

HALF ROBERT INTERNATIONAL INC /DE/  
Form 10-Q  
July 30, 2009

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 1-10427

**ROBERT HALF INTERNATIONAL INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction)

of incorporation or organization)

2884 Sand Hill Road

Suite 200

Menlo Park, California  
(Address of principal executive offices)

94-1648752  
(I.R.S. Employer

Identification No.)

94025  
(zip-code)

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Registrant's telephone number, including area code: (650) 234-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of June 30, 2009:

151,866,261 shares of \$.001 par value Common Stock

## PART I FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands, except share amounts)

	June 30, 2009	December 31, 2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 385,818	\$ 354,756
Accounts receivable, less allowances of \$25,175 and \$34,217	374,020	484,808
Deferred income taxes and other current assets	192,650	193,335
<b>Total current assets</b>	<b>952,488</b>	<b>1,032,899</b>
Goodwill and other intangible assets, net	189,401	189,382
Property and equipment, net	137,287	145,699
Deferred income taxes	44,635	43,870
<b>Total assets</b>	<b>\$ 1,323,811</b>	<b>\$ 1,411,850</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 95,222	\$ 111,645
Accrued payroll costs and retirement obligations	251,306	301,102
Current portion of notes payable and other indebtedness	109	105
<b>Total current liabilities</b>	<b>346,637</b>	<b>412,852</b>
Notes payable and other indebtedness, less current portion	1,836	1,892
Other liabilities	14,169	13,218
<b>Total liabilities</b>	<b>362,642</b>	<b>427,962</b>
Commitments and Contingencies (Note G)		
<b>STOCKHOLDERS EQUITY</b>		
Preferred stock, \$.001 par value authorized 5,000,000 shares; issued and outstanding zero shares		
Common stock, \$.001 par value authorized 260,000,000 shares; issued and outstanding 151,820,544 shares and 150,943,324 shares	152	151
Capital surplus	919,357	949,474
Accumulated other comprehensive income	41,660	34,263
Retained earnings		
<b>Total stockholders' equity</b>	<b>961,169</b>	<b>983,888</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,323,811</b>	<b>\$ 1,411,850</b>

The accompanying Notes to Condensed Consolidated Financial Statements are

an integral part of these financial statements.



## ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net service revenues	\$ 749,887	\$ 1,224,641	\$ 1,573,212	\$ 2,450,631
Direct costs of services, consisting of payroll, payroll taxes, insurance costs and reimbursable expenses	484,830	708,017	1,014,427	1,423,019
Gross margin	265,057	516,624	558,785	1,027,612
Selling, general and administrative expenses	255,007	393,393	532,057	787,824
Amortization of intangible assets	280	618	898	1,259
Interest income, net	(455)	(1,506)	(1,075)	(3,520)
Income before income taxes	10,225	124,119	26,905	242,049
Provision for income taxes	4,809	49,551	12,701	96,697
Net income	\$ 5,416	\$ 74,568	\$ 14,204	\$ 145,352
Net income available to common stockholders	\$ 4,801	\$ 72,293	\$ 13,110	\$ 141,143
Net income per share (Note J):				
Basic	\$ .03	\$ .47	\$ .09	\$ .92
Diluted	\$ .03	\$ .47	\$ .09	\$ .91
Shares:				
Basic	146,443	152,878	146,660	153,722
Diluted	147,044	153,892	147,092	154,818
Cash dividends declared per share	\$ .12	\$ .11	\$ .24	\$ .22

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## ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)

(in thousands, except per share amounts)

	Six Months Ended June 30,	
	2009	2008
<b>COMMON STOCK SHARES:</b>		
Balance at beginning of period	150,943	158,058
Net issuances of restricted stock	2,310	1,858
Repurchases of common stock	(2,696)	(5,799)
Exercises of stock options	1,264	1,353
Balance at end of period	151,821	155,470
<b>COMMON STOCK PAR VALUE:</b>		
Balance at beginning of period	\$ 151	\$ 158
Net issuances of restricted stock	2	2
Repurchases of common stock	(2)	(6)
Exercises of stock options	1	1
Balance at end of period	\$ 152	\$ 155
<b>CAPITAL SURPLUS:</b>		
Balance at beginning of period	\$ 949,474	\$ 915,038
Net issuances, and other changes to, restricted stock excess over par value	(2)	(2)
Repurchases of common stock excess over par value	(43,465)	(34,250)
Cash dividends (\$.24 per share)	(36,438)	
Stock-based compensation expense restricted stock and stock units	30,128	32,249
Stock-based compensation expense stock options	558	2,410
Exercises of stock options excess over par value	17,906	22,065
Tax impact of equity incentive plans	1,196	3,750
Balance at end of period	\$ 919,357	\$ 941,260
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME:</b>		
Balance at beginning of period	\$ 34,263	\$ 68,853
Translation adjustments, net of tax	7,397	7,758
Balance at end of period	\$ 41,660	\$ 76,611
<b>RETAINED EARNINGS:</b>		
Balance at beginning of period	\$	\$
Repurchases of common stock excess over par value	(14,204)	(110,469)
Cash dividends (\$.22 per share)		(34,883)
Net income	14,204	145,352
Balance at end of period	\$	\$

The accompanying Notes to Condensed Consolidated Financial Statements are

an integral part of these financial statements.



## ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Six Months Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 14,204	\$ 145,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	898	1,259
Depreciation expense	32,788	35,904
Stock-based compensation expense restricted stock and stock units	30,128	32,249
Stock-based compensation expense stock options	558	2,410
Excess tax benefits from stock-based compensation	(1,777)	(136)
Provision for deferred income taxes	1,813	(1,441)
Provision for doubtful accounts	(1,449)	7,405
Changes in assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts receivable	116,824	(38,942)
(Decrease) increase in accounts payable, accrued expenses, accrued payroll costs and retirement obligations	(69,400)	55,350
(Decrease) increase in income taxes payable	(5,397)	2,224
Change in other assets, net of change in other liabilities	6,315	(3,852)
Net cash flows provided by operating activities	125,505	237,782
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of goodwill and other intangible assets and other assets		(272)
Capital expenditures	(24,148)	(38,837)
Increase in trusts for employee benefits and retirement plans	(1,254)	(5,867)
Net cash flows used in investing activities	(25,402)	(44,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchases of common stock	(57,671)	(135,285)
Cash dividends paid	(36,287)	(34,883)
Decrease in notes payable and other indebtedness	(51)	(321)
Excess tax benefits from stock-based compensation	1,777	136
Proceeds from exercises of stock options	17,907	22,066
Net cash flows used in financing activities	(74,325)	(148,287)
Effect of exchange rate changes on cash and cash equivalents	5,284	2,528
Net increase in cash and cash equivalents	31,062	47,047
Cash and cash equivalents at beginning of period	354,756	310,000
Cash and cash equivalents at end of period	\$ 385,818	\$ 357,047
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 212	\$ 243
Income taxes, net of refunds	\$ 6,685	\$ 94,218
Non-cash items:		



Stock repurchases awaiting settlement	\$	\$ 9,440
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The accompanying Notes to Condensed Consolidated Financial Statements are

an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**June 30, 2009**

**Note A Summary of Significant Accounting Policies**

*Nature of Operations.* Robert Half International Inc. (the Company) provides specialized staffing and risk consulting services through such divisions as *Accountemps*<sup>®</sup>, *Robert Half*<sup>®</sup> *Finance & Accounting*, *OfficeTeam*<sup>®</sup>, *Robert Half*<sup>®</sup> *Technology*, *Robert Half*<sup>®</sup> *Management Resources*, *Robert Half*<sup>®</sup> *Legal*, *The Creative Group*<sup>®</sup>, and *Protiviti*<sup>®</sup>. The Company, through its *Accountemps*, *Robert Half Finance & Accounting*, and *Robert Half Management Resources* divisions, is a specialized provider of temporary, full-time, and project professionals in the fields of accounting and finance. *OfficeTeam* specializes in highly skilled temporary administrative support personnel. *Robert Half Technology* provides information technology professionals. *Robert Half Legal* provides temporary, project, and full-time staffing of attorneys and specialized support personnel within law firms and corporate legal departments. *The Creative Group* provides project staffing in the advertising, marketing, and web design fields. *Protiviti* provides business consulting and internal audit services, and is a wholly owned subsidiary of the Company. Revenues are predominantly derived from specialized staffing services. The Company operates in North America, South America, Europe, Asia and Australia. The Company is a Delaware corporation.

*Basis of Presentation.* The unaudited Condensed Consolidated Financial Statements ( Financial Statements ) of the Company are prepared in conformity with accounting principles generally accepted in the United States of America ( GAAP ) and the rules of the Securities and Exchange Commission ( SEC ). The comparative year-end condensed consolidated statement of financial position data presented was derived from audited financial statements. In the opinion of management, all adjustments (consisting of onl