will be recommending a 50% increase in the final dividend to 9.3p per share which combined with the interim dividend of 2.75p per share would result in a 42% increase in the total dividend to 12.05p per share (2016: 8.5p).

In 2017, the Group purchased 2.1m shares at an average price of £3.79 for £8.0m, which were subsequently cancelled. An additional 0.4m shares were purchased at an average price of £4.03 for £1.8m through the Group's Employee Benefit Trust. The Board is authorised to re-purchase up to 10% of the Group's issued share capital and will be seeking approval for the renewal of this authority at the Annual General Meeting on 17 May 2018.

As recently announced, I will be stepping down from my role as the Group's Non-executive Chairman on 1 March. It has been a privilege to serve on the Board for the past five years and I have absolutely no doubt that the Robert Walters Group will continue to go from strength to strength. I would like to take this opportunity, one final time, to thank all of the Group's staff for their hard work and support in delivering a high-quality service to our candidates and clients.

Leslie Van de Walle
Chairman
28 February 2018

Chief Executive's Statement

Review of Operations
The Group's ability to deliver its best ever performance was, once again, testament to the success of our long-term strategy for growth; founded on the two pillars of international expansion and discipline diversification.

Our international footprint covers 28 countries, and most crucially, encompasses some of the world's fastest growing and exciting recruitment markets as well as more mature and well-established locations that continue to have significant scope for additional growth.

The breadth of solutions we can provide to our clients, from permanent, contract and interim recruitment through to recruitment process outsourcing is also a key point of differentiation in our ability to provide a true end-to-end recruitment offering to both candidates and clients.

Asia Pacific (40% of Group net fee income)
Revenue was £370.2m (2016: £348.6m) and net fee income increased by 16% (11%*) to £136.6m (£131.1m*) (2016: £117.6m) and operating profit increased by 21% (14%*) to £17.7m (£16.8m*) (2016: £14.7m).

One of the key strengths of the Group is its presence in both established and emerging recruitment markets and nowhere is this more prevalent than in Asia Pacific. The Group operates in 13 countries and has an unrivalled footprint across the region.

In Asia, the Group's most profitable single country, Japan, enjoyed yet another record year in both Tokyo and Osaka, reinforcing our market leading position in this exciting market. Hong Kong, another of the Group's well-established scale businesses, also had a record year whilst market conditions in Singapore remained more challenging. Across our emerging markets, all businesses delivered record performances and continued to grow net fee income and market share.

Australia had a good year and a particularly strong fourth quarter, benefiting from our footprint of offices covering five states; our focus on margin growth in the SME market; and high growth disciplines such as technology, digital and contract. New Zealand had a record year with the Group's successful sponsorship of the recent British & Irish Lions Tour helping to further build our brand profile and market leading position.

Resource Solutions continued to grow its client base across the region, winning a number of multi-country contracts with new clients. A new Global Service Centre was opened in Manila during the year to complement our existing site in India.

UK (29% of Group net fee income)
Revenue was £569.6m (2016: £480.6m), net fee income increased by 16% to £100.9m (2016: £86.7m) and operating profit increased by 84% to £11.8m (2016: £6.4m).

In the UK and particularly in London and the South East, candidate and client confidence levels remain somewhat cautious. However, activity levels in certain sectors and disciplines were strong. In London, growth was strongest across technology, legal, financial services and commerce finance. In the regions, growth was broad-based with St. Albans and Manchester in particular delivering the strongest rates of growth, benefiting from a focus on SMEs and the trend of a number of large businesses moving operations outside of London.

Resource Solutions continued to deliver impressive rates of growth and encouragingly won several clients in new industry sectors including retail, mobile telecommunications, fintech and property management.

Europe (23% of Group net fee income)
Revenue was £189.1m (2016: £147.0m), net fee income increased by 34% (26%*) to £80.6m (£75.5m*) (2016: £60.1m) and operating profit increased by 168% (149%*) to £11.3m (£10.5m*) (2016: £4.2m).

The Group has a geographic footprint that spans nine countries. Performance was outstanding across the region with both net fee income and operating profit increasing significantly year-on-year.

Belgium, Germany, Portugal, the Netherlands and Spain all delivered net fee income increases in excess of 20%. Our French business, our largest in the region, grew net fee income by 18% and delivered a significant increase in operating profit.

Other International (8% of Group net fee income)
Other International encompasses Brazil, Canada, South Africa, the Middle East and the USA. Revenue was £36.9m (2016: £22.3m), net fee income increased by 93% (87%*) to £27.1m (£26.2m*) (2016: £14.0m) and operating profit increased by 16% (41%*) to £1.1m (£1.3m*) (2016: £0.9m).

Market conditions in Brazil remain challenging but it has been positive to see our business deliver in excess of 50% growth in net fee income year-on-year. Our new business in Canada has started well whilst in the US, although financial services remains tough, other market sectors, particularly technology and digital continue to be strong. The Middle East was largely flat year-on-year whilst in South Africa, we are seeing good growth from Sub-Saharan markets as our brand presence grows across the region.

Board Changes
Leslie Van de Walle will be stepping down from his role as Non-executive Chairman on 1 March 2018. On behalf of myself and the Board, I would like to thank Leslie for his strong contribution to the Group over the last five years and wish him all the best for the future. Carol Hui, who is currently Senior Independent Director will step up to the role of Non-executive Chairman whilst Brian McArthur-Muscroft will take on the role of Senior Independent Director. The Board is in the process of identifying an additional Non-executive Director.

Outlook
The Group has successfully maintained the momentum of 2017 and started the year strongly. As a result, we look at the year ahead with confidence.

Robert Walters
Chief Executive
28 February 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROBERT WALTERS PLC ON THE PRELIMINARY ANNOUNCEMENT OF ROBERT WALTERS PLC

As the independent auditor of Robert Walters plc we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of Robert Walters plc's preliminary announcement statement of annual results for the year ended 31 December 2017.

The preliminary statement of annual results for the year ended 31 December 2017 includes financial and operational highlights, the Chief Executive's Statement, the Chairman's Statement and summarised financial statements. We are not required to agree to the publication of the presentation to analysts.

The directors of Robert Walters plc are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules".

Status of our audit of the financial statements

Our audit of the annual financial statements of Robert Walters plc is complete and we signed our audit report on 28 February 2018. Our audit report is not modified and contains no emphasis of matter paragraph.

Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work:

Revenue recognition	
Key audit matter description	<u>Permanent revenue – accuracy and completeness of the provision for back-outs</u> For permanent placements, which accounted for 68% of the Net Fee Income (gross profit) of the Group's recruitment business in 2017 (2016: 69%), the Group's policy (as detailed in the Accounting Policies note) is to record revenue when specific recognition criteria have been met, namely where a candidate accepts a position in writing and a start date is agreed. Accordingly revenue is accrued in respect of permanent placements meeting the above criteria but which remain unbilled. A provision is made for placements expected to be cancelled prior to the start date ('back-outs') on the basis of past experience. Determining the level of provision required for back-outs involves a significant degree of management judgement, and is an area where there is potential for fraudulent manipulation of the financial results. <u>Temporary revenue – changes in temporary worker rates in the Resource Solutions business</u> The Group's policy is to recognise revenue relating to temporary workers as the service is provided, at contractually agreed rates (as detailed in the Accounting Policies note). For temporary income, the risk identified in the current year is that changes in temporary worker rates in the Resource Solutions business may not be recorded accurately. The Resource Solutions business has continued to grow in the current year, and now represents 44.8% of Group revenue (2016: 40.0%). The contracts which govern the rates at which revenue should be recognised for temporary workers within the Resource Solutions business are complex. The margin earned varies with role, length of tenure and the entity which originally sourced the temporary worker. These rates are also subject to change when contracts are renegotiated.

	Rate changes have a number of different drivers, and do not occur on a readily predictable timetable. The process for updating the temporary worker rates is manual, as are the controls which management has put in place to mitigate the risk. A systematic error in the recording of these rates could lead to a material misstatement, and is most likely to occur when changes to rates are processed. This is a change from the revenue recognition key audit matter we identified in the prior year, which focused on the recognition of revenue relating to work performed before year end, where timesheets are not received until after year end. Our work in the previous year demonstrated that the process is well controlled, and involves little management judgement. We have therefore concluded that the recognition of late timesheets is not a significant risk in the current year.
How the scope of our audit responded to the key audit matter	<u>Permanent revenue</u> In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that all permanent placements are recorded in the correct period. In the Australia, China, Hong Kong, Japan and the UK, we performed additional testing to confirm that the internal controls for permanent placements were operating effectively. Our testing involved agreeing a sample of permanent placement fees earned but not invoiced to written evidence of candidate acceptance, including confirmation of start date. We assessed the level of provision held at the year-end against the average level of back-outs experienced on a monthly basis during the year. We also evaluated the back-outs following the year end. <u>Temporary revenue</u> For the full scope location within the Resource Solutions business, we evaluated the design and implementation and tested the operating effectiveness of the internal controls in place to ensure that any changes in the rate at which revenue is recognised were recorded appropriately. We selected a sample of temporary workers in the Resource Solutions business where there had been a change in rates during the year. The change in rates was then agreed to contract, and the associated revenue recalculated. We reviewed a sample of contracts with clients of the Resource Solutions business, for evidence of any change in the underlying rates which should be reflected in the revenue recognised. A sample of temporary workers in the Resource Solutions business where there was no change in the underlying rates was also selected for testing. We confirmed that it was appropriate that the revenue recognised in respect of these temporary workers did not change through agreeing to the contract.
Key observations	We did not identify any reportable misstatements or significant deficiencies in internal control as a result of our audit work. We concluded that the provision for back outs for permanent placements was conservative, but within an acceptable range compared to actual historical back outs experienced. We concluded that the revenue for temporary placements during the period was recognised appropriately.

Recoverability of trade receivables	
Key audit matter description	Gross trade receivables at 31 December 2017 were £166.9m (2016: £185.3m). Whilst historically the Group has not suffered from a significant level of write-offs, given the relatively small balances due from a large number of clients, significant management judgement is required in estimating the appropriate level of provision against trade receivables. The Group's policy is to record 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, as detailed in the Accounting Policies note. We have refined our approach to the risk we have identified around the recoverability of receivables. In previous years, this was focused on the entire receivables balance. Our work in prior years has shown that the recoverability of the year-end receivables ledger is typically very high and the control environment around the receivables ledger is robust. Both the Resource Solutions business and the temporary recruitment business predominantly deal with long standing clients, with whom the Group has strong relationships. By contrast, one-off clients are far more common in the permanent recruitment business, and this part of the business typically holds large numbers of small balances due from a variety of clients. We have therefore focused our key audit matter on aged balances (> 30 days overdue) relating to sales in the permanent recruitment business.
How the scope of our audit responded to the key audit matter	In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that an appropriate provision is recognised against trade receivables. In Australia, China, Hong Kong, Japan and the UK, we performed additional testing to confirm that these internal controls were operating effectively. We focussed our substantive testing on higher risk balances on the basis of the ageing profile, collection history and the credit quality of the client. We agreed a sample of balances to subsequent cash receipts which supported the recoverability of the balance. Where cash had not subsequently been received at the date of testing, we have used alternative evidence to support the recoverability of the balance such as email correspondence between the Group and clients, proving that the service was provided, and historic payment patterns. For certain components, debtor confirmations were also sent out for a sample of balances. We evaluated the diligence applied by management in determining the risk associated with the recoverability of the receivables balance and tested the adequacy of provisioning by recalculating the provision for significantly aged balances, and considering receivables where the ageing profile of debtors has deteriorated or there is evidence that the credit quality of the debtor is considered a risk, and challenged management to justify why no provision is required. We analysed the make-up of the year end provision for bad debts and assessed it against the bad debt cost experienced in the year. We performed a retrospective review, comparing the provision recognised at the end of 2016, with actual cash receipts against year end balances during 2017, to determine the historical accuracy of management's judgements.

	We also compared the level of provision recognised with a number of similar businesses within the recruitment industry, to determine if the Group was recognising a provision which was not in line with industry norms. Additionally, we evaluated post year-end developments to determine whether any provisions required reversal or further provision.
Key observations	We did not identify any reportable misstatements or significant deficiencies in internal controls as a result of our audit work. We concluded that the provision for bad debts was in the middle of the acceptable range.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of Robert Walters plc we carried out the following procedures:

(a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited financial statements and reflect the presentation to be adopted in the audited financial statements;

(b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;

(c) considered whether the financial information in the preliminary announcement is misstated;

(d) considered whether the preliminary announcement includes a statement by directors as required by section 435 of CA 2006 and whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;

(e) where the preliminary announcement includes alternative performance measures (“APMs”), considered whether appropriate prominence is given to statutory financial information and whether:

- the use, relevance and reliability of APMs has been explained;
- the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;
- the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
- comparatives have been included, and where the basis of calculation has changed over time this is explained.

(f) read the management commentary and any other narrative disclosures and considered whether they are fair, balanced and understandable.

Use of our report

Our liability for this report, and for our full audit report on the financial statements is 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 our audit report or this report, or for the opinions we have formed.

John Charlton FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 February 2018

Consolidated Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Revenue	1	**1,165,776**	**998,535**
Cost of sales		(820,528)	(720,205)
Gross profit		**345,248**	**278,330**
Administrative expenses		(303,350)	(252,088)
Operating profit		**41,898**	**26,242**
Finance income		531	460
Finance costs	2	(981)	(895)
(Loss) gain on foreign exchange		(874)	2,334
Profit before taxation		**40,574**	**28,141**
Taxation	3	(11,239)	(8,244)
Profit for the year		**29,335**	**19,897**
Attributable to:			
Owners of the Company		**29,335**	**19,897**
Earnings per share (pence):	5		
Basic		42.9	27.7
Diluted		38.9	25.4

The amounts above relate to continuing operations.

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£'000	£'000
Profit for the year	29,335	19,897
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of overseas operations	(1,686)	12,953
Total comprehensive income and expense for the year	**27,649**	**32,850**
Attributable to:		
Owners of the Company	**27,649**	**32,850**

Consolidated Balance Sheet
AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	6	11,909	11,402
Property, plant and equipment	7	9,135	8,183
Deferred tax assets		10,163	8,253
		31,207	**27,838**
Current assets			
Trade and other receivables	8	227,585	236,507
Corporation tax receivables		3,016	1,531
Cash and cash equivalents		61,872	62,601
		292,473	300,639
Total assets		**323,680**	**328,477**
Current liabilities			
Trade and other payables	9	(161,270)	(178,008)
Corporation tax liabilities		(6,986)	(5,069)
Bank overdrafts and loans	10	(30,784)	(40,070)
Provisions		(1,198)	(1,244)
		(200,238)	(224,391)
Net current assets		**92,235**	**76,248**
Non-current liabilities			
Provisions		(1,634)	(2,143)
		(1,634)	**(2,143)**
Total liabilities		(201,872)	(226,534)
Net assets		**121,808**	**101,943**
Equity			
Share capital		15,875	16,101
Share premium		21,936	21,854
Other reserves		(71,818)	(72,241)
Own shares held		(18,193)	(19,906)
Treasury shares held		(9,095)	(9,095)
Foreign exchange reserves		12,352	14,038
Retained earnings		170,751	151,192
Equity attributable to owners of the Company		**121,808**	**101,943**

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Cash generated from operating activities	11	**43,025**	**37,178**
Income taxes paid		(11,032)	(7,693)
Net cash from operating activities		**31,993**	**29,485**
Investing activities			
Interest received		531	460
Purchases of computer software		(1,912)	(2,172)
Purchases of property, plant and equipment		(5,079)	(2,841)
Net cash used in investing activities		**(6,460)**	**(4,553)**
Financing activities			
Equity dividends paid		(6,074)	(5,410)
Proceeds from issue of equity		279	39
Interest paid		(981)	(895)
Proceeds from bank loans and overdrafts		-	14,350
Repayment of bank loans		(9,188)	-
Share buy-back and cancellation		(8,033)	(3,446)
Purchase of own shares		(1,784)	(19,168)
Proceeds from exercise of share options		846	26
Net cash used in financing activities		(24,935)	(14,504)
Net increase in cash and cash equivalents		**598**	**10,428**
Cash and cash equivalents at beginning of year		62,601	43,378
Effect of foreign exchange rate changes		(1,327)	8,795
Cash and cash equivalents at end of year		**61,872**	**62,601**

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2017

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 equity £'000
Balance at 1 January 2016	17,249	21,836	(73,410)	(7,136)	(19,860)	1,085	151,893	91,657
Profit for the year	-	-	-	-	-	-	19,897	19,897
Prior year Adjustment[1]	-	-	-	-	-	-	1,254	1,254
Foreign currency translation differences	-	-	-	-	-	12,953	-	12,953
Total comprehensive income and expense for the year	-	-	-	-	-	12,953	21,151	34,104
Dividends paid	-	-	-	-	-	-	(5,410)	(5,410)
Shares repurchased for cancellation	(1,169)	-	1,169	-	10,765	-	(14,211)	(3,446)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	4,590	4,590
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(449)	(449)
Transfer to own shares held on exercise of equity incentives	-	-	-	6,372	-	-	(6,372)	-
New shares issued and own shares purchased	21	18	-	(19,142)	-	-	-	(19,103)
Balance at 31 December 2016	**16,101**	**21,854**	**(72,241)**	**(19,906)**	**(9,095)**	**14,038**	**151,192**	**101,943**
Profit for the year	-	-	-	-	-	-	29,335	29,335
Foreign currency translation differences	-	-	-	-	-	(1,686)	-	(1,686)
Total comprehensive income and expense for the year	-	-	-	-	-	(1,686)	29,335	27,649
Dividends paid	-	-	-	-	-	-	(6,074)	(6,074)
Shares repurchased for cancellation	(423)	-	423	-	-	-	(8,033)	(8,033)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	5,324	5,324
Deferred tax on share-based payment transactions	-	-	-	-	-	-	1,659	1,659
Transfer to own shares held on exercise of equity incentives	-	-	-	2,652	-	-	(2,652)	-
New shares issued and own shares purchased	197	82	-	(939)	-	-	-	(660)
Balance at 31 December 2017	**15,875**	**21,936**	**(71,818)**	**(18,193)**	**(9,095)**	**12,352**	**170,751**	**121,808**

[1]An immaterial adjustment of £1.25 million has been made to increase brought forward retained earnings. £0.195 million of this adjustment is related to the 2015 financial year. The adjustment was made in order to recognise two changes in the prior year in the application of the revenue recognition policy in part of the business (the impact on the equivalent balance sheet and income statement captions is similarly immaterial).

The first change relates to permanent placements. These were previously recognised by this component when a candidate started a position. However, given the maturity of the market for this part of the business, the Group considers that it is more appropriate to recognise this revenue when the candidate accepts a position and the start date is determined, in line with the rest of the Group, as this reflects the underlying agreements. A provision is made for candidates who fail to start employment after accepting the offer and is based on the historic rate of 'back-outs'. The adjustment has not been treated as a change in accounting policy, under IAS 8, as it is not material.

The second change relates to temporary placements. The adjustment made is to recognise the impact of timesheets received after the year-end date, where work was performed during the 2016 financial year. The adjustment has also not been treated as a change in accounting policy, under IAS 8, as it is not material.

Statement of Accounting Policies
FOR THE YEAR ENDED 31 DECEMBER 2017

Accounting Policies

Basis of preparation

Robert Walters plc is a public Company limited by shares incorporated and domiciled in the UK under the Companies Act. The financial report for the year ended 31 December 2017 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, though this announcement does not itself contain sufficient information to comply with IFRSs.

The Group had net cash of £31.1m at 31 December 2017. 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.

The financial information in this announcement, which was approved by the Board of Directors on 28 February 2018, does not constitute the Company's statutory accounts for the year ended 31 December 2017 but is derived from these accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting. The auditors have reported on these accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The Annual General Meeting of Robert Walters plc will be held on 17 May 2018 at 11 Slingsby Place, St Martin’s Courtyard, London WC2E 9AB.

1. Segmental information

		2017 £'000	2016 £'000
i)	**Revenue:**		
	Asia Pacific	370,248	348,636
	UK	569,610	480,587
	Europe	189,056	146,985
	Other International	36,862	22,327
		1,165,776	**998,535**
ii)	**Gross profit:**		
	Asia Pacific	136,641	117,591
	UK	100,881	86,675
	Europe	80,649	60,062
	Other International	27,077	14,002
		345,248	**278,330**

1. Segmental information (continued)

	2017 £'000	2016 £'000
iii) Profit before taxation:		
Asia Pacific	17,719	14,655
UK	11,802	6,396
Europe	11,279	4,243
Other International	1,098	948
Operating profit	**41,898**	**26,242**
Net finance costs	(1,324)	1,899
Profit before taxation	**40,574**	**28,141**
iv) Net assets:		
Asia Pacific	27,905	32,621
UK	33,927	28,867
Europe	18,001	9,592
Other International	4,693	3,617
Unallocated corporate assets and liabilities*	37,282	27,246
	121,808	**101,943**

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

All transactions between reportable segments were undertaken on an arms-length basis.

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

v) Other information - 2017	P,P&E and software additions £'000	Depreciation and amortisation £'000	Non-current assets £'000	Assets £'000	Liabilities £'000
Asia Pacific	1,387	1,223	10,747	62,312	(34,407)
UK	3,550	2,640	7,131	125,923	(91,996)
Europe	1,227	584	1,818	49,677	(31,676)
Other International	827	291	1,348	10,717	(6,024)
Unallocated corporate assets and liabilities*	-	-	10,163	75,051	(37,769)
	6,991	**4,738**	**31,207**	**323,680**	**(201,872)**

1. Segmental information (continued)

v) Other information - 2016

	P,P&E and software additions	Depreciation and amortisation	Non-current assets	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000
Asia Pacific	922	1,237	11,160	63,621	(31,000)
UK	2,392	2,300	6,219	146,599	(117,732)
Europe	915	505	1,304	37,168	(27,576)
Other International	788	137	902	8,704	(5,087)
Unallocated corporate assets and liabilities*	-	-	8,253	72,385	(45,139)
	5,017	**4,179**	**27,838**	**328,477**	**(226,534)**

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

	2017	2016
	£'000	£'000
vi) Revenue by business grouping:		
Robert Walters	643,626	599,356
Resource Solutions (recruitment process outsourcing)	522,150	399,179
	1,165,776	**998,535**

2. Finance costs

	2017	2016
	£'000	£'000
Interest on bank overdrafts	939	841
Interest on bank loans	42	54
Total borrowing costs	**981**	**895**

3. Taxation

	2017	2016
	£'000	£'000
Current tax charge		
Corporation tax - UK	3,618	1,971
Corporation tax - Overseas	8,297	6,520
Adjustments in respect of prior years		
Corporation tax - UK	-	126
Corporation tax - Overseas	(230)	(686)
	11,685	**7,931**
Deferred tax		
Deferred tax - UK	(437)	173
Deferred tax - Overseas	(832)	16
Adjustments in respect of prior years		
Deferred tax - UK	250	(16)
Deferred tax - Overseas	573	140
	(446)	**313**
Total tax charge for year	**11,239**	**8,244**
Profit before taxation	40,574	28,141
Tax at standard UK corporation tax rate of 19.25%* (2016: 20%)	7,811	5,628
Effects of:		
Unrelieved losses	451	683
Tax exempt income and other expenses not deductible for tax purposes	(482)	477
Overseas earnings taxed at different rates	2,866	1,785
Adjustments to tax charges in previous years	593	(435)
Impact of tax rate change	-	106
Total tax charge for year	**11,239**	**8,244**

*The UK Government reduced the rate of corporation tax by 1% from 20% to 19% on 1 April 2017.

	2017	2016
	£'000	£'000
Tax recognised directly in equity		
Tax on share-based payment transactions	**(1,659)**	**449**

4. Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 2.75p per share (2016: 2.3p)	1,879	1,620
Final dividend for 2016 of 6.2p per share (2015: 5.13p)	4,195	3,790
	6,074	**5,410**
Proposed final dividend for 2017 of 9.3p per share (2016: 6.2p)	**6,429**	**4,316**

The proposed final dividend of £6,429,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The final dividend, if approved, will be paid on 1 June 2018 to those shareholders on the register as at 11 May 2018.

5. 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.

	2017 £'000	2016 £'000
Profit for the year attributable to equity holders of the parent	**29,335**	**19,897**

	2017 Number of shares	2016 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	80,507,284	86,251,859
Shares issued in the year	317,504	74,666
Shares cancelled in the year	(1,893,733)	(1,652,089)
Treasury and own shares held	(10,558,159)	(12,799,910)
For basic earnings per share	**68,372,896**	**71,874,526**
Outstanding share options and equity	7,086,415	6,470,656
For diluted earnings per share	**75,459,311**	**78,345,182**

6. Intangible assets

	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2016	7,977	9,928	17,905
Additions	-	2,172	2,172
Disposals	-	(1,170)	(1,170)
Foreign currency translation differences	111	265	376
At 31 December 2016	**8,088**	**11,195**	**19,283**
Additions	-	1,912	1,912
Disposals	-	(8)	(8)
Foreign currency translation differences	(30)	(47)	(77)
At 31 December 2017	**8,058**	**13,052**	**21,110**
Accumulated amortisation and impairment:			
At 1 January 2016	-	7,117	7,117
Charge for the year	-	1,191	1,191
Disposals	-	(679)	(679)
Foreign currency translation differences	-	252	252
At 31 December 2016	**-**	7,881	7,881
Charge for the year	-	1,364	1,364
Foreign currency translation differences	-	(44)	(44)
At 31 December 2017	**-**	**9,201**	**9,201**
Carrying value:			
At 1 January 2016	7,977	2,811	10,788
At 31 December 2016	8,088	3,314	11,402
At 31 December 2017	**8,058**	**3,851**	**11,909**

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,199,000) and the 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 in perpetuity. The key assumptions in the value-in-use are those regarding expected changes to cash flow during the period, growth rates and the discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of 5% for years two and three, 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 expectations based on past experience.

The value of the cash flows is then discounted at a post-tax rate of 10.5% (pre-tax rate of 14.4%), based on the Group's estimated weighted average cost of capital and risk adjusted depending on the location of goodwill. The weighted average cost of capital has also been adjusted for a terminal growth rate, between 2-3% depending on location, for year four onwards.

Management has undertaken sensitivity analysis taking into consideration the impact in key assumptions. This included reducing the cash flow from year two onwards by 0%, 10% and 20% in absolute terms. The sensitivity analysis shows no impairment would arise under each scenario.

7. 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 2016	6,594	10,408	6,149	18	23,169
Additions	281	1,758	802	-	2,841
Disposals	(75)	(1,084)	(498)	-	(1,657)
Foreign currency translation differences	611	1,495	689	-	2,795
At 31 December 2016	7,411	12,577	7,142	18	27,148
Additions	1,617	2,155	1,307	-	5,079
Disposals	(479)	(434)	(105)	-	(1,018)
Foreign currency translation differences	(186)	(46)	(106)	-	(338)
At 31 December 2017	8,363	14,252	8,238	18	30,871
Accumulated depreciation and impairment:					
At 1 January 2016	4,053	6,634	4,729	13	15,429
Charge for the year	707	1,218	1,061	2	2,988
Disposals	(65)	(937)	(480)	-	(1,482)
Foreign currency translation differences	502	1,012	516	-	2,030
At 31 December 2016	5,197	7,927	5,826	15	18,965
Charge for the year	739	1,446	1,188	1	3,374
Disposals	(139)	(147)	(59)	-	(345)
Foreign currency translation differences	(138)	(29)	(91)	-	(258)
At 31 December 2017	5,659	9,197	6,864	16	21,736
Carrying value:					
At 1 January 2016	2,541	3,774	1,420	5	7,740
At 31 December 2016	2,214	4,650	1,316	3	8,183
At 31 December 2017	**2,704**	**5,055**	**1,374**	**2**	**9,135**

8. Trade and other receivables

	2017 £'000	2016 £'000
Receivables due within one year:		
Trade receivables	163,284	183,692
Other receivables	10,892	8,970
Prepayments	7,179	5,468
Accrued income	46,230	38,377
	227,585	**236,507**

Included within accrued income is a provision against the cancellation of placements where a candidate may reverse their acceptance prior to the start date. The value of this provision as of 31 December 2017 is £1,892,000 (31 December 2016: £1,716,000). The movement in this provision during the year is a charge to administrative expenses in the income statement of £176,000 (2016: £266,000).

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

	2017 £'000	2016 £'000
Trade payables	8,712	6,727
Other taxation and social security	20,689	24,529
Other payables	24,020	22,489
Accruals and deferred income	107,849	124,263
	161,270	**178,008**

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

10. Bank overdrafts and loans

	2017 £'000	2016 £'000
Bank overdrafts and loans: current	30,784	40,070
	30,784	**40,070**
The borrowings are repayable as follows:		
Within one year	30,784	40,070
	30,784	**40,070**

In January 2017, the Group renewed and extended to four years its committed financing facility of £45m which expires in December 2020. At 31 December 2017, £30.2m (2016: £38.9m) was drawn down under this facility. The Group also has a non-recourse £15m facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 5m (£0.6m) was drawn down as at 31 December 2017. The loan is secured against cash deposits in Hong Kong.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £30,784,000 (2016: £40,070,000).

11. Notes to the cash flow statement

	2017 £'000	2016 £'000
Operating profit	**41,898**	**26,242**
Adjustments for:		
Depreciation and amortisation charges	4,738	4,179
Loss on disposal of property, plant and equipment and computer software	681	666
Charge in respect of share-based payment transactions	5,324	4,590
Operating cash flows before movements in working capital	**52,641**	**35,677**
Decrease (increase) in receivables	7,733	(29,634)
(Decrease) increase in payables	(17,349)	31,135
Cash generated from operating activities	**43,025**	**37,178**

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

	2017 £'000	2016 £'000
Increase in cash and cash equivalents in the year	**598**	**10,428**
Cash inflow (outflow) from movement in bank loans	9,188	(14,350)
Foreign currency translation differences	(1,230)	8,649
Movement in net cash in the year	**8,556**	**4,727**
Net cash at beginning of year	22,532	17,805
Net cash at end of year	**31,088**	**22,532**

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