

31 July 2015

Management Consulting Group PLC Interim Results

Revenues and underlying operating profit similar to last year

Management Consulting Group PLC ("MCG" or "the Group"), the global professional services group, today announces its results for the half-year ended 30 June 2015. Revenues and underlying operating profit for the first half are in line with expectations and at a similar level to those reported last year.

Key points

- 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'.

Nick Stagg, Chief Executive, commented:

"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."

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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 services to a wide range of industries. For further information, visit www.mcgplc.com.

Chairman's Statement

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

Operating and financial review

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 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%).

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 translation 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.

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 subsequently be reclassified to profit and loss		
Remeasurement of defined benefit pension schemes	1,507	48
Items that may subsequently be 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 by 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 Dec 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 receivables	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	(6,398)	(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

Condensed Group statement of cash flows
for the six months ended 30 June 2015

	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014
	Note	£'000
Net cash outflow from operating activities	7	(7,060)
Investing activities		
Interest received		9
Purchases of property, plant and equipment		(318)
Purchases of intangible assets		(126)
Proceeds on disposal of financial instruments		92
Acquisition of subsidiaries		—
Net cash used in investing activities		(343)
Financing activities		
Dividends paid		(1,116)
Interest paid		(992)
Proceeds from borrowings		12,481
Repayment of borrowings		(13,988)
Purchase of shares		—
Net cash outflow from financing activities		(3,615)
Net decrease in cash and cash equivalents		(11,018)
Cash and cash equivalents at beginning of period		24,920
Effect of foreign exchange rate changes		(1,978)
Cash and cash equivalents at end of period		11,924

Notes

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

(a) 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.

(b) Accounting policies

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 undertake 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.

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(Loss) 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

(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

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	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 on 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, £nil (H1 2014: £nil) arises in respect of the UK with the remainder of the charge arising outside 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
	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 cash flow statement

	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 disclosure

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.