



Innovating
for growth



Building a
firm platform

Management Consulting Group PLC provides expertise, guidance and professional services to many of the world's leading companies.

MCG operates through two independently managed practices: Alexander Proudfoot and Kurt Salmon. We utilise our expertise to enable both practices to progress to their fullest potential – distinctly, but in tandem – creating maximum shareholder value.

Kurt Salmon

Kurt Salmon is a global management consultancy with deep industry expertise and a broad perspective, dedicated to building the market leaders of tomorrow – whatever tomorrow may look like.



Read about
Kurt Salmon on p04

Alexander Proudfoot

Alexander Proudfoot helps clients to better execute their plans and strategies by improving management effectiveness and embedding sustainable change, delivering substantial improvements in operational performance and increased profitability.



Read about
Alexander Proudfoot on p05

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The first six months in brief



The Group's overall reported first half revenue and underlying operating profit in 2015 was largely unchanged from the corresponding period last year and was in line with our expectations. Kurt Salmon delivered modest year on year revenue growth in France, after several years of contraction, and we see continuing positive trends in other markets. Alexander Proudfoot has had a difficult first half, as expected. The changes we have made in Alexander Proudfoot's North American business unit have delivered increased revenues in that business, but the performance of the European and African operations has deteriorated, and we have not so far refilled the order book in Alexander Proudfoot at the rate required to deliver positive revenue momentum in the second half of 2015. We are taking action to accelerate changes in the underperforming operations in Alexander Proudfoot, but the Board retains a cautious outlook at this stage of the year."

Nick Stagg Chief Executive

Revenues increased by 1.5% on a constant currency basis. Reported revenue broadly unchanged at £124.2m (H1 2014: £125.0m)

Underlying* operating profit broadly unchanged at £7.1m (H1 2014: £7.2m)

Underlying* operating profit margin steady at 5.7% (H1 2014: 5.7%)

Profit for the half-year of £1.4m (H1 2014: £1.4m)

Net debt decreased to £41.7m (H1 2014: £48.0m)

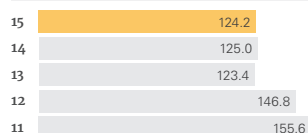
Underlying* basic earnings per share decreased to 0.2p (H1 2014: 0.4p)

Interim dividend unchanged at 0.23p per share (2014: 0.23p per share)

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

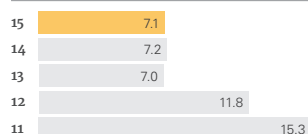
Revenue (£m)

124.2



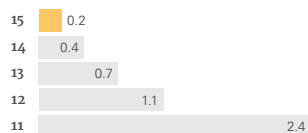
Underlying* operating profit (£m)

7.1



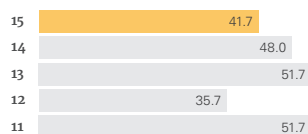
Underlying* basic earnings per share (p)

0.2



Net debt (£m)

41.7



Chairman's statement

with Alan Barber

The performance of the Group in the first six months of 2015 has been mixed with revenues increasing 1.5% on a constant currency basis and underlying profit similar to last year. Kurt Salmon reported a 4% increase in revenues at constant exchange rates and an increased underlying operating profit. Alexander Proudfoot delivered a disappointing overall first half result with revenues lower year on year, and the business reporting a small operating loss.

Highlights

- On a constant currency basis the Group's revenues increased by 1.5% year on year
- Net debt has decreased year on year from £48.0m to £41.7m
- The Board is proposing to maintain the interim dividend at 0.23p per share

The performance of the Group in the first six months of 2015 has been mixed with revenues increasing 1.5% on a constant currency basis and underlying profit similar to last year. Kurt Salmon, which accounts for three-quarters of Group revenue, has reported a 4% increase in revenues at constant exchange rates and an increased underlying operating profit, reflecting positive trends in its key markets. Alexander Proudfoot delivered a disappointing overall first half result with revenues lower year on year, and the business reporting a small operating loss. As in 2014, the reported results, in Kurt Salmon in particular, have been affected by currency headwinds.

Progress in Kurt Salmon has been generally encouraging across all geographies. Our market-leading retail consulting practice, operating in North America, Europe and Asia, has continued to benefit from positive market trends and we are recruiting to drive its further growth. We have seen some signs of improving demand from clients in France in the first half of 2015, where Kurt Salmon has delivered a 5% year on year revenue increase on a constant currency basis.

We announced on 1 June 2015 that the Group had been approached by and was in discussion with certain parties about the possible sale of some of the European operations of Kurt Salmon. There can be no certainty at this stage that a transaction will be concluded, nor as to the terms of any such transaction. The Board always considers such approaches and will remain alert to all opportunities to generate shareholder value from the Group's existing portfolio of businesses.



In Alexander Proudfoot, the initiatives launched during the last 15 months have delivered positive results in the key North American business unit, where the change process is most advanced. Whilst revenues and operating profit margins in North America have improved year on year, elsewhere, in Europe and Africa in particular, revenues and margins have contracted. The Board will continue to focus on improving the performance of Alexander Proudfoot and developing a firm platform for its future growth.

The Group's net debt has decreased year on year to £41.7m at 30 June 2015 (H1 2014: £48.0m). The final dividend for 2014 was paid on 7 July 2015. The Board will maintain the interim dividend for 2015 at 0.23p per share, the same level as last year



Alan Barber
Chairman
31 July 2015

Operating and financial review

with Nick Stagg and Chris Povey

The reported revenue of £124.2m and underlying operating profit of £7.1m for the Group as a whole for the first half of 2015 are little changed from the same period last year. On a constant currency basis, the Group's revenues would have been £126.9m, an increase of 1.5% on the first half of 2015.

Highlights

- Improved overall Kurt Salmon revenue performance in spite of further currency headwinds, and increase in underlying operating profit margin
- 5% underlying year on year revenue growth in Kurt Salmon in France in the first half of 2015 after several years of contraction
- Alexander Proudfoot has reported slightly lower revenues and a small underlying operating loss
- In North America, where change initiatives have been focused, Alexander Proudfoot revenues are 25% higher than previous six month period
- Action is being taken to accelerate change in the underperforming Alexander Proudfoot operations in Europe and Africa

Kurt Salmon

Kurt Salmon accounted for three-quarters of the Group's revenue for the period. On a constant currency basis Kurt Salmon's H1 2015 revenues would have been £97.4m, an increase of 4% on the same period. Reported revenue for the first half of 2015 was £94.9m. This is £1.2m or 1% higher than the corresponding first half revenue in 2014 of £93.7m, and £6.7m or 8% higher than second half revenue in 2014 of £88.2m. Compared with the first half of 2014, the weaker Euro has depressed the reported results in Sterling of the Euro-denominated operations in France and elsewhere, whilst the stronger US Dollar has enhanced the reported results in Sterling of the US operations. For Kurt Salmon overall the net impact of currency translation on reported revenue has been negative.

Underlying operating profit for the first half of 2015 was £7.5m (H1 2014: £7.0m) representing a margin of 7.9%, higher than the 7.5% margin reported in the first half of 2014.

Kurt Salmon's operations in North America represented more than 40% of the division as a whole in terms of reported revenue in the first half of 2015. The US retail and consumer goods practice has delivered a satisfactory performance in the first half of 2015 although on a constant currency basis year on year revenues were slightly down, given the strong performance we saw in the first half of 2014. As expected, operating profit margins in this practice in the first half of 2015 were slightly lower than the same period last year, as a result of the impact of planned recruitment at senior levels designed to build capacity to deliver further revenue growth in 2016 and beyond. We continue to see healthy demand from US retail sector clients facing the challenges of adapting their business models and operations to a digital world. Our North American healthcare consulting practice has made good progress, and the US financial sector practice had a stronger first half in 2015 than last year.



More than half of Kurt Salmon's revenues are generated in Europe, with the largest operation being in France which delivered nearly 40% of the total revenues for the division. In the first half of 2015 we have seen signs of improving business confidence in the French market, and some underlying revenue growth (5% on a constant currency basis). Operating profit margins in the French business have also improved compared with the same period last year. Elsewhere in Europe the first half results have been encouraging, with strong revenue and profit growth in the retail-led consulting practice in Germany, and good performances in the UK and Luxembourg.

Kurt Salmon's operations in Asia are a relatively small component of the division as a whole. In China we have made good progress, whilst Japan has been steady year on year.

Alexander Proudfoot

Alexander Proudfoot accounted for a quarter of the Group's revenue for the period. Alexander Proudfoot's reported revenue for the first half of 2015 was £29.3m, a similar level to the preceding six month period (H2 2014: £29.6m), but 6% lower than the same period in 2014 (H1 2014: £31.3m). At H1 2014 exchange rates, H1 2015 revenues would have been £29.5m. The business reported a £0.4m underlying operating loss in the first half of 2015, compared with a broadly break-even position for the first half of 2014.

Last year the MCG Board announced that it intended to invest in and develop the Alexander Proudfoot offering in order to build a more stable and predictable revenue base and to drive top-line growth. Good progress has been made in the first half of 2015 in continuing the implementation of a series of initiatives to enhance sales and operations, introduce innovations relating to the offering and to explore new contracting models with clients. As expected, these initiatives have required investment in the form of recruitment and lower utilisation, which have continued to have an adverse effect on profitability in the first half of 2015, compounding the impact of weak revenues.

Where the investments and changes are most advanced we have seen positive results. The change initiatives which were launched last year were focused initially on the North American business unit and it is clear that these are now delivering improved results, in particular in relation to new market offerings. The North American business unit reported significantly increased revenues in the first half of 2015, 25% higher than the previous six month period, and represented nearly 50% of reported revenues for Alexander Proudfoot as a whole. We are now putting in place a new regional management structure for the Americas as a whole to build on the recent successes in North America, by combining management of the business units in Brazil and elsewhere in Latin America with the North American operations.

In Europe the change initiatives have lagged the US changes and the first half performance was weaker. The stronger first half performance in North America was offset by much weaker revenues in the Europe, Africa and Asia business units, where the conversion of pipeline opportunities into order input has been disappointing. The average size of projects in these business units in the first half of 2015 has been smaller than in the past which has also adversely affected margins. Action is now being taken to accelerate change in these business units, which will include establishing a regional EMEA management structure.

Alexander Proudfoot has a strong position and a compelling offering in the natural resources sector, which generated approximately 50% of total revenues in the first half of 2015 (H1 2014: 50%). The business continues to operate very effectively in emerging market locations and in the first half of 2015 more than half of total revenues related to work delivered outside North America and Western Europe (H1 2014: nearly 60%).

Operating and financial review continued

Summary and outlook

The reported revenue of £124.2m and underlying operating profit of £7.1m for the Group as a whole for the first half of 2015 are little changed from the same period last year. On a constant currency basis, the Group's revenues would have been £126.9m, an increase of 1.5% on the first half of 2014.

Kurt Salmon has delivered an improved overall revenue performance in spite of further currency headwinds, and an increase in the underlying operating profit margin for the division as a whole. After several years of difficult trading conditions in France, where around 40% of the business is located, we have seen underlying revenue growth here in the first half of 2015. Elsewhere in Europe, and in the US, the business continues to perform well, and we are investing and recruiting to build revenue growth in 2016.

Alexander Proudfoot has reported slightly lower revenues and a small underlying operating loss in the first half of 2015. The current order book in Alexander Proudfoot is at a significantly lower level than at the same time last year and we expect that as a result the business will deliver weaker third quarter revenues than we have reported in the first two quarters of 2015. The outcome for the year as a whole for Alexander Proudfoot remains uncertain and will depend on the rate of order input in the coming months. Action is being taken to accelerate change in the underperforming operations in Europe and Africa, which will involve some restructuring initiatives in the second half. We will continue to reinforce the actions that have delivered an improved first half performance in North America. The Board remains committed to building a firm platform for profitable growth in Alexander Proudfoot.

Net debt has decreased year on year to £41.7m (H1 2014: £48.0m). The normal phasing of cash flows means that historically the second half of the year tends to see stronger cash generation and the Board continues to expect this to be the case in 2015.

The Board is encouraged by the continuing progress made by Kurt Salmon at this stage. The much improved performance of the Alexander Proudfoot

business in North America reflects the positive impact of changes made in the last 15 months, and the Board and management team are now focusing on those parts of the Alexander Proudfoot business which are not yet performing at the same level.

Group financial summary

Exchange rates

In the first half of 2015, only approximately 5% of the Group's total revenues were billed in Sterling (H1 2014: 7%). More than 40% of the Group's revenues were denominated in Euros and more than 40% in US Dollars. The average exchange rates to Sterling used in the first half of 2015 were £1 = €1.37 (H1 2014: £1 = €1.22) and £1 = \$1.53 (H1 2014: £1 = \$1.67). Comparing the first half periods in 2015 and 2014, Sterling therefore strengthened by more than 12% against the Euro and weakened by more than 8% against the US Dollar.

The closing exchange rates to Sterling used in balance sheet translations at 30 June 2015 were £1 = €1.41 (H1 2014: £1 = €1.25) and £1 = \$1.57 (H1 2014: £1 = \$1.73).

Revenue

Reported revenue for the first half of 2015 was £124.2m, slightly lower than the corresponding figure for the previous year (H1 2014: £125.0m). Alexander Proudfoot recorded revenue of £29.3m, 6% lower than the same period in the previous year (H1 2014: £31.3m). Reported revenues from Kurt Salmon were £94.9m (H1 2014: £93.7m), an increase of approximately 1%.

Revenue from Europe in the first half of 2015 was £5.6m lower than the corresponding period in 2014 at £59.0m (H1 2014: £64.6m). Revenue from the Americas increased to £58.5m (H1 2014: £50.6m) and Rest of World revenue decreased to £6.7m (H1 2014: £9.8m).

This analysis reflects the geographies in which the business units generating the revenues are located, and, particularly in the case of Alexander Proudfoot, this does not wholly reflect the locations in which work is delivered. Approximately 15% of revenues in the first half of 2015 (H1 2014: 18%) were derived from projects delivered outside the developed economies of North America and Western Europe.

Underlying operating profit

Operating profit for the first half of 2015 was £7.2m (H1 2014: £5.3m). Underlying operating profit for the period was £7.1m, broadly unchanged from the corresponding period in 2014. The underlying operating profit margin was unchanged at 5.7%.

Non-recurring items for the first half of 2015 were a credit of £0.4m (H1 2014: £1.4m expense). This largely relates to the release of a provision for surplus property as a consequence of the successful negotiation of an exit from surplus leasehold property at the MCG head office in London. Amortisation of acquired intangibles was £0.3m (H1 2014: £0.5m).

Interest

The total net finance costs for the period were £1.6m (H1 2014: £1.6m). The Group has paid margins of 2.87% over LIBOR rates on its bank borrowings during the period (H1 2014: 2.63% over LIBOR rates).

Taxation

Profit before tax for the first half of 2015 was £5.6m (H1 2014: £3.8m). Underlying profit before tax for the period was £5.5m (H1 2014: £5.6m). The tax rate on the underlying profit before tax was 79% (H1 2014: 63%). The higher underlying tax rate in the period reflects the mix of profits in the first half of 2015 weighted towards higher tax jurisdictions, the impact of revenue based taxes and project-specific withholding taxes in Alexander Proudfoot.

Earnings per share

Basic earnings per share were 0.3p (H1 2014: 0.3p per share) and underlying basic earnings per share were 0.2p (H1 2014: 0.4p per share).

Dividend

The final dividend for 2014 of 0.595p per ordinary share was paid on 7 July 2015 to shareholders on the register at 15 May 2015. The Board is declaring an interim dividend for 2015 of 0.23p per share (2014: 0.23p per share). The interim dividend will be paid on 6 January 2016 to shareholders on the register on 4 December 2015.

Balance Sheet

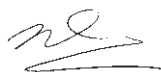
The Group's net debt at 30 June 2015 was £41.7m, which is £6.3m lower than the £48.0m reported at 30 June 2014 and £8.1m higher than the £33.6m reported at the end of 2014. The Group's operations are not typically cash generative in the first half of the year, primarily as a result of the timing of the payment of annual cash bonuses. As a result the Group has historically generated cash in the second half of the calendar year and this trend is expected to continue in 2015.

The Group is financed by an £85m debt facility negotiated during 2011. The facility term has recently been extended to July 2017. At 30 June 2015 the gross debt drawn under this facility reflected in the Group balance sheet was £53.6m (H1 2014: £54.5m), held in Euros and US Dollars. The leverage covenant measure used in the debt facility agreement is a measure of the ratio of net debt to adjusted EBITDA and was 2.83x at 30 June 2015 (H1 2014: 1.79x) compared with the maximum leverage permitted at that date under the facility of 3x.

The net post-retirement obligations liability principally relates to a closed US defined benefit scheme in Alexander Proudfoot and to an unfunded Kurt Salmon pension obligation in Germany and has decreased from £22.9m at 31 December 2014 to £20.6m at 30 June 2015. The reduction is principally due to currency movements, offset to some extent by an increase in the discount rates used to measure the pension obligations.

The Board's assessment in relation to going concern is included in note 2 of the financial information. Principal risks and uncertainties are set out in note 2 of the financial information.

There have been no transactions with or material changes to related parties that have materially affected the financial position or performance of the Group during the period.



Nick Stagg
Chief Executive
31 July 2015



Chris Povey
Finance Director
31 July 2015

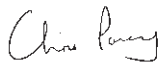
Directors' responsibility statement

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that, to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- (b) the Operating and Financial Review includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Operating and Financial Review includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board



Chris Povey
Finance Director
31 July 2015

Cautionary statement

The Chairman's Statement and the Operating and Financial Review have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. They should not be relied on by any other party or for any other purpose.

They contain certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but 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.

Independent review report to the members of Management Consulting Group PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015, which comprises the Condensed Group statement of profit and loss, the Condensed Group statement of comprehensive income, the Condensed Group statement of changes in equity, the Condensed Group statement of financial position, the Condensed Group statement of cash flows and the related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

31 July 2015

Condensed Group statement of profit and loss

for the six months ended 30 June 2015

	Note	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Continuing operations			
Revenue	3	124,193	125,018
Cost of sales		(79,925)	(81,433)
Gross profit		44,268	43,585
Administrative expenses – underlying		(37,165)	(36,427)
Profit from operations – underlying		7,103	7,158
Administrative expenses – non-recurring		435	(1,361)
Profit from operations before amortisation of acquired intangibles		7,538	5,797
Administrative expenses – amortisation of acquired intangibles		(303)	(480)
Total administrative expenses		(37,033)	(38,268)
Profit from operations	3	7,235	5,317
Investment income		9	16
Finance costs		(1,650)	(1,578)
Profit before tax		5,594	3,755
Tax	5	(4,187)	(2,309)
Profit for the period attributable to owners of the Company		1,407	1,446
Earnings per share – pence			
From profit for the period attributable to owners of the Company			
Basic	6	0.3	0.3
Diluted	6	0.3	0.3
Basic – underlying	6	0.2	0.4
Diluted – underlying	6	0.2	0.4

Condensed Group statement of comprehensive income

for the six months ended 30 June 2015

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Profit for the period	1,407	1,446
Items that will not be subsequently reclassified to profit and loss		
Remeasurement of defined benefit pension schemes	1,507	48
Items that may be subsequently reclassified to profit and loss		
Loss on available-for-sale investments	—	(205)
Exchange differences on translation of foreign operations	(10,797)	(12,337)
	(10,797)	(12,542)
Total comprehensive expense for the period attributable to owners of the Company	(7,883)	(11,048)

Condensed Group statement of changes in equity


for the six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share compensation reserve £'000	Shares held by employee benefit trust £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Unaudited six months ended 30 June 2015									
Shareholders' equity									
1 January 2015	84,518	82,362	32,513	5,737	(3,063)	19,029	6,082	(29,513)	197,665
Total comprehensive expense for the period	—	—	—	—	—	(10,797)	—	2,914	(7,883)
Dividends	—	—	—	—	—	—	—	(4,018)	(4,018)
Share-based payments	—	—	—	1,240	—	—	—	—	1,240
Vesting of share awards	—	—	—	(961)	—	—	—	81	(880)
Shares transferred from ESOP	—	—	—	—	787	—	—	—	787
Shareholders' equity 30 June 2015	84,518	82,362	32,513	6,016	(2,276)	8,232	6,082	(30,536)	186,911
Unaudited six months ended 30 June 2014									
Shareholders' equity									
1 January 2014	84,504	82,040	32,513	6,239	(4,111)	25,126	6,300	(21,745)	210,866
Total comprehensive expense for the period	—	—	—	—	—	(12,337)	(205)	1,494	(11,048)
Dividends	—	—	—	—	—	—	—	(3,984)	(3,984)
Shares issued	14	322	—	—	—	—	—	—	336
Share-based payments	—	—	—	1,353	—	—	—	—	1,353
Vesting of share awards	—	—	—	(1,604)	1,333	—	—	263	(8)
Shares acquired by ESOP	—	—	—	—	(1,015)	—	—	—	(1,015)
Shares transferred from ESOP	—	—	—	—	58	—	—	—	58
Shareholders' equity 30 June 2014	84,518	82,362	32,513	5,988	(3,735)	12,789	6,095	(23,972)	196,558

Condensed Group statement of financial position

as at 30 June 2015

	Unaudited 30 June 2015 £'000	Audited 31 December 2014 £'000
Non-current assets		
Intangible assets	242,731	258,542
Property, plant and equipment	2,475	2,747
Investments	628	727
Deferred tax assets	12,945	14,722
Total non-current assets	258,779	276,738
Current assets		
Trade and other receivables	61,868	62,901
Current tax receivable	2,257	2,136
Cash and cash equivalents	11,924	24,920
Total current assets	76,049	89,957
Total assets	334,828	366,695
Current liabilities		
Trade and other payables	(61,021)	(71,073)
Current tax liabilities	(6,399)	(7,643)
Total current liabilities	(67,420)	(78,716)
Net current assets	8,629	11,241
Non-current liabilities		
Financial liabilities	(53,645)	(58,521)
Retirement benefit obligations	(20,623)	(22,920)
Deferred tax liabilities	(3,818)	(3,956)
Long-term provisions	(2,411)	(4,917)
Total non-current liabilities	(80,497)	(90,314)
Total liabilities	(147,917)	(169,030)
Net assets	186,911	197,665
Equity		
Share capital	84,518	84,518
Share premium account	82,362	82,362
Merger reserve	32,513	32,513
Share compensation reserve	6,016	5,737
Shares held by employee benefit trust	(2,276)	(3,063)
Translation reserve	8,232	19,029
Other reserves	6,082	6,082
Retained earnings	(30,536)	(29,513)
Equity attributable to owners of the Company	186,911	197,665



Chris Povey

Director

31 July 2015

Condensed Group statement of cash flows

for the six months ended 30 June 2015

	Note	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Net cash outflow from operating activities	7	(7,060)	(5,520)
Investing activities			
Interest received		9	16
Purchases of property, plant and equipment		(318)	(464)
Purchases of intangible assets		(126)	(137)
Proceeds on disposal of financial assets		92	25
Acquisition of subsidiaries		—	(600)
Net cash used in investing activities		(343)	(1,160)
Financing activities			
Dividends paid		(1,116)	(1,110)
Interest paid		(992)	(1,478)
Proceeds from borrowings		12,481	12,715
Repayment of borrowings		(13,988)	(10,320)
Purchase of shares		—	(1,014)
Net cash outflow from financing activities		(3,615)	(1,207)
Net decrease in cash and cash equivalents		(11,018)	(7,887)
Cash and cash equivalents at beginning of period		24,920	14,669
Effect of foreign exchange rate changes		(1,978)	(254)
Cash and cash equivalents at end of period		11,924	6,528

Notes

for the six months ended 30 June 2015

1. General information

The results for the six months ended 30 June 2015 and 30 June 2014 are unaudited but have been reviewed by the Group's auditor, whose report on the current period forms part of this document. The information for the year ended 31 December 2014 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified or modified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2. Significant accounting policies

BASIS OF PREPARATION

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and are available on our website: www.mcgplc.com. The set of condensed financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union.

There have been no changes to accounting standards in the current year which have a material impact on the Group.

Principal risks and uncertainties

The Group has operating and financial policies and procedures designed to maximise shareholder value within a defined risk management framework.

The key risks to which the business is exposed are reviewed regularly by senior management and the Board as a whole.

The major risks the business faces are consistent with those set out in the Company's annual report for the year ended 31 December 2014. They are related to the demand for consultancy services in each of the markets and sectors in which the Group operates; retention and development of key client relationships; recruitment and retention of talented employees; optimisation of the Group's intellectual capital; and fluctuations in foreign exchange currency rates.

These risks are managed by anticipating consultancy trends; identifying new markets and sectors in which the Group might operate; maximising staff utilisation; having remuneration policies which reward performance and promote continued employment with the Group; maintaining a comprehensive knowledge management system; and undertaking hedging to mitigate currency risk where appropriate.

Potential contractual liabilities arising from client engagements are managed through careful control of contractual conditions and appropriate insurance arrangements. There is no material outstanding litigation against the Group of which the directors are aware which is not covered by insurance, or provided for in the financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, and the financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Chairman's Statement. Principal risks and uncertainties are described above.

The Group prepares regular business forecasts and monitors its projected compliance with its banking covenants, which are reviewed by the Board. Forecasts are then adjusted for sensitivities which address the principal risks to which the Group is exposed. Consideration is then given to the potential actions available to management to mitigate the impact of one or more of these sensitivities if required.

The Board has concluded that the Group should be able to operate within the level of its current facility and remain covenant compliant for the foreseeable future, being a period of at least twelve months from the date of approval of this half-yearly report.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes continued

for the six months ended 30 June 2015

3. 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. The Board of Directors also receives information based on geography; the segments for this purpose are the Americas, Europe and the Rest of World. All revenues are derived from the provision of professional services.

Inter-segmental sales are not significant.

INCOME STATEMENT

(a) Revenue and underlying operating profit by geography

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:

	Unaudited six months ended 30 June 2015			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue – continuing operations	58,531	59,001	6,661	124,193
Profit/(loss) from operations – underlying	4,736	4,470	(2,103)	7,103
Non-recurring items and amortisation of acquired intangibles	(303)	435	—	132
Profit from operations	4,433	4,905	(2,103)	7,235
Investment income				9
Finance costs				(1,650)
Profit before tax				5,594

	Unaudited six months ended 30 June 2014			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue – continuing operations	50,580	64,597	9,841	125,018
Profit from operations – underlying	3,003	3,536	619	7,158
Non-recurring items and amortisation of acquired intangibles	(1,437)	(1,042)	638	(1,841)
Profit from operations	1,566	2,494	1,257	5,317
Investment income				16
Finance costs				(1,578)
Profit before tax				3,755

3. Segmental information continued

INCOME STATEMENT 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 both 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.

	Unaudited six months ended 30 June 2015		
	Alexander Proudfoot £'000	Kurt Salmon £'000	Consolidated £'000
Revenue – continuing operations	29,322	94,871	124,193
(Loss)/profit from operations – underlying	(360)	7,463	7,103
Non-recurring items and amortisation of acquired intangibles			132
Profit from operations			7,235
Investment income			9
Finance costs			(1,650)
Profit before tax			5,594

	Unaudited six months ended 30 June 2014		
	Alexander Proudfoot £'000	Kurt Salmon £'000	Consolidated £'000
Revenue – continuing operations	31,288	93,730	125,018
Profit from operations – underlying	132	7,026	7,158
Non-recurring items and amortisation of acquired intangibles			(1,841)
Profit from operations			5,317
Investment income			16
Finance costs			(1,578)
Profit before tax			3,755

Notes continued

for the six months ended 30 June 2015

4. Dividends

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend in respect of the year ended 31 December 2014 of 0.595p (2013: 0.595p) per share	2,902	2,873
Interim dividend in respect of the year ended 31 December 2014 of 0.23p (2013: 0.23p) per share	1,116	1,110
	4,018	3,983

Dividends are not payable on treasury shares or shares held in the employee share trusts which have waived their entitlement to dividends.

The amount of the dividend waived in 2015 (in respect of the year ended 31 December 2014) was £73,377 (2014: £77,660).

An interim dividend of 0.23p per share (2014: 0.23p per share) will be paid on 6 January 2016 to shareholders on the register at 4 December 2015.

5. Taxation

The effective tax rate on the reported profit before tax for the half-year is 75% (H1 2014: 61%). The effective tax rate on the reported profit before tax as adjusted for the impact of non-recurring items and the accounting for amortisation of acquisition intangibles charge for the half-year is 79% (H1 2014: 63%). Of the total tax charge, a £0.6m net credit arises in respect of the UK with the remaining £4.8m net debit arising outside of the UK.

6. Earnings per share

The calculation of the earnings per share is based on the following data:

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Earnings		
Earnings for the purposes of basic earnings per share and diluted earnings per share being net profit for the period attributable to owners of the Company	1,407	1,446
Amortisation of acquired intangibles	303	480
Non-recurring items	(435)	1,361
Tax on non-recurring items	(115)	(1,209)
Earnings for purpose of basic earnings per share – underlying	1,160	2,078

6. Earnings per share continued

	Number million	Number million
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	488.1	483.4
Effect of dilutive potential ordinary shares: – share options and performance share plan	4.6	13.3
Weighted average number of ordinary shares for the purposes of diluted earnings per share	492.7	496.7
	Pence	Pence
Basic earnings per share – continuing operations	0.3	0.3
Diluted earnings per share – continuing operations	0.3	0.3
Basic earnings per share – underlying	0.2	0.4
Diluted earnings per share – underlying	0.2	0.4

The average share price for the six months ended 30 June 2015 was 15.7p (30 June 2014: 25.0p).

7. Notes to the statement of cash flows

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000
Profit from continuing operations	7,235	5,317
Adjustments for:		
Depreciation of property, plant and equipment	417	422
Amortisation of intangible assets	855	1,160
Profit on disposal of plant and equipment	(7)	(41)
Adjustment for cost of share-based payments	842	1,684
Decrease in provisions	(1,996)	(1,590)
Other non-cash items	158	—
Operating cash flows before movements in working capital	7,504	6,952
Increase in receivables	(1,708)	(6,960)
Decrease in payables	(8,650)	(2,927)
Cash absorbed by operations	(2,854)	(2,935)
Income taxes paid	(4,206)	(2,585)
Net cash outflow from operating activities	(7,060)	(5,520)

8. Financial instruments fair value disclosures

The directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the condensed financial statements included in this half-yearly report are approximately equal to their fair values.

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We encourage shareholders to register for copies of corporate communications on our investor relations website at www.mcgplc.com.

Investor relations

The Group welcomes contact with its shareholders.

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Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar at the address shown.

Operational contacts

We welcome clients introduced by shareholders. Shareholders wishing to provide introductions to potential clients should contact Chris Povey (see contact details opposite).

Share price information

The Company's share price information can be found at www.mcgplc.com or through your broker. The share symbol is MMC.L.

Shareholder services

Online services are available to private shareholders. To use these facilities visit www.capitaassetservices.com.

"Account Enquiry" allows shareholders to access their shareholding on the register including transaction history, dividend payment history and up to date share valuation. "Amendment of Standing Data" allows shareholders to change their registered postal address and add, change or delete dividend mandate instructions. Certain forms can be downloaded, such as dividend mandate forms and stock transfer forms.

Should you have any queries please contact Capita Asset Services' helpline on 0871 664 0300, from overseas on +44 20 8639 3399 or email shareholderenquiries@capita.co.uk.

Share dealings

A quick and easy share dealing service is provided by Capita Share Dealing Services for UK registered certificated holders to either buy or sell shares. For further information on this service, or to buy and sell shares, please contact www.capitadeal.com (online dealing) or 0871 664 0364 (telephone dealing).

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