21 March 2016

Management Consulting Group PLC
10 Fleet Place
London EC4M 7RB
Tel: +44 (0)20 7710 5000
Fax: +44 (0)20 7710 5001

MCG Preliminary Results for 2015

Results reflect impact of disposal of Kurt Salmon business in France, allowing the Group to repay bank borrowings in full in 2016, and weak trading in Alexander Proudfoot

Management Consulting Group PLC ("MCG" or "the Group"), the global professional services group, today announces its results for the year ended 31 December 2015. The reported results for 2015 reflect the impact of the recently completed disposal of the French and related operations of Kurt Salmon, which are reported as discontinued operations.

Key points

- Reported revenues from continuing operations of £138.9m (2014*: £145.9m); approximately 4.8% lower as a result of weakness in Alexander Proudfoot
- Underlying** operating profit from continuing operations of £0.8m (2014: £7.7m) with profit of £6.1m for the retained Kurt Salmon business offset by loss of £5.3m for Alexander Proudfoot
- Sale of Kurt Salmon business in France and related geographies was completed on 7 January 2016, the Group receiving gross proceeds at completion of approximately £65.9m
- Loss from discontinued operations of £57.8m (2014: £1.1m profit)
- Retained loss for the year of £65.5m (2014: £1.0m)
- Net debt at 31 December of £52.8m (31 December 2014: £33.6m) repaid in full in January 2016 from disposal proceeds

*2014 income statement comparatives have been restated to reflect continuing operations only.

** Throughout this statement the term 'underlying' is defined as 'before non-recurring items and amortisation of acquired intangibles'.

Nick Stagg, Chief Executive, commented:

" Having completed the sale of the French and related operations of Kurt Salmon and repaid the Group's bank debt, MCG is in a strong financial position, debt free and now well placed to promote profitable growth in its more focused continuing operations. A difficult environment for natural resources clients has led Alexander Proudfoot to a very disappointing 2015 performance. Although demand remains weak in this sector, Alexander Proudfoot has had an encouraging start to 2016, but the outlook for the rest of the year is uncertain at this stage. Kurt Salmon is now primarily focused on the global retail and consumer goods practice which delivered a satisfactory performance in 2015 and which continues to benefit from positive market trends. The Board of MCG will remain alert to all opportunities to generate value from the Group's portfolio of businesses."

For further information please contact:

Management Consulting Group PLC

Nick Stagg	Chief Executive	020 7710 5000
Chris Povey	Finance Director	020 7710 5000

FTI Consulting

Ben Atwell		020 3727 1030

Notes to Editors

Management Consulting Group PLC (MMC.L) provides professional services across a wide range of industries and sectors.

It comprises two independently managed practices: Alexander Proudfoot and Kurt Salmon, which both operate worldwide. Alexander Proudfoot helps clients to embed disciplined execution in their operations to achieve growth targets, revenue and profit goals. Kurt Salmon provides consulting services to clients in the retail and consumer goods sector and the healthcare sector. For further information, visit www.mcgplc.com.

Forward looking statements

This preliminary announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Management Consulting Group PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the directors' current views and information known to them at 21 March 2016. The directors do not make any undertakings to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Nothing in this statement should be construed as a profit forecast.

Chairman's statement

2015 was an important year for MCG which delivered significant changes both to the structure and financial position of the Group. In November we announced the sale of a substantial part of the Kurt Salmon operations, principally those in France, together with certain related operations in Europe and the United States. The net proceeds from this disposal, which completed in early January 2016, were equivalent to more than 80% of the Group's market capitalisation and allowed the Group to repay all of its bank borrowings. Our reported results for 2015 reflect much of the one-off impact of this transaction.

The Kurt Salmon business retained by the Group in Europe, North America and Asia, is focused on serving global clients in the retail and consumer goods sectors, where it is a recognised market leader, and its successful US healthcare consulting practice. With this enhanced focus in the Kurt Salmon business, and without the burden of indebtedness at the Group level, we are now well placed to drive an improving performance in Kurt Salmon, and to continue to explore a range of opportunities both to create shareholder value and to provide a rewarding future for the hugely talented group of partners and staff in the Kurt Salmon business.

We remain committed to aligning reward for our employees with shareholder value creation. As a consequence of the disposal of the French and other operations, the Board has implemented a significant retention plan focused on the continuing Kurt Salmon business in order to stabilise and motivate our people. This is based principally on a one-off share award programme over approximately 42 million shares with a three year vesting period.

Alexander Proudfoot had a very difficult year in 2015. The North American operations delivered an improved performance in the first half, but weaker revenues in that business and in other geographies in the second half led to Alexander Proudfoot reporting a loss for the year as a whole. Lower levels of activity in the key natural resources sector contributed to the poor performance. A number of important changes to the business were made during 2015 however there is more work to do to rebuild revenues and profitability. Alexander Proudfoot has had a better start to 2016 although we are at a very early stage in relation to the outcome for the year as a whole.

Chiheb Mahjoub and Andrew Simon stepped down from the Board of MCG after we reached agreement on the sale of part of the Kurt Salmon business and I would like to thank them for their valuable contributions to the sale process, and to the Group over their many years of service. Stephen Ferriss will step down at the forthcoming Annual General Meeting following ten years of sterling service and I am delighted that Nigel Halkes, a former Managing Partner at Ernst & Young, has joined the Board as a non-executive director and has become Chairman of the Remuneration Committee. I am pleased that the Board has asked me to remain as Chairman and we have agreed, subject to my reappointment at the AGM that I will continue in the role until my retirement in 2017.

As a result of the disposal of parts of the Kurt Salmon business, the Group is smaller but more focused, and is debt-free. The Board of MCG will continue to promote profitable growth in our operations and will remain alert to all opportunities to generate value from the Group's portfolio of businesses.

Alan Barber, Chairman

Chief Executive's review

Overview

The Group's reported results in 2015 reflect the impact of the disposal of a substantial part of the Kurt Salmon operations to Solucom, which was announced in November 2015 and completed on 7 January 2016 ("the Disposal"). The results of the businesses which have been sold are reported in the 2015 Group financial statements (and in the restated 2014 results) as discontinued operations. Reported discontinued operations in 2015 also reflect most of the financial effects of the Disposal and include related non-recurring items. The commentary below on the 2015 results (and 2014 comparatives) chiefly relates to the retained Kurt Salmon business and Alexander Proudfoot, which are reported in the 2015 Group financial statements as continuing operations.

The Kurt Salmon businesses which were sold comprised the French operations and those operations in other geographies closely related to the French operations, namely the Kurt Salmon businesses in Belgium, Luxembourg, Switzerland and Morocco together with two New York-based practices within the larger Kurt Salmon operations in the United States. The majority of the Kurt Salmon operations in the United States have been retained by MCG. The Board concluded that the Disposal provided an opportunity to exit from the French and related operations at an attractive price for shareholders, given the limited potential for investment and growth in these operations as part of the MCG group, thus reducing the Group's significant exposure to the French market and allowing MCG to repay its bank borrowings.

As a result of the Disposal, the proportion of the Group's business which is derived from France and continental Europe has reduced, and the relative proportion of the Group's revenues from other markets, in particular North America, has increased. This is consistent with the Board's strategy to focus on higher growth opportunities in North America and Asia. The Kurt Salmon business that the Group has retained is focused largely on serving global clients in the retail and consumer goods sector, where the business is a market leader.

MCG operates globally with 93% of 2015 revenues from continuing operations generated outside the UK. The same proportion of the Group's revenues from continuing operations in the year were billed in currencies other than Sterling, with the US Dollar representing approximately 65% of the total.

Continuing operations

As noted above, the performance of the Group's continuing operations in 2015 was affected by significantly weaker revenues in Alexander Proudfoot, which delivered a loss for the year as a whole. Reported revenues in the retained Kurt Salmon business were higher than in the previous year, although its margins were weaker. Total revenue from continuing operations for the year ended 31 December 2015 was £138.9m, 4.8% lower than the previous year (2014: £145.9m).

The Group's underlying operating profit from continuing operations in 2015 was £0.8m (2014: £7.7m), the reduction principally reflecting the impact of lower revenues and margins in Alexander Proudfoot which reported an underlying operating loss for the year as a whole of £5.3m (2014: £1.6m). Underlying operating profit in the retained Kurt Salmon business was lower than the previous year at £6.1m (2014: £9.3m).

Underlying operating profit for 2015 reflects a charge of £1.2m relating to share awards made to employees (2014: £2.4m). Share awards have been made to promote retention and to improve employee alignment with shareholder value creation. As a consequence of the Disposal, in order to stabilise and motivate senior employees of the continuing operations of the Group, the Board has implemented a significant share-based retention plan focused on the retained Kurt Salmon business which has resulted, in January 2016, with the issue of further awards to employees over 42.4 million shares, normally vesting after three years. The total number of outstanding unvested awards to employees which are subject only to retention criteria is currently approximately 58.6 million, of which 3.5 million are due to vest in 2016 (subject to continued employment). The Group's employee benefit trusts currently hold 4.3 million shares, and the Group has shareholder approval to issue up to a further 3.0 million new shares in order to satisfy vesting share awards. A further 2.4 million treasury shares are held by the Group.

The Group is reporting net non-recurring expenses relating to continuing operations of £0.2m in 2015 (2014: £2.5m). These comprise restructuring related redundancy costs of £1.1m, principally in Alexander Proudfoot, offset by the release of provisions of £0.9m relating to surplus property as a result of the Group rationalising its office accommodation in London and Atlanta.

The charge for amortisation of acquired intangibles in relation to continuing operations was £0.6m (2014: £0.8m). Consequently there was a loss from continuing operations of £0.1m (2014: profit of £4.3m).

The net interest expense from continuing operations was higher at £3.7m (2014: £1.5m). In accordance with IAS 19 the reported net interest charge for 2015 includes an imputed charge in relation to defined benefit pensions of £1.7m (2014: £0.8m).

The loss before tax on continuing operations was £3.7m (2014: £2.8m profit). The tax charge on continuing operations was £4.0m (2014: £4.9m), of which approximately £1.2m relates to the utilisation of losses reflected as a deferred tax asset and which therefore does not represent a cash tax outflow. The continuing high tax charge in 2015 reflects the impact of unrelieved losses in certain jurisdictions driven largely by loss-making operations, the impact of project specific withholding taxes in Alexander Proudfoot and the effects of higher tax rates and certain taxable intra-group dividends in Kurt Salmon.

Discontinued operations

The Disposal was completed on 7 January 2016 but the transaction was sufficiently advanced as at 31 December 2015 to warrant treatment as a discontinued operation under IFRS 5, "Non-current assets held for sale and discontinued operations". Discontinued operations comprise the underlying operating results for the year of the Kurt Salmon businesses which were part of the Disposal, the loss on sale related to the impairment of goodwill, and non-recurring items related to the operations of the businesses concerned and the Disposal itself.

Revenues from discontinued operations in 2015 were £91.5m (2014: £96.9m). Underlying operating profit from discontinued operations in 2015 was £4.8m (2014: £4.2m). Non-recurring expenses related to discontinued operations were £6.6m (2014: £0.4m), comprising severance costs relating to Chiheb Mahjoub of £2.0m, other non-recurring employee related costs of £3.6m and expenses related to share awards of £1.0m. Net finance costs relating to discontinued operations were £1.5m (2014: £1.6m) and the tax charge relating to discontinued operations was £1.2m (2014: £1.0m). Consequently the loss after taxation from discontinued operations for the period was £4.4m (2014: £1.1m profit).

The loss on disposal of £53.4m reported in the loss from discontinued operations line within the 2015 Group income statement arises as a result of the impairment of goodwill relating to the Kurt Salmon businesses which have been sold. The cash proceeds paid by the acquiror at completion were €89.0m (equivalent to £65.9m) which included €4.0m (equivalent to £3.0m) relating to estimated cash balances which remained in the businesses disposed of at the completion date. The consideration is subject to post-closing adjustments relating to amounts of debt, debt-like items, provisions and working capital at the completion date, and the reported loss on disposal reflects estimates of the impact of such post-closing adjustments. Goodwill allocated to the businesses sold was £106.2m (before impairment) and £52.8m after impairment.

Taking into account the discontinued operations and the loss on disposal, there was a total loss for the Group for the year attributable to the shareholders of £65.5m (2014: £1.0m).

The underlying loss per share attributable to continuing operations was 1.5 p (2014: 0.1 p) and the basic loss per share attributable to continuing operations was 1.6p (2014: 0.4p).

Balance sheet and dividend

The Group balance sheet at 31 December 2015 reflects the impact of the Disposal in January 2016. The assets and liabilities of the business which have been sold are shown in the Group balance sheet as assets and liabilities held for sale of £91.8m and £33.1m respectively. The assets held for sale include the impaired goodwill and other intangible assets related to the businesses which have been sold of £52.8m and cash balances of £5.3m. The net assets of the Group have decreased from £197.7m at 31 December 2014 to £129.3m at 31 December 2015, chiefly as a result of the loss on Disposal and the retained loss for the year from continuing operations.

The weak second half revenue performance in Alexander Proudfoot resulted in reported net debt increasing at the 2015 year end. Reported net debt at 31 December 2015 was £52.8m, excluding £5.3m of cash balances in the Kurt Salmon businesses which have been sold. This was £11.1m higher that the £41.7m reported at the half year stage (2014 year end: £33.6m). The Group's bank borrowings were repaid in full on 7 January 2016 from the net proceeds of the Disposal and the Group's existing borrowing facility was terminated on that date. The Group has been in a net cash position following completion of the Disposal on 7 January 2016; net cash at the end of February 2016 was £6.1m. The Group now has in place a three-year £15m working capital facility with HSBC, expiring in March 2019.

The Board announced on 23 November 2015 that no interim dividend for 2015 would be paid in January 2016, given the likely accounting impact of the impairment of investments as a result of the Disposal on the Company's distributable reserves. The Board has reviewed the position following the completion of the Disposal and during preparation of the financial statements for 2015 and considers that it remains likely that it will seek to implement a reconstruction of reserves before dividend payments are resumed. The Board will consider the Company's future dividend policy once this process is complete, and in the light of the trading performance and financial position of the Group at that time.

Alexander Proudfoot

Results for the year

Alexander Proudfoot's reported revenue for 2015 was 17.6% lower at £50.2m (2014: £60.9m). The year on year comparison has been affected by negative currency translation effects; at 2014 exchange rates the 2015 revenues would have been £51.8m, a decrease of 14.9% on 2014. Alexander Proudfoot reported a small underlying operating loss for the first half of 2015 of £0.4m on revenues of £29.3m. In line with the Board's expectations highlighted in the trading update on 23 November 2015, second half revenues were significantly weaker at £20.9m, generating an underlying operating loss for the year as a whole of £5.3m (2014: £1.6m).

The number of staff employed by Alexander Proudfoot decreased from 327 at the end of 2014 to 301 at the end of 2015. Notwithstanding the overall reduction in numbers, as a result of lower revenues and activity, the business has continued its investment in people and capabilities during 2015, adding industry sector expertise and strengthening the team of executives responsible for business development. Average headcount during 2015 was lower than the previous year at 307 (2014: 343).

Review of operations

Alexander Proudfoot is now organised on the basis of two regional centres focused on The Americas and Europe/Africa/Asia. The principal office locations are in the United States, Brazil and Chile, serving the Americas, and in the UK, France, South Africa and Hong Kong. There is also a dedicated natural resources business unit working across geographies. Alexander Proudfoot has a global delivery capability, frequently operating in remote and difficult locations.

In 2014 the Board of MCG announced that it intended to invest in and develop the Alexander Proudfoot offering in order to help build a more stable and predictable revenue base and drive top-line growth. Good progress was made during the first half of 2015 in implementing these changes. In the North American operations, where the change process was most advanced, first half revenues in 2015 were 25% higher year than the previous six month period. The improved first half performance in North America was countered by weakness in other geographies, Europe, Africa and Asia in particular, where the conversion of pipeline opportunities was disappointing. At the half year stage some management changes were made and the new regional structure for the business units outside The Americas was put in place.

As previously reported, the order book at the half year stage was significantly lower year on year and order intake in the third quarter was poor. In addition weaker demand from natural resources clients has affected revenue opportunities in that sector. The trading update released on 23 November highlighted the significant deterioration in the outlook for the year as a whole. The North American operations which had underpinned the first half performance of the business as a whole reported lower revenues and a broadly break-even performance for the second half, and elsewhere the business reported losses.

Action was taken in the second half of 2015 to mitigate the profit impact of lower revenues by reducing headcount and discretionary expenditure, although a significant element of the operating costs of the business relate to the sales function and infrastructure of the business across a range of geographies and these are less easily flexed downwards without reducing the potential for revenue recovery and growth in the future. The poor second half revenue performance persisted to the end of the year. The order book position at the year end remained weak although the pipeline of prospects at that stage suggested a more encouraging start to 2016.

Alexander Proudfoot has a long and successful history. It has a distinctive operating model which delivers real value to clients, together with global reach and a flexible delivery capability. The business is currently undergoing its planned transition to develop a platform for profitable growth, focusing on new delivery capabilities and building long term client relationships. The Board of MCG continued to execute the changes needed to implement this plan during 2015 and it remains confident that the performance of the business can be improved in the medium term.

Kurt Salmon (continuing operations)

Results for the year

The Kurt Salmon continuing operations reported revenue for 2015 of £88.8m, some £3.8m or 4.5% higher than 2014 revenues of £85.0m. On a constant currency basis at 2014 exchange rates the 2015 revenues would have been £85.2m, in line with the previous year. Underlying operating profit for 2015 was £6.1m (2014: £9.3m) representing a margin of 6.9% (2014: 10.9%).

The number of staff employed by Kurt Salmon's continuing operations increased by 31 during the year from 397 at the end of 2014 to 428 at the end of 2015. The overall increase in headcount reflects investment in recruitment at all levels to build a platform for revenue growth. Average headcount during 2015 was 57 higher than the previous year at 436 (2014: 379).

Review of operations

The continuing operations of Kurt Salmon comprise an international practice serving clients in the retail and consumer goods sector, representing approximately 80% of 2015 Kurt Salmon revenues, and a US based practice serving clients in the healthcare sector, representing approximately 20% of 2015 revenues. Kurt Salmon has its headquarter operations in New York and operates in the United States from offices in New York, Atlanta and San Francisco. In Europe, Kurt Salmon operates from offices in Dusseldorf and London, and in Asia, Kurt Salmon has offices in Tokyo, Shanghai and Hong Kong.

Kurt Salmon's retail and consumer goods practice in North America delivered more than half the 2015 revenues for the continuing operations of Kurt Salmon. The business has continued to benefit from demand from US retail clients facing the challenges of adapting business models and operations to a digital environment. Revenues on a constant currency basis were slightly lower year on year, partly the result of strong comparatives in 2014 during which revenues increased by more than 9%. The year on year performance was also affected in 2015 by some weakness mid-year as certain larger client projects were completed and not immediately replaced. Nevertheless underlying demand remained healthy and the business reported a stronger finish to the financial year. Operating profit margins were adversely affected by the impact of recruitment during the year in anticipation of revenue growth which did not materialise on the scale expected in 2015, however the Board believes this should leave the business well placed for growth in 2016.

In October 2015 Kurt Salmon completed the acquisition of Mobispoke LLC, a small US digital retail technology consulting business for a consideration of £0.6m. Mobispoke will operate as Kurt Salmon Digital and will focus on new technologies and transformative strategies for Kurt Salmon's retail clients, including for example, smart fitting rooms, integrated mobile apps and other leading-edge, interactive shopping experience technologies. The consideration payable for Mobispoke, some of which is deferred and contingent on performance over two years, comprises cash and MCG shares.

The European operations of the retained Kurt Salmon, which represented approximately 15% of 2015 revenues for the continuing operations of Kurt Salmon, are focused on the retail and consumer goods practices in Germany and the UK, although the business also delivers services in other European geographies. The German operations delivered a strong performance, growing revenues and margins. In the UK, year on year revenues and margins were significantly lower, reflecting the impact of the winding down and completion of a number of larger projects for clients during the year. In both Germany and the UK, Kurt Salmon is a strong brand in the retail sector and the underlying market trends during 2015 remained encouraging.

The Kurt Salmon retail consulting operations in China and Japan represented approximately 10% of 2015 revenues for the continuing operations of Kurt Salmon and have continued to make progress, with both geographies reporting increased revenues year on year.

The Kurt Salmon US healthcare consulting practice represented around 20% of 2015 revenues for the continuing operations of Kurt Salmon and delivered a satisfactory performance for the year, with broadly stable revenues. The practice mainly serves large leading US hospital groups focusing on strategic planning around facilities but has also delivered projects on an international basis.

Following the Disposal in January 2016, the Kurt Salmon US business retained by MCG will provide certain services to the buyer, Solucom, under the terms of Transitional Services Agreements. In 2016 these arrangements will provide a contribution to the indirect costs of the retained Kurt Salmon business in North America. Under the terms of a licence agreement, Solucom may use the Kurt Salmon name for a period of three years in certain specified territories, and both Solucom and MCG have agreed to certain restrictive covenants in relation to competition in specified territories over the same period. The Board of MCG does not expect these arrangements to adversely affect the operations of the retained Kurt Salmon business in the retail and consumer goods and healthcare sectors in which it operates.

Summary

The sale of the French and related operations of Kurt Salmon in January 2016 has had a significant impact on the reported results for 2015, although the full effect of the Disposal on the Group's financial position is only partly reflected in the Group's reported balance sheet at 31 December 2015, since the payment of the consideration and other deal-related cash flows did not occur until after the year end. The expected financial impact of the Disposal is in line with that set out in the Circular to shareholders dated 30 November 2015.

The reported results for 2015 from the Group's continuing operations, being the Kurt Salmon business which the Group has retained together with Alexander Proudfoot, are in line with the trading update provided at the time of the Circular sent to shareholders dated 30 November 2015. The weak second half performance of Alexander Proudfoot has been the principal driver of a disappointing overall result for the continuing operations of the Group.

The changes to the Alexander Proudfoot business launched in 2014 in order to mitigate revenue volatility and restore the growth potential of the business for the longer term showed signs of success in the first half of the year in the key North American operations. These improvements in North America were not sustained in the second half and the business as a whole has also suffered from significantly weaker demand from clients in the challenging natural resources sector. Alexander Proudfoot delivered an underlying operating loss of £5.3m for 2015, on revenues of £50.2m. The Board remains committed to executing its plan for restoring revenue growth and profitability in Alexander Proudfoot.

The retained Kurt Salmon business is primarily a leading international consulting business in the retail and consumer goods sector, together with a successful US consulting business in the healthcare sector. Both of these practices delivered a satisfactory result in 2015 with reported revenues 4.5% higher. Although operating profit margins were lower year on year, partly as a result of investment in recruitment, and the business suffered from some weakness mid-year, the underlying market trends remained positive. The retained Kurt Salmon business delivered an underlying operating profit of £6.1m for 2015 on revenues of £88.8m.

The Disposal has enabled the Group to repay bank borrowings in full and so MCG has started the current financial year in a strong financial position, being cash-positive following the various cash flows arising as a result of completion of the Disposal and with net cash at the end of February 2016 of £6.1m. The normal phasing of cash flows means that the Group typically experiences net cash outflows in course of the first half of the year and a £15m working capital facility is in place to support the business through this cycle.

Outlook

Global market conditions are more fragile now than a year ago although, following the Disposal, the Group's operations are now much more weighted towards the North American market where economic indicators have remained relatively strong so far. The outlook for the Group in 2016 remains uncertain at this relatively early stage in the financial year.

The Board expects that Alexander Proudfoot will continue to be adversely affected by weakness in both emerging markets and in the key natural resources sector. Alexander Proudfoot currently has a more promising order book and pipeline than we have seen during the previous nine months but activity levels are still well below those which the business has achieved in the past and at this stage the outlook remains uncertain. As a consequence, revenue is unlikely to quickly recover to historic levels. However the Board remains confident that in the medium term the changes made to the business will in time build a firm platform for growth and profitability.

The Kurt Salmon business is now largely focused on the global retail and consumer goods sector, together with a smaller US focused healthcare business. The retail and consumer goods practice has had a good start to the year, particularly in the US, and current market trends remain positive for 2016 as a whole.

The Group will continue to consider opportunities to further invest in and grow the Group's remaining businesses, while remaining alert to all opportunities to generate value for shareholders.

Group income statement

	Note	**2015**	2014
		£'000	£'000
			restated
Continuing operations			
Revenue	4	**138,928**	145,859
Cost of sales		**(87,866)**	(86,387)
Gross profit		**51,062**	59,472
Administrative expenses – underlying		**(50,293)**	(51,811)
Profit from operations – underlying		**769**	7,661
Administrative expenses - non-recurring (net)		**(253)**	(2,536)
Profit from operations before amortisation of acquired intangibles		**516**	5,125
Administrative expenses - amortisation of acquired intangibles		**(569)**	(786)
Total administrative expenses		**(51,115)**	(55,133)
(Loss)/profit from operations	4	**(53)**	4,339
Investment revenues	8	**13**	32
Finance costs	8	**(3,682)**	(1,577)
(Loss)/profit before tax		**(3,722)**	2,794
Tax	9	**(4,024)**	(4,854)
Loss for the period from continuing operations		**(7,746)**	(2,060)
(Loss)/profit for the period from discontinued operations		**(57,802)**	1,098
Loss for the period attributable to company owners		**(65,548)**	(962)
(Loss)/Earnings per share – pence			
From loss from continuing operations for the year attributable to owners of the Company			
Basic	10	**(1.6)**	(0.4)
Diluted	10	**(1.6)**	(0.4)
Basic – underlying	10	**(1.5)**	(0.1)
Diluted – underlying	10	**(1.5)**	(0.1)
From the (loss)/profit for the period			
Basic	10	**(13.3)**	(0.2)
Diluted	10	**(13.3)**	(0.2)
Basic – underlying	10	**(1.1)**	0.2
Diluted – underlying	10	**(1.1)**	0.2

Group statement of comprehensive income

	2015	2014
	£'000	£'000
Loss for the period	**(65,548)**	(962)
Items that will not be subsequently reclassified to profit and loss:		
Actuarial gains/(losses) on defined benefit post-retirement obligations	**639**	(3,828)
Tax on comprehensive income items	**306**	594
	945	(3,234)
Items that may be subsequently reclassified to profit and loss:		
Loss on available-for-sale investments	**-**	(218)
Exchange differences on translation of foreign operations	**(1,738)**	(6,097)
	(1,738)	(6,315)
Total comprehensive expense for the period attributable to owners of the company	**(66,341)**	(10,511)

Group statement in changes of equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share compensation reserve £'000	Shares held by employee benefits trust £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	84,504	82,040	32,513	6,239	(4,111)	25,126	6,300	(21,745)	210,866
Loss for the year	-	-	-	-	-	-	-	(962)	(962)
Other comprehensive expense	-	-	-	-	-	(6,097)	(218)	(3,234)	(9,549)
Total comprehensive expense	-	-	-	-	-	(6,097)	(218)	(4,196)	(10,511)
Shares issued	14	322	-	-	-	-	-		336
Share-based payments	-	-	-	3,028	-	-	-	-	3,028
Lapsed/ vested shares	-	-	-	(3,530)	2,005	-	-	412	(1,113)
Shares acquired by employee benefits trust	-	-	-	-	(1,015)	-	-	-	(1,015)
Shares transferred from employee benefits trust	-	-	-	-	58	-	-	-	58
Dividends paid to shareholders	-	-	-	-	-	-	-	(3,984)	(3,984)
Balance at 31 December 2014	**84,518**	**82,362**	**32,513**	**5,737**	**(3,063)**	**19,029**	**6,082**	**(29,513)**	**197,665**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(65,548)**	**(65,548)**
Other comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(1,738)**	**-**	**945**	**(793)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(1,738)**	**-**	**(64,603)**	**(66,341)**
Shares issued	**20**	**302**	**-**	**-**	**-**	**-**	**-**		**322**
Share-based payments	**-**	**-**	**-**	**1,797**	**-**	**-**	**-**	**-**	**1,797**
Lapsed/ vested shares	**-**	**-**	**-**	**(3,355)**	**-**	**-**	**-**	**2,028**	**(1,327)**
Shares transferred from employee benefits trust	**-**	**-**	**-**	**-**	**1,208**	**-**	**-**	**-**	**1,208**
Dividends paid to shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,018)**	**(4,018)**
Recycling of merger reserve	**-**	**-**	**(26,830)**	**-**	**-**	**-**	**-**	**26,830**	**-**
Balance at 31 December 2015	**84,538**	**82,664**	**5,683**	**4,179**	**(1,855)**	**17,291**	**6,082**	**(69,276)**	**129,306**

Group balance sheet

	2015	2014
	£'000	£'000
Non-current assets		
Intangible assets and goodwill	**148,387**	258,542
Property, plant and equipment	**1,996**	2,747
Investments	**711**	727
Deferred tax assets	**14,448**	14,722
Total non-current assets	**165,542**	276,738
Current assets		
Trade and other receivables	**29,115**	62,901
Current tax receivable	**1,096**	2,136
Cash and cash equivalents	**15,478**	24,920
Assets held for sale	**91,785**	-
Total current assets	**137,474**	89,957
Total assets	**303,016**	366,695
Current liabilities		
Financial liabilities	**(68,294)**	-
Trade and other payables	**(39,875)**	(71,073)
Current tax liabilities	**(4,020)**	(7,643)
Liabilities held for sale	**(33,105)**	-
Total current liabilities	**(145,294)**	(78,716)
Net current (liabilities)/assets	**(7,820)**	11,241
Non-current liabilities		
Financial liabilities	**-**	(58,521)
Retirement benefit obligations	**(21,781)**	(22,920)
Deferred tax liabilities	**(5,413)**	(3,956)
Long-term provisions	**(1,222)**	(4,917)
Total non-current liabilities	**(28,416)**	(90,314)
Total liabilities	**(173,710)**	(169,030)
Net assets	**129,306**	197,665

Group balance sheet *(continued)*

Equity		
Share capital	**84,538**	84,518
Share premium account	**82,664**	82,362
Merger reserve	**5,683**	32,513
Share compensation reserve	**4,179**	5,737
Shares held by employee benefits trust	**(1,855)**	(3,063)
Translation reserve	**17,291**	19,029
Other reserves	**6,082**	6,082
Retained earnings	**(69,276)**	(29,513)
Equity attributable to owners of the Company	**129,306**	197,665

Group cash flow statement

	Note	**2015**	2014
		£'000	£'000
Net cash inflow from operating activities	11	**909**	13,088
Investing activities			
Interest received		**36**	69
Purchases of property, plant and equipment		**(577)**	(849)
Purchases of intangible assets		**(467)**	(252)
Purchase of financial assets		**-**	(87)
Disposal of financial assets		**36**	1,674
Acquisitions		**(316)**	(600)
Net cash used in investing activities		**(1,288)**	(45)
Financing activities			
Interest paid		**(2,589)**	(1,957)
Dividends paid		**(4,000)**	(4,088)
Proceeds from borrowings		**48,574**	28,049
Repayment of borrowings		**(38,357)**	(23,406)
Purchase of own shares		**-**	(1,014)
Net cash generated from/(used in) financing activities		**3,628**	(2,416)
Net increase in cash and cash equivalents		**3,249**	10,627
Cash and cash equivalents at beginning of year		**24,920**	14,669
Effect of foreign exchange rate changes		**(7,432)**	(376)
Cash and cash equivalents at end of year		**20,737**	24,920

Notes

1. Basis of preparation

The financial information included in this statement does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under Section 498 Companies Act 2006.

While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS.

The Group's Annual Report and Accounts and notice of Annual General Meeting will be sent to shareholders and will be available at the Company's registered office at 10 Fleet Place, London, EC4M 7RB, United Kingdom and on our website: www.mcgplc.com.

2. Accounting policies

The financial information has been prepared in accordance with IFRS. These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (as at 31 December 2015). The policies have been consistently applied to all the periods presented.

Full details of the Group's accounting policies can be found in note 2 to the 2014 Annual Report which is available on our website: www.mcgplc.com.

3. Going concern

During 2015, the Group was financed by a multi-currency borrowing facility negotiated in December 2011 for up to £85m. The £85m facility was repaid in full in January 2016 from proceeds arising from the disposal and terminated ahead of its July 2017 term date. The Group has a new working capital facility for up to £15m running to March 2019. The new working capital facility is subject to financial covenants starting on 30 June 2016 and being measured quarterly thereafter. The Group prepares regular business forecasts and monitors its projected compliance with its banking covenants, which are reviewed by the Board. Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed. Consideration is given to the potential actions available to management to mitigate the impact of one or more of these sensitivities, in particular the discretionary nature of a significant amount of cost incurred by the Group.

The Board has concluded that the Group should be able to operate within the level of its new facility and remain covenant compliant for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements, and, accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

4. Segmental information

The Group’s operating segments are defined as the two professional services practices, Alexander Proudfoot and Kurt Salmon. This is the basis on which information is provided to the Board of Directors for the purposes of allocating certain resources within the Group and assessing the performance of the business. All revenues are derived from the provision of professional services.

Inter-segmental sales are not significant.

4. Segmental information *(continued)*
(a) Geographical analysis

The Group operates in three geographical areas; the Americas, Europe and the Rest of World. The following is an analysis of financial information by geographic segment:

(i) Revenue and underlying operating profit by geography

	Americas	**Europe**	**Rest of World**	**Group**
Year ended 31 December 2015	**£'000**	**£'000**	**£'000**	**£'000**
Revenue - continuing operations	**96,512**	**26,455**	**15,961**	**138,928**
Profit/(loss) from operations before non-recurring expenses and amortisation of acquired intangibles	**3,635**	**(259)**	**(2,607)**	**769**
Non-recurring expenses and amortisation of acquired intangibles	**(729)**	**(15)**	**(78)**	**(822)**
Profit/(loss) from operations	**2,906**	**(274)**	**(2,685)**	**(53)**
Investment revenue				**13**
Finance costs				**(3,682)**
Loss before tax				**(3,722)**

	Americas	Europe	Rest of World	Group
Year ended 31 December 2014 - restated	£'000	£'000	£'000	£'000
Revenue - continuing operations	93,531	32,811	19,517	145,859
Profit/(loss) from operations before non-recurring expenses and amortisation of acquired intangibles	4,160	3,679	(178)	7,661
Non-recurring (expenses)/income and amortisation of acquired intangibles	(2,678)	(1,322)	678	(3,322)
Profit from operations	1,482	2,357	500	4,339
Investment revenue				32
Finance costs				(1,577)
Profit before tax				2,794

4. Segmental information *(continued)*
(a) Geographical analysis *(continued)*
(ii) Net assets by geography

At 31 December 2015	**Americas £'000**	**Europe £'000**	**Rest of World £'000**	**Group £'000**
Assets				
Intangibles, including goodwill	**120,529**	**24,173**	**3,685**	**148,387**
Other segment assets	**34,990**	**16,099**	**2,944**	**54,033**
	155,519	**40,272**	**6,629**	**202,420**
Unallocated corporate assets				**8,811**
Assets held for sale				**91,785**
Consolidated total assets				**303,016**
Liabilities				
Segment liabilities	**(41,296)**	**(52,259)**	**(4,515)**	**(98,070)**
Unallocated corporate liabilities				**(42,535)**
Liabilities held for sale				**(33,105)**
Consolidated total liabilities				**(173,710)**
Net assets				**129,306**

At 31 December 2014	Americas £'000	Europe £'000	Rest of World £'000	Group £'000
Assets				
Intangibles, including goodwill	115,286	139,964	3,292	258,542
Other segment assets	46,905	55,144	4,325	106,374
	162,191	195,108	7,617	364,916
Unallocated corporate assets				1,779
Consolidated total assets				366,695
Liabilities				
Segment liabilities	(75,478)	(85,693)	(5,461)	(166,632)
Unallocated corporate liabilities				(2,398)
Consolidated total liabilities				(169,030)
Net assets				197,665

4. Segmental information *(continued)*

(b) Revenue and underlying operating profit by operating segment

The two operating segments are combined into one reportable segment owing to similar underlying economic characteristics across the practices.

Not all significant non-recurring items and financial items can be allocated to the practices and are therefore disclosed for the reportable segment as a whole. Assets and liabilities by practice are not reviewed by the Board and are therefore not disclosed.

Year ended 31 December 2015	**Alexander Proudfoot £'000**	**Kurt Salmon £'000**	**Total £'000**
Revenue - continuing operations	**50,151**	**88,777**	**138,928**
Underlying operating (loss)/profit	**(5,286)**	**6,055**	**769**
Non-recurring expenses and amortisation of acquired intangibles			**(822)**
Loss from operations			**(53)**
Investment revenue			**13**
Finance costs			**(3,682)**
Loss before tax			**(3,722)**

Year ended 31 December 2014 - restated	Alexander Proudfoot £'000	Kurt Salmon £'000	Total £'000
Revenue - continuing operations	60,884	84,975	145,859
Underlying operating (loss)/profit	(1,620)	9,281	7,661
Non-recurring expenses and amortisation of acquired intangibles			(3,322)
Profit from operations			4,339
Investment revenue			32
Finance costs			(1,577)
Profit before tax			2,794

5. (Loss)/Profit before tax

(Loss)/profit before tax has been arrived at after charging/ (crediting) the following:

	Note	**2015** **£'000**	2014 £'000 restated
Net foreign exchange (gains)/losses		**(238)**	18
Amortisation of intangible assets		**1,753**	1,926
Depreciation of property, plant and equipment		**728**	668
Gain on disposal of fixed assets		**(7)**	(341)
Non-recurring items		**253**	2,536
Staff costs	7	**88,743**	84,710

The £0.2m of non-recurring expenses in 2015 comprise £1.1m of restructuring related redundancy costs, principally in Alexander Proudfoot, offset by the release of £0.9m property provisions as a result of the Group rationalising its office accommodation in London and Atlanta.

The £2.5m of non-recurring expenses in 2014 comprised restructuring costs in Alexander Proudfoot.

6. Dividends

	2015	2014
	£'000	£'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2014 of 0.595p per share (2013: 0.595p)	**2,902**	2,873
Interim dividend for the year ended 31 December 2014 of 0.23p per share (2013: 0.23p)	**1,116**	1,111
	4,018	3,984

Dividends are not payable on shares held in the employee share trust which has waived its entitlement to dividends. The amount of the dividend waived in 2015 in respect of the interim dividend and final dividend for year ended 31 December 2014 was £24,199 and £49,178 respectively (2014: £29,783 and £77,660).

The Board announced on 23 November 2015 that no interim dividend for 2015 would be paid in January 2016, given the likely accounting impact of the impairment of investments as a result of the Disposal on the Company's distributable reserves. The Board has reviewed the position following the completion of the transaction and during preparation of the financial statements for 2015 and considers that it remains likely that it will seek to implement a reconstruction of reserves before dividend payments are resumed

7. Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follows:

	2015 Number	2014 Number represented
Sales and marketing	**81**	100
Consultants	**540**	469
Support staff	**144**	174
Continuing activities	**765**	743
Discontinued operations	**762**	761
Total	**1,527**	1,504

The number of Group employees at the year end was 1,526 with 748 being employed by continuing operations. (2014: 1,509).

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£'000	£'000 restated
Wages and salaries	**77,324**	75,790
Social security costs	**6,566**	5,138
Other pension costs	**4,853**	3,782
	88,743	84,710

8. Investment revenues and finance costs

Investment revenues	2015 £'000	2014 £'000 restated
Interest receivable on bank deposits and similar income	**13**	32

Finance costs	2015 £'000	2014 £'000 restated
Interest payable on bank overdrafts and loans and similar charges	**1,982**	801
Finance costs on retirement benefit plans	**1,700**	776
	3,682	1,577

9. Tax

UK corporation tax is calculated at 20.25% (2014: 21.50%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax expense for the year can be reconciled to the pre-tax profit from continuing operations per the income statement as follows:

Recognised in the income statement: **Income tax expense on continuing operations**	**Before Non-underlying items 2015 £'000**	**Non-underlying items 2015 £'000**	**Total 2015 £'000**	Before Non-underlying items 2014 £'000 restated	Non-underlying items 2014 £'000 restated	Total 2014 £'000 restated
Current tax						
Current year	**3,332**	**(157)**	**3,175**	5,121	(777)	4,344
Adjustment in respect of prior years	**(361)**	—	**(361)**	(1,708)	(606)	(2,314)
Current tax expense/(credit)	**2,971**	**(157)**	**2,814**	3,413	(1,383)	2,030
Deferred tax						
Current year	**3,665**	**(216)**	**3,449**	4,337	(299)	4,038
Adjustment in respect of prior years	**(2,239)**	**-**	**(2,239)**	(1,214)	—	(1,214)
Deferred tax expense/(credit)	**1,426**	**(216)**	**1,210**	3,123	(299)	2,824
Total income tax						
Income tax expense/(credit) on continuing activities	**4,397**	**(373)**	**4,024**	6,536	(1,682)	4,854

10. Earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2015			2014 represented		
Earnings	**All £'000**	**Continuing £'000**	**Discontinued £'000**	**All £'000**	**Continuing £'000**	**Discontinued £'000**
(Loss)/ profit for the period	**(65,548)**	**(7,746)**	**(57,802)**	(962)	(2,060)	1,098
Add back: non-recurring items	**6,825**	**253**	**6,572**	2,912	2,536	376
Add back: amortisation of acquired intangibles	**569**	**569**	—	786	786	—
Add back: loss on disposal	**53,372**	—	**53,372**	—	—	—
Reduction in tax charge due to add backs	**(642)**	**(373)**	**(269)**	(1,812)	(1,671)	(141)
Underlying (loss)/profit for the period	**(5,424)**	**(7,297)**	**1,873**	924	(409)	1,333

Number of shares	**2015 Number (million)**	2014 Number (million)
Weighted average number of ordinary shares for the purposes of basic earnings per share, and basic excluding non-recurring items and amortisation of acquired intangibles	**492**	485
Effect of dilutive potential ordinary shares:		
Restricted share plans	**13**	8
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**505**	493

	2015			2014 (represented)		
(Loss)/Earnings per share	**All**	**Continuing**	**Discontinued**	**All**	**Continuing**	**Discontinued**
Basic (loss)/profit per share for the year attributable to the owners of the company	**(13.3)**	**(1.6)**	**(11.7)**	(0.2)	(0.4)	0.2
Diluted (loss)/profit per share for the year attributable to the owners of the company	**(13.3)**	**(1.6)**	**(11.7)**	(0.2)	(0.4)	0.2
Basic (loss)/profit per share - excluding non-recurring items and amortisation of acquired intangibles	**(1.1)**	**(1.5)**	**0.4**	0.2	(0.1)	0.3
Diluted (loss)/profit per share - excluding non-recurring items and amortisation of acquired intangibles	**(1.1)**	**(1.5)**	**0.4**	0.2	(0.1)	0.3

The average share price for the year ended 31 December 2015 was 15.6p (2014: 23.0p).

11. Notes to the cash flow statement

	2015	2014
	£'000	£'000
(Loss)/profit from continuing operations	**(53)**	4,339
(Loss)/profit from discontinued operations	**(1,739)**	3,780
(Loss)/profit from operations	**(1,792)**	8,119
Adjustments for:		
Depreciation of property, plant and equipment	**861**	830
Amortisation of intangible assets	**1,793**	2,041
Profit on disposal of fixed assets	**(7)**	(341)
Adjustment for share awards	**1,155**	2,410
Decrease in provisions	**(3,143)**	(1,906)
Other non-cash items	**159**	-
Operating cash flows before movements in working capital	**(974)**	11,153
Decrease in receivables	**7,476**	3,796
Increase in payables	**1,119**	2,676
Cash generated by operations	**7,621**	17,625
Income taxes paid	**(6,712)**	(4,537)
Net cash inflow from operating activities	**909**	13,088