

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 29, 2003

Hudson Highland Group, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

000-50129                                      59-3547281  
(Commission File Number) (IRS Employer Identification No.)

622 Third Avenue  
New York, NY 10017  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code (212) 351-7300

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements.

None.

(b) Pro Forma Financial Information.

None.

(c) Exhibits

99.1 Press Release of Hudson Highland Group, Inc. (the "Company") issued on July 29, 2003 relating to its earnings for the three and six month periods ended June 30, 2003.

ITEM 12. DISCLOSURE OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On July 29, 2003, the Company issued a press release announcing its earnings for the three and six month periods ended June 30, 2003. A copy of such press release is filed as Exhibit 99.1 and is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

HUDSON HIGHLAND GROUP, INC.(Registrant)

By: /s/ RICHARD W. PEHLKE  
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Richard W. Pehlke  
Executive Vice President and Chief Financial  
Officer

Dated: July 30, 2003

Hudson Highland Group, Inc.  
Current Report on Form 8-K  
Exhibit Index

Exhibit Number - - - - -	Description - - - - -
99.1	Press Release of Hudson Highland Group, Inc. issued on July 29, 2003 relating to its first quarter earnings.

FOR IMMEDIATE RELEASE

Contact: At Hudson Highland Group  
 Richard W. Pehlke  
 Executive VP & CFO  
 212-351-7285

At FRB | Weber Shandwick  
 Joe Calabrese  
 212-445-8434

HUDSON HIGHLAND GROUP REPORTS 2003  
 SECOND QUARTER AND SIX MONTH RESULTS

NEW YORK, NY - July 29, 2003 - Hudson Highland Group, Inc. (NASDAQ: HHGP), a leading global professional staffing, HR consulting and executive search enterprise, today announced results for the second quarter and six months ended June 30, 2003. The Company reported revenues of \$269.3 million and a net loss of \$15.1 million, or \$1.79 per basic and diluted shares, for the second quarter ended June 30, 2003.

2003 Second Quarter Summary

- o Revenues of \$269.3 million
- o Gross margin of \$103.7 million or 38.5%
- o Adjusted EBITDA loss, excluding business reorganization and merger and integration effects, of \$12.4 million
- o Cash and cash equivalents of \$39.6 million

"Hudson Highland completed its first quarter as an independent company, with financial results in line with our expectations and sequential improvement in both our top and bottom-line results. We continue to aggressively manage our balance sheet and during the quarter maintained our cash position at approximately \$40 million," commented Jon Chait, Chairman and Chief Executive Officer of Hudson Highland Group.

Mr. Chait added, "We remain focused on growing the top line and increasing productivity in our operating segments. Of note, during the quarter we achieved improvement in operating performance in each of our major geographic regions. Looking ahead, we are on plan to return to profitability by the middle of 2004. Near term, as a result of the current global economic uncertainty, we have become more cautious about our outlook for the remainder of 2003."

2003 Six Month Results

For the first six months of 2003, Hudson Highland Group reported revenues of \$528.5 million and an operating loss of \$52.5 million. Hudson Highland Group's net loss for the first six months of 2003 was \$59.1 million, or \$7.03 per basic and diluted shares.

Historical Results

Historical results for 2002 relate to the company's businesses as they were operated as a business unit of Monster Worldwide, Inc. (formerly TMP Worldwide Inc.). On a historical basis for the second quarter ended June 30, 2002, Hudson Highland Group reported revenues of \$277.8 million and an operating loss of \$55.1 million. The Company's net loss for the second quarter of 2002 was \$54.0 million, or \$6.46 per basic and diluted share.

For the first six months of 2002, Hudson Highland Group reported revenues of \$541.9 million and an operating loss of \$70.4 million. The Company's net loss for the first six months of 2002 was \$362.0 million, or \$43.36 per basic and diluted share. The six month net loss included a loss from the cumulative effect of an accounting change for the write-off of \$293.0 million of impaired goodwill; excluding the accounting change, the net loss was \$69.0 million or \$8.26 per basic and diluted share.

Conference Call / Webcast Hudson Highland Group will conduct a conference call on Wednesday July 30, 2003 at 10:00 am ET to discuss this announcement. Individuals wishing to participate can join the conference call by dialing 1-888-343-1848 at 9:50 AM ET. For those outside the United States, please call in on 1-212-271-4760. Hudson Highland Group's quarterly conference call can also be accessed online through Yahoo! Finance at [www.yahoo.com](http://www.yahoo.com) and the investor information section of the company's website at [www.hhgroup.com](http://www.hhgroup.com).

About Hudson Highland Group

Hudson Highland Group, Inc. delivers a full suite of professional staffing, recruitment, HR consulting services worldwide and executive search. Spun off from human capital solutions provider Monster Worldwide, Inc. on March 31, 2003, the company consists of three divisions: TMP/Hudson Global Resources, TMP/Hudson Human Resource Consulting and TMP/Highland Partners. The two enterprises of TMP/Hudson Global Resources and TMP/Hudson Human Resource Consulting work together to assess, recruit, develop and deploy professional staffing, project management and consulting services. TMP/Hudson Global Resources provides a wide range of midlevel search, professional staffing and consulting services. At the top end of the recruitment services spectrum, TMP/Highland Partners recruits at

the CEO, COO, CIO, CFO and Board of Director level, as well as senior level operations and staff positions. With an employee base of 4,000 in nearly 30 countries, Hudson Highland Group is dedicated to providing unparalleled service and value to clients and consumers. More information about the company is available at [www.hhgroup.com](http://www.hhgroup.com).

#### Safe Harbor Statement

This press release contains statements that the company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including statements regarding the company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to, the company's ability to manage its growth; risks associated with expansion; the company's reliance on information systems and technology; competition; fluctuations in operating results; the impact of global economic fluctuations on temporary contracting operations; the cyclical nature of the company's executive search and mid-market professional staffing businesses; risks relating to foreign operations, including foreign currency fluctuations; dependence on highly skilled professionals; the impact of employees departing with existing executive search clients; risks maintaining professional reputation and brand name; restrictions imposed by blocking arrangements; exposure to employment-related claims, legal liability and costs and limitations on insurance coverage related thereto; dependence on key management personnel; government regulations; the company's ability to successfully operate as an independent company and the level of costs associated therewith; and the company's ability to obtain financing on a stand-alone basis and restrictions on the company's operating flexibility due to the terms of its credit facility. Additional information concerning these and other factors is contained in the company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this press release. The company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements.

HUDSON HIGHLAND GROUP, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
	----	----	----	----
Revenue	\$269,283	\$277,787	\$528,472	\$541,867
Direct costs	165,565	163,838	327,222	318,594
Gross margin	103,718	113,949	201,250	223,273
Selling, general and administrative expenses	120,920	115,143	245,338	234,031
Business reorganization expenses (recoveries)	(500)	52,726	7,461	52,726
Merger and integration expenses	3	1,218	978	6,958
	-----	-----	-----	-----
Operating loss	(16,705)	(55,138)	(52,527)	(70,442)
Other income (expense):				
Other, net	1,566	19	(181)	(423)
Interest income (expense), net	38	(14)	(255)	14
	-----	-----	-----	-----
Loss before provision for (benefit of) income taxes and accounting change	(15,101)	(55,133)	(52,963)	(70,851)
Provision for (benefit of) income taxes	(11)	(1,180)	6,138	(1,893)
	-----	-----	-----	-----
Loss before accounting change	(15,090)	(53,953)	(59,101)	(68,958)
Cumulative effect of accounting change	-	-	-	(293,000)
	-----	-----	-----	-----
Net loss	<u>\$ (15,090)</u>	<u>\$ (53,953)</u>	<u>\$ (59,101)</u>	<u>\$ (361,958)</u>
Basic and diluted loss per share:				
Loss before accounting change	\$(1.79)	\$(6.46)	\$(7.03)	\$(8.26)
Net loss	\$(1.79)	\$(6.46)	\$(7.03)	\$(43.36)
Weighted average shares outstanding	8,429	8,355	8,406	8,347

HUDSON HIGHLAND GROUP, INC.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(in thousands, except per share amounts)

	June 30, 2003 ----	December 31, 2002 ----
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$39,621	\$ 25,908
Accounts receivable, net	161,888	161,831
Due from Monster Worldwide, Inc.	11,421	-
Other current assets	25,483	28,177
	-----	-----
Total current assets	238,413	215,916
Property and equipment, net		
Intangibles, net	41,984	34,106
Other assets	204,151	201,937
	16,003	15,145
	-----	-----
	\$500,551	\$467,104
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 38,961	\$ 28,305
Accrued expenses and other current liabilities	106,979	84,669
Accrued merger and integration expenses	6,667	8,935
Accrued business reorganization expenses	15,720	25,845
	-----	-----
Total current liabilities	168,327	147,754
Other liabilities		
	2,337	2,776
	-----	-----
Total liabilities	170,664	150,530
Commitments and contingencies		
	-	-
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.001 par value, 100,000 shares authorized; issued and outstanding: 8,442 and 0 shares, respectively	8	-
Additional paid-in capital	311,704	-
Retained deficit	(15,090)	-
Accumulated other comprehensive income:		
Foreign currency translation adjustments	33,265	24,660
Total divisional equity	-	291,914
	-----	-----
Total stockholders' equity	329,887	316,574
	-----	-----
	\$500,551	\$467,104
	=====	=====

HUDSON HIGHLAND GROUP, INC.  
 SEGMENT ANALYSIS  
 (in thousands)  
 (unaudited)

For the Three Months Ended June 30, 2003	Americas	Europe	Asia Pac	Corporate	Total
Revenue					
Hudson	\$70,908	\$90,427	\$91,275		\$252,610
Highland	11,216	4,143	1,314		16,673
	\$82,124	\$94,570	\$92,589		\$269,283
Gross Margin					
Hudson	\$16,373	\$40,473	\$31,466		\$88,312
Highland	10,659	3,619	1,128		15,406
	\$27,032	\$44,092	\$32,594		\$103,718
Adjusted EBITDA (a)					
Hudson	\$(2,000)	\$(872)	\$1,850		\$(1,022)
Highland	(803)	(1,973)	(290)		(3,066)
Corporate				\$(8,298)	(8,298)
	\$(2,803)	\$(2,845)	\$1,560	\$(8,298)	\$(12,386)

For the Three Months Ended June 30, 2002					
Revenue					
Hudson	\$81,710	\$86,726	\$90,973		\$259,409
Highland	12,358	5,243	777		18,378
	\$94,068	\$91,969	\$91,750		\$277,787
Gross Margin					
Hudson	\$20,970	\$42,314	\$33,093		\$96,377
Highland	12,358	4,437	777		17,572
	\$33,328	\$46,751	\$33,870		\$113,949
Adjusted EBITDA (a)					
Hudson	\$377	\$1,543	\$4,449		\$6,369
Highland	2,503	356	172		3,031
Corporate	-	-	-	\$(4,601)	(4,601)
	\$2,880	\$1,899	\$4,621	\$(4,601)	\$4,799

(a) Non-GAAP earnings before interest, income taxes, special charges and depreciation and amortization ("Adjusted EBITDA"), is presented to provide additional information about the Company's operations on a basis consistent with the measures which the Company uses to manage its operations and evaluate its performance. Management also uses this measurement to evaluate capital needs and working capital requirements. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the Company's profitability or liquidity. Furthermore, adjusted EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

HUDSON HIGHLAND GROUP, INC.  
 SEGMENT ANALYSIS  
 (in thousands)  
 (unaudited)

For the Six Months Ended June 30, 2003	Americas	Europe	Asia Pac	Corporate	Total
Revenue					
Hudson	\$148,116	\$175,359	\$173,100		\$496,575
Highland	21,648	8,142	2,107		31,897
	\$169,764	\$183,501	\$175,207		\$528,472
Gross Margin					
Hudson	\$33,930	\$78,110	\$58,922		\$170,962
Highland	21,091	7,318	1,879		30,288
	\$55,021	\$85,428	\$60,801		\$201,250
Adjusted EBITDA (a)					
Hudson	\$(4,190)	\$(8,951)	\$783		\$(12,358)
Highland	(3,157)	(4,375)	(635)		(8,167)
Corporate				\$(13,262)	(13,262)
	\$(7,347)	\$(13,326)	\$148	\$(13,262)	\$(33,787)

For the Six Months Ended  
June 30, 2002

Revenue					
Hudson	\$162,889	\$171,547	\$171,295		\$505,731
Highland	23,871	10,543	1,722		36,136
	\$186,760	\$182,090	\$173,017		\$541,867
Gross Margin					
Hudson	\$42,059	\$83,533	\$62,351		\$187,943
Highland	23,871	9,737	1,722		35,330
	\$65,930	\$93,270	\$64,073		\$223,273
Adjusted EBITDA (a)					
Hudson	\$1,002	\$(92)	\$8,526		\$9,436
Highland	1,016	394	304		1,714
Corporate				\$(11,851)	(11,851)
	\$2,018	\$302	\$8,830	\$(11,851)	\$(701)

(a) Non-GAAP earnings before interest, income taxes, special charges and depreciation and amortization (\_Adjusted EBITDA\_), is presented to provide additional information about the Company's operations on a basis consistent with the measures which the Company uses to manage its operations and evaluate its performance. Management also uses this measurement to evaluate capital needs and working capital requirements. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the Company's profitability or liquidity. Furthermore, adjusted EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.



HUDSON HIGHLAND GROUP, INC.  
RECONCILIATION OF ADJUSTED EBITDA TO OPERATING LOSS  
(in thousands)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
<b>Hudson</b>				
Adjusted EBITDA (a)	\$(1,022)	\$6,369	\$(12,358)	\$9,436
Business reorganization (expenses) recoveries	299	(34,722)	(6,540)	(34,722)
Merger and integration expenses	(3)	(1,236)	(978)	(7,479)
Depreciation and amortization	(3,098)	(2,790)	(6,947)	(6,129)
Operating loss	\$(3,824)	\$(32,379)	\$(26,823)	\$(38,894)
<b>Highland</b>				
Adjusted EBITDA (a)	\$(3,066)	\$3,031	\$(8,167)	\$1,714
Business reorganization (expenses) recoveries	202	(13,756)	(784)	(13,756)
Merger and integration recoveries	-	25	-	610
Depreciation and amortization	(829)	(647)	(2,305)	(1,372)
Operating loss	\$(3,693)	\$(11,347)	\$(11,256)	\$(12,804)
<b>Corporate</b>				
Adjusted EBITDA (a)	\$(8,298)	\$(4,601)	\$(13,262)	\$(11,851)
Business reorganization expenses	(1)	(4,248)	(137)	(4,248)
Merger and integration expenses	-	(7)	-	(89)
Depreciation and amortization	(889)	(2,556)	(1,049)	(2,556)
Corporate expenses	\$(9,188)	\$(11,412)	\$(14,448)	\$(18,744)
<b>Hudson Highland Group consolidated</b>				
Adjusted EBITDA (a)	\$(12,386)	\$4,799	\$(33,787)	\$(701)
Business reorganization (expenses) recoveries	500	(52,726)	(7,461)	(52,726)
Merger and integration expenses	(3)	(1,218)	(978)	(6,958)
Depreciation and amortization	(4,816)	(5,993)	(10,301)	(10,057)
Operating loss	\$(16,705)	\$(55,138)	\$(52,527)	\$(70,442)

(a) Non-GAAP earnings before interest, income taxes, special charges and depreciation and amortization (Adjusted EBITDA), is presented to provide additional information about the Company's operations on a basis consistent with the measures which the Company uses to manage its operations and evaluate its performance. Management also uses this measurement to evaluate capital needs and working capital requirements. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the Company's profitability or liquidity. Furthermore, adjusted EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.