

2 August 2012

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Management Consulting Group PLC Interim Results

Some progress in difficult trading conditions

Management Consulting Group PLC ("MCG" or "the Group"), the global professional services group, today announces its results for the half year ended 30 June 2012.

Key points

- Revenue 6% lower at £146.8m (H1 2011: £155.6m)
- Underlying* operating profit 23% lower at £11.8m (H1 2011: £15.3m)
- Underlying* operating profit margin lower at 8.0% (H1 2011: 9.9%)
- Profit for the half year of £4.7m (H1 2011: £9.1m)
- Net debt reduced by 31% to £35.7m (June 2011: £51.7m)
- Underlying basic earnings per share decreased to 1.3p (H1 2011: 2.4p)
- Interim dividend increased to 0.23p per share (2011: 0.2p)

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

Nick Stagg, Chief Executive commented:

"MCG has made progress in parts of the business in the first half of 2012 against a backdrop of challenging trading conditions and market uncertainty, and enters the second half of 2012 with a healthy order book and project pipeline. We have seen a good performance overall in North America, and in emerging markets, with work delivered outside North America and Western Europe representing 15% of first half revenues. This has been offset by the negative impact of Eurozone weakness which has affected overall activity levels and margins.

"Economic uncertainty looks set to continue in the second half of 2012, but MCG is a global business with a balanced geographic and sector focus. We remain committed to improving operational efficiency and profitability, whilst investing for growth, and we are well placed to take advantage of opportunities in markets and sectors which continue to grow."

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An analyst briefing will be held at the offices of FTI Consulting at Holborn Gate, 26 Southampton Buildings, London WC2A 1PB on 2 August at 9.30am. For further details please contact Victoria Foster-Mitchell on +44(0)20 3077 0486.

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. Alexander Proudfoot develops and implements operational improvements to its clients to increase productivity and reduce costs. Kurt Salmon provides consultancy services to a wide range of industries in both the private and public sectors. The Group operates worldwide. For further information, visit www.mcgplc.com.

Chairman's Statement

The performance of the Group's businesses in the first half of 2012 has been mixed. We have held our overall revenues broadly at the same level achieved in the second half of 2011. We have seen a good performance in North America and emerging markets, offset by the negative impact of Eurozone weakness on business activity, and some negative impact on our reported results in Sterling as a result of a weaker Euro.

Alexander Proudfoot has continued to perform well, with encouraging levels of activity in the natural resources sector and in emerging markets. It is well placed to be successful in markets where economic growth remains robust in spite of weak prospects for growth in developed economies, and enters the second half of the year in a promising position.

Kurt Salmon's operations in North America and Asia, mainly focused on the retail and consumer goods sector, have performed well. Kurt Salmon's European business had a slow start to the year and continuing uncertainty over the future of the Eurozone has adversely affected the French and Benelux operations in the first half, in particular in relation to work for financial services and public sector clients.

There are no signs that the current weakness and uncertainty in European markets will ease in the next few months, and we must adapt to these conditions, whilst continuing to work to develop our businesses with selective investment and recruitment in sectors and geographies where there are good prospects for profitable growth.

The Group is in a strong financial position. Net indebtedness has been reduced over the twelve months to 30 June 2012 by 31% to £35.7 million, and we expect to reduce it further over the course of the financial year. MCG's operations are profitable and cash generative and we will continue to focus on promoting profitable growth in the business and improving returns to shareholders.

Alan Barber
Chairman

Operating and financial review

Alexander Proudfoot

Alexander Proudfoot delivers measurable financial benefits to its clients by developing and installing processes and programmes to improve operations, helping companies rapidly to improve their operating performance by increasing revenues and productivity, reducing costs and generating incremental cash flow. Alexander Proudfoot works side-by-side with client management to implement sustainable changes. It helps clients across a broad range of sectors and has a particularly strong expertise in the natural resources, financial services and manufacturing industries. The annualised return on investment that clients obtain from working with Alexander Proudfoot is typically two to three times the cost of the project.

Alexander Proudfoot has performed well in the first half of 2012. It continues to benefit from strong demand for its services from the natural resources sector and growing opportunities in emerging markets. The Brazilian and South African business units have had a successful first half, with a particularly encouraging level of work outside the natural resources sector. A new Latin American business unit has been established in Santiago in Chile to serve as a base for work in Spanish-speaking Latin America and is making good progress. In North America the performance of the business has been better than the same period in 2011, but nevertheless a little slower than expected. In Europe, Alexander Proudfoot has been impacted by macro economic uncertainty but has continued to benefit from opportunities to sell projects to European headquartered businesses which are delivered in other geographies.

Alexander Proudfoot's revenue for the first half of 2012 was in line with the same period in 2011 at £44.3m (H1 2011: £44.4m), and 4% higher than the preceding six month period (H2 2011: £42.6m). Operating profit for the first half of 2012 was £5.2m compared with an operating profit in the first half of 2011 of £5.8m. The operating profit margin was 11.8% compared with 13.2% in the first half of 2011. The slightly reduced margin reflects the impact of the costs of establishing the new Latin America business unit.

Alexander Proudfoot is well placed to develop further in markets where economic growth remains robust in spite of weak prospects for growth in developed economies. The business has a flexible approach to resourcing client projects which enables staff to be deployed efficiently to the geographies where the workload requires. It is increasingly focusing on developing long term relationships with clients and secures a significant proportion of its work from repeat business and referrals from clients. Alexander Proudfoot enters the second half of the year in an encouraging position and with a healthy order book and pipeline.

Kurt Salmon

Kurt Salmon is a global management consultancy business which partners with its clients to drive strategies and solutions that make a lasting and meaningful impact on their businesses. Kurt Salmon operates internationally in certain key industry verticals and has a particular focus on retail and consumer products and in financial services. In addition it has a number of strong regional practices, for example in healthcare in the United States and in the public sector in France. Kurt Salmon also provides functional expertise to its clients, for example, through offerings focused on Chief Financial Officers and Chief Information Officers. Kurt Salmon now operates in 15 countries around the world, the largest operations being in North America and Continental Europe.

Kurt Salmon's retail and consumer goods operations in North America have performed well in the first half of 2012. The Healthcare consulting practice in the US is making good progress and has been enhanced by the acquisition of New Albany Healthcare, announced on 7 June. The smaller US financial sector practice has been adversely affected by wider uncertainty in the banking sector driven by issues in the Eurozone. The new Kurt Salmon retail consulting operation in China, acquired in October last year, is making excellent progress, alongside the existing business in Japan.

As highlighted in our trading statement on 13th June, Kurt Salmon's European operations had a slow start to the year and have reported results for the first half of 2012 which are below management expectations at the beginning of the year. Continuing uncertainty over the stabilisation of the Eurozone, and the national elections in France, adversely affected the French and Benelux businesses in the first half, in particular in relation to work for financial services and public sector clients. Some client projects have been deferred and prospective clients have been cautious in procuring new consulting projects, providing more challenging conditions for the efficient deployment of our staff resources. In response, action is being taken by the management of Kurt Salmon, including adjustments to headcount and resourcing, to mitigate the impact of the lower levels of activity we have seen.

Kurt Salmon's revenue for the first half of 2012 was £102.5m. This was £8.7m or 8% lower than the corresponding first half revenue in 2011 of £111.2m, and £1.9m or 2% lower than the second half revenue in 2011 of £104.4m. The reported reduction in revenues compared with the second half of 2011 is the result of the translation impact of changes in exchange rates, in particular the weaker Euro. When measured at the average exchange rates which prevailed in the second half of 2011, Kurt Salmon's revenues for the first half of 2012 would have been £1.3m higher than the preceding six months. Underlying operating profit for the first half of 2012 was £6.6m representing a margin of 6.5%, slightly below the 6.9% operating profit margin reported in the second half of 2011. In the stronger trading conditions in the first half of 2011 the underlying operating profit was £9.5m and the margin was 8.6%.

Kurt Salmon is not exposed to weaker markets in Southern Europe. In France it is a leading player in the consulting market and it is well established in Germany, Belgium and Luxembourg. The business has a stable blue chip client base and a high proportion of annual revenues are derived from clients who have been commissioning work from Kurt Salmon for many years. The client list has been growing steadily over the last year, in France and internationally. Nonetheless there is evidence that consulting spend by some existing clients has been constrained in current economic conditions. There are no signs at present that the current weakness and uncertainty in European markets will ease in the near term and this is expected to continue to affect the performance of Kurt Salmon in the second half of the year. However, at this stage of the year demand for Kurt Salmon's services in its key markets appears to be stable. The Board will continue to drive efforts to improve the performance of Kurt Salmon, together with investment to develop the business in markets where there are growth opportunities.

Summary and outlook

Trading in the first six months of 2012 has been affected by difficult market conditions. Alexander Proudfoot has continued to perform well overall, but Kurt Salmon's progress in North America has been overshadowed by a weaker performance in Europe. Our business continues to prosper in emerging markets and 15% of first half revenues came from work delivered outside North America and Western Europe.

We are taking action to underpin the performance of the Kurt Salmon business in light of current market conditions which we expect to continue during the second half of the year. This will include restructuring certain practices and making adjustments to headcount, resulting in further non-recurring restructuring costs in the second half of 2012.

Although clients remain cautious, and downside risks to the global economy remain, the Group has a well balanced and diverse business which is performing well in most of its markets. We will continue to focus on growth opportunities where they arise, including smaller bolt-on acquisitions where appropriate.

The Group's net debt remains well below historic levels at £35.7m at 30 June 2012. 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 2012.

MCG enters the second half of 2012 with a healthy order book and project pipeline, a strong financial position and long term client relationships which have delivered revenues over many years. MCG has established a stable platform which will enable the Group's businesses to benefit in due course as economic conditions improve.

Exchange rates

The Group derives the majority of its revenue and operating profit and holds the majority of its assets and liabilities in Euros and US Dollars. Approximately half of the Group's revenues are typically denominated in Euros. The average exchange rates to Sterling used in the first half of 2012 were £1 = €1.21 (H1 2011: £1 = €1.15) and £1 = \$1.58 (H1 2011: £1 = \$1.61). The closing exchange rates to Sterling used in balance sheet translation at 30 June 2012 were £1 = €1.23 (H1 2011: £1 = €1.11) and £1 = \$1.56 (H1 2011: £1 = \$1.60).

Revenue

Revenue for the first half of 2012 was £146.8m, 6% below the corresponding figure for the previous year (H1 2011: £155.6m). Alexander Proudfoot recorded revenue of £44.3m, in line with same period in the previous year (H1 2011: £44.4m). Revenue from Kurt Salmon was £102.5m (H1 2011: £111.2m), a decrease of 8%.

Changes in exchange rates compared with 2011 have had a net negative impact on reported revenues, principally as a result of a weaker Euro depressing the Sterling value of revenues in that currency. Total Group revenues for the first half of 2012 were slightly ahead of revenues for the preceding six months when measured at constant exchange rates (H2 2011: £147.0m, H1 2012: £150.9m).

Revenue from Europe in the first half of 2012 was lower than the corresponding period in 2011 at £81.7m (H1 2011: £93.9m). Revenue from the Americas increased to £53.9m (H1 2011: £47.2m) and in the Rest of World revenue there decreased to £11.3m (H1 2011: £14.5m). 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 either the locations in which work is delivered or the currency in which revenue is billed. Approximately 15% of revenues in the first half of 2012 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 2012 was £9.5m (H1 2011: £13.7m). Underlying operating profit for the period decreased compared with the corresponding period in 2011 by 23% to £11.8m (H1 2011: £15.3m), principally as a result of a weaker performance in the European operations of Kurt Salmon.

Non-recurring items for the first half of 2012 were an expense of £1.0m (H1 2011: £0.3m). These predominantly comprise redundancy costs from headcount reductions made in Kurt Salmon in the second quarter. Amortisation of acquired intangibles was £1.2m (H1 2011: £1.3m).

Interest

The total net finance costs for the period were £1.3m (H1 2011: £1.2m). The increase reflects higher interest margins on the Group's new borrowing facility which was put in place in December 2011, offset by lower underlying levels of debt driven by the effect of strong cash generation from the second half of 2011. The Group has paid margins of 2.5% over LIBOR rates on its bank borrowings during the period, compared to 1.5% in the same period during 2011.

Taxation

Profit before tax for the first half of 2012 was £8.2m (H1 2011: £12.5m). Underlying profit before tax for the period was £10.5m (H1 2011: £14.1m). The tax rate on the underlying profit before tax was 41% (H1 2011: 26%). The Group has tax losses in various jurisdictions and the underlying tax rate has benefited in recent years from the utilisation of these. However these have diminished and the ability to utilise those remaining is dependent on trading profitability and other factors.

Earnings per share

Basic earnings per share were 1.0 pence (H1 2011: 2.1 pence per share). Underlying basic earnings per share decreased to 1.3 pence (H1 2011: 2.4 pence per share). Earnings per share for the first half of 2012 reflect the full year dilutive impact of the 53.1 million warrants issued in the equity raising of June 2010 most of which were exercised during the second half of 2011.

Dividend

The final dividend for 2011 of 0.55 pence per ordinary share was paid on 2 July 2012 to shareholders on the register at 18 May 2012. The Board is declaring an interim dividend for 2012 of 0.23 pence per ordinary share (2011: 0.2 pence per share). The interim dividend will be paid on 8 January 2013 to shareholders on the register on 7 December 2012.

Balance Sheet

The Group's net debt at 30 June 2012 was £35.7m which is £7.5 million higher than the £28.2m reported at the end of 2011, and £16.0m lower than the £51.7m reported at 30 June 2011. 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 the majority of its cash in the second half of the calendar year and this trend is expected to continue in 2012.

The Group is financed by a debt facility negotiated during 2011 and expiring in July 2016. At 30 June 2012 the gross debt drawn under this facility reflected in the Group balance sheet was £48.1m (30 June 2011: £72.4m). The leverage covenant measure used in the debt facility agreement is a measure of the ratio of net debt to adjusted EBITDA, and was 1.2 at 30 June 2012 compared with the maximum leverage permitted under the facility of 2.75. As a result the interest rate margin paid on the

Group's debt in the remainder of 2012 will be 2.5% above Libor and Euribor, consistent with the margin paid in the first half of the year.

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 increased from £23.2m at 31 December 2011 to £24.6m at 30 June 2012. The increase reflects improved asset performance offset by a decrease in the discount rates used to calculate the liabilities of the schemes.

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 income statement

for the six months ended 30 June 2012

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000
Continuing operations			
Revenue	3	146,831	155,595
Cost of sales		(93,706)	(100,470)
Gross profit		53,125	55,125
Administrative expenses – underlying		(41,290)	(39,784)
Profit from operations – underlying		11,835	15,341
Administrative expenses – non-recurring		(1,044)	(269)
Profit from operations before amortisation of acquired intangibles		10,791	15,072
Administrative expenses – amortisation of acquired intangibles		(1,244)	(1,332)
Total administrative expenses		(43,578)	(41,385)
Profit from operations	3	9,547	13,740
Investment income		9	77
Finance costs		(1,325)	(1,313)
Profit before tax		8,231	12,504
Tax	5	(3,527)	(3,381)
Profit for the period attributable to owners of the Company		4,704	9,123
Earnings per share – pence			
From profit for the period attributable to owners of the Company			
Basic	6	1.0	2.1
Diluted	6	1.0	2.0
Basic – underlying	6	1.3	2.4
Diluted – underlying	6	1.3	2.3

Condensed group statement of comprehensive income
for the six months ended 30 June 2012

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000
Exchange (losses)/gains on translation of foreign operations	(4,512)	6,181
Actuarial (losses)/gains on defined benefit post-retirement obligations	(3,085)	263
Gain on available for sale investments	186	118
Deferred tax	—	24
Other comprehensive (expense)/income for the period	(7,411)	6,586
Profit for the period	4,704	9,123
Total comprehensive (expense)/income for the period attributable to owners of the Company	(2,707)	15,709

Condensed group statement of changes in equity

for the six months ended 30 June 2012

	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
Unaudited six months ended 30 June 2012									
Shareholders' equity									
1 January 2012	84,504	82,040	32,513	3,388	(3,739)	29,040	6,229	(39,237)	194,738
Total comprehensive income for the period						(4,512)	186	1,619	(2,707)
Dividends								(2,670)	(2,670)
Share-based payments				980					980
Shares transferred from ESOP					388				388
Shareholders' equity 30 June 2012	84,504	82,040	32,513	4,368	(3,351)	24,528	6,415	(40,288)	190,729
Unaudited six months ended 30 June 2011									
Shareholders' equity									
1 January 2011	83,997	71,390	32,513	2,386	(2,354)	32,829	6,412	(51,398)	175,775
Total comprehensive income for the period						6,181	118	9,410	15,709
Dividends								(1,317)	(1,317)
Share-based payments				366					366
Shares issued	53	1,101							1,154
Shares acquired by ESOP					(1,485)				(1,485)
Shares transferred from ESOP					116				116
Shareholders' equity 30 June 2011	84,050	72,491	32,513	2,752	(3,723)	39,010	6,530	(43,305)	190,318

Condensed group balance sheet as at 30 June 2012

	Unaudited 30 June 2012 £'000	Audited 31 Dec 2011 £'000
Non-current assets		
Intangible assets	268,100	274,275
Property, plant and equipment	2,734	3,061
Investments	2,640	2,856
Deferred income tax assets	18,481	18,636
Total non-current assets	291,955	298,828
Current assets		
Trade and other receivables	77,373	72,875
Cash and cash equivalents	12,377	19,762
Total current assets	89,750	92,637
Total assets	381,705	391,465
Current liabilities		
Trade and other payables	(90,630)	(97,695)
Current tax liabilities	(15,119)	(15,066)
Total current liabilities	(105,749)	(112,761)
Net current liabilities	(15,999)	(20,124)
Non-current liabilities		
Financial liabilities	(48,092)	(47,921)
Retirement benefit obligations	(24,563)	(23,174)
Non-current tax liabilities	(4,564)	(5,256)
Long-term provisions	(8,008)	(7,615)
Total non-current liabilities	(85,227)	(83,966)
Total liabilities	(190,976)	(196,727)
Net assets	190,729	194,738
Equity		
Share capital	84,504	84,504
Share premium account	82,040	82,040
Merger reserve	32,513	32,513
Share compensation reserve	4,368	3,388
Shares held by employee benefit trust	(3,351)	(3,739)
Translation reserve	24,528	29,040
Other reserves	6,415	6,229
Retained earnings	(40,288)	(39,237)
Equity attributable to owners of the Company	190,729	194,738

Condensed group cash flow statement

for the six months ended 30 June 2012

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000
Net cash (outflow)/ inflow from operating activities	7	(5,887)	6,735
Investing activities			
Interest received		9	78
Purchases of property, plant and equipment		(327)	(844)
Purchases of intangible assets		(1,848)	(199)
Purchase of financial assets		(25)	—
Proceeds on disposal of investments		240	147
Acquisition of subsidiaries		(248)	—
Net cash used in investing activities		(2,199)	(818)
Financing activities			
Dividends paid		(916)	(733)
Interest paid		(1,011)	(1,423)
Proceeds from borrowings		63,042	8,990
Repayment of borrowings		(60,331)	(17,893)
Proceeds from issue of shares		585	1,153
Purchase of shares		—	(1,485)
Net cash raised by/(used in) financing activities		1,369	(11,391)
Net decrease in cash and cash equivalents		(6,717)	(5,474)
Cash and cash equivalents at beginning of period		19,762	25,710
Effect of foreign exchange rate changes		(668)	474
Cash and cash equivalents at end of period		12,377	20,710

Notes

1. General information

The results for the six months ended 30 June 2012 and 30 June 2011 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 2011 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 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 in the EU.

(b) Accounting policies

The accounting policies and methods of computation applied by the Group in the half-year report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011. 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. The Group's annual financial statements for the year ended 31 December 2011 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and are available on our website: www.mcgplc.com. There are no new accounting standards which are applicable to the Group in the current period.

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 2011. 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:

	Six months ended 30 June 2012 (unaudited)			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue – continuing operations	53,878	81,685	11,268	146,831
Profit from operations – underlying	3,645	6,370	1,820	11,835
Non-recurring expenses and amortisation of acquired intangibles	(508)	(1,780)	—	(2,288)
Profit from operations	3,137	4,590	1,820	9,547
Investment income				9
Finance costs				(1,325)
Profit before tax				8,231
	Six months ended 30 June 2011 (unaudited)			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue – continuing operations	47,208	93,931	14,456	155,595
Profit from operations – underlying	4,776	8,261	2,304	15,341
Non-recurring expenses and amortisation of acquired intangibles	(777)	(824)	—	(1,601)
Profit from operations	3,999	7,437	2,304	13,740
Investment income				77
Finance costs				(1,313)
Profit before tax				12,504

(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.

	Six months ended 30 June 2012 (unaudited)		
	Alexander Proudfoot £'000	Kurt Salmon £'000	Consolidated £'000
Revenue – continuing operation	44,267	102,564	146,831
Profit from operations – underlying	5,211	6,624	11,835
Non-recurring expenses and amortisation of acquired intangibles			(2,288)
Profit from operations			9,547
Investment income			9
Finance costs			(1,325)
Profit before tax			8,231

	Six months ended 30 June 2011 (unaudited)		
	Alexander Proudfoot £'000	Kurt Salmon £'000	Consolidated £'000
Revenue – continuing operations	44,351	111,244	155,595
Profit from operations – underlying	5,855	9,486	15,341
Non-recurring expenses and amortisation of acquired intangibles			(1,601)
Profit from operations			13,740
Investment income			77
Finance costs			(1,313)
Profit before tax			12,504

4. Dividends

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend in respect of the year ended 31 December 2011 of 0.55p (2010: 0.3p) per share	2,670	1,317

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

The amount of the dividend waived in 2012 (in respect of the year ended 31 December 2011) was £64,053 (2011: £17,952).

An interim dividend of [0.23]p per share (2011: 0.2p per share) will be paid on [8] January 2013 to shareholders on the register on [7] December 2012.

5. Taxation

The effective tax rate on the reported profit before tax for the half year is 43% (30 June 2011: 27%). 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 41% (2011: 26%). Of the total tax charge, £nil (2011: £nil) arises in respect of the UK with the remainder of the charge arising outside the UK. In the prior year the total tax charge arises 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 2012 £'000	Unaudited six months ended 30 June 2011 £'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	4,704	9,123
Amortisation of acquired intangibles	1,244	1,332
Non-recurring items	1,044	269
Tax on exceptional items	(813)	(335)
Earnings for purpose of basic earnings per share excluding amortisation of acquired intangibles and non-recurring items	6,179	10,389
	Number (m)	Number (m)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share and basic excluding amortisation of acquired intangibles and non-recurring items	485.8	436.3
Effect of dilutive potential ordinary shares:		
– share options, performance share plan and warrants	—	23.3
Weighted average number of ordinary shares for the purposes of diluted earnings per share	485.8	459.6
	Pence	Pence
Basic earnings per share – continuing operations	1.0	2.1
Diluted earnings per share – continuing operations	1.0	2.0
Basic earnings per share – excluding amortisation of acquired intangibles and non-recurring items	1.3	2.4
Diluted earnings per share – excluding amortisation of acquired intangibles and non-recurring items	1.3	2.3

The average share price for the six months ended 30 June 2012 was 33.4p (30 June 2011: 34.1p).

7. Notes to the cash flow statement

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000
Profit from continuing operations	9,547	13,740
Adjustments for:		
Depreciation of property, plant and equipment	518	440
Amortisation of intangible assets	1,929	1,990
Profit on disposal of plant and equipment	—	(35)
Adjustment for cost of share-based payments	1,429	801
Increase in provisions	451	1,826
Operating cash flows before movements in working capital	13,874	18,762
Increase in receivables	(11,145)	(17,118)
(Decrease)/increase in payables	(4,108)	7,273
Cash (absorbed)/generated by operations	(1,379)	8,917
Income taxes paid	(4,508)	(2,182)
Net cash (outflow)/inflow from operating activities	(5,887)	6,735