13 August 2007

Management Consulting Group PLC

Fleet Place House
2 Fleet Place, Holborn Viaduct
London EC4M 7RF
Tel: +44 (0)20 7710 5000
Fax: +44 (0)20 7710 5001
www.mcgplc.com

Financial results for the six months ended 30 June 2007

Management Consulting Group PLC ("MCG" or "the Group"), the international management consultancy group, today announces its results for the six months ended 30 June 2007.

Key points

- Revenue up 49% on last year at £100.5 million (2006: £67.3 million)
- Profit from operations before non-recurring items and amortisation of acquired intangibles up 55% to £10.2 million (2006: £6.6 million)
- Profit from operations up 20% to £8.3 million (2006: £6.9 million)
- Profit before tax and amortisation of intangibles up 11% at £8.1 million (2006: £7.3 million)
- Basic earnings per share of 1.9 pence (2006: 2.9 pence)
- Earnings per share excluding amortisation of acquired intangibles and non-recurring items of 2.6 pence (2006: 2.7 pence)
- Current order book solidly ahead of last year on like-for-like basis
- Ineum Consulting fully integrated and performing ahead of expectations
- Interim dividend of 0.33 pence (2006: nil)

Rolf Stomberg, Chairman:

"In the light of the Group's increased size and diversity of consulting offerings, the board has decided to re-commence the payment of an interim dividend. The dividend has been set at one-third of the total pay out in respect of 2006 at 0.33 pence per share which will smooth the return to shareholders over a year."

Kevin Parry, Chief Executive:

"This is the first set of results that include Ineum Consulting in the Group for an entire reporting period. I am delighted that its integration has been completed in a timely manner. Ineum has performed robustly, ahead of our expectations at the time of its acquisition, and is clearly earnings accretive.

The Group's order book is solidly ahead of its position last year. For all our businesses the pipelines of work are good and allow us to look to the future with confidence."

For further information, please contact:

Management Consulting Group PLC

Kevin Parry	Chief Executive	020 7710 5000
Craig Smith	Finance Director	020 7710 5000

Maitland

Suzanne Bartch	020 7379 5151
Peter Ogden	020 7379 5151

An analyst briefing will be held today at the offices of Management Consulting Group PLC on the 6th floor of Fleet Place House, 2 Fleet Place, Holborn Viaduct, London EC4M 7RF at 9.30 am.

Notes to Editors

Management Consulting Group PLC (MMC.L) is a group comprising a range of consulting and professional services offerings.

It operates through five divisions: Ineum Consulting, Parson Consulting, Proudfoot Consulting, Salzer Consulting and Viaduct Consulting. Ineum Consulting provides consulting services with industry expertise. Parson Consulting specialises in financial management consulting. Proudfoot Consulting specialises in operational improvement consulting. Salzer Consulting specialises in starting, managing and restructuring businesses in Asian markets and Viaduct Consulting specialises in commercial due diligence. The businesses operate worldwide. Viaduct Consulting commenced operations in August 2007. For further information, visit www.mcgplc.com.

Important note

This interim statement contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Management Consulting Group PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this interim statement should be construed as a profit forecast.

Management Statement

The Group's trading results are ahead of the board's expectations at the time of the trading update provided on 26 April 2007: Ineum Consulting's inaugural contribution to the first half results showed significant like-for-like growth and Proudfoot Consulting performed slightly better than in the second half of last year; Parson Consulting's results were mixed.

The results for the six months ended 30 June 2007 are summarised as follows:

	Unaudited Six months ended 30 June 2007 £'000	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Revenue			
Ineum Consulting	**40,481**	-	23,709
Parson Consulting	**21,382**	15,687	34,301
Proudfoot Consulting	**38,203**	51,656	88,658
Salzer Consulting	**473**	-	222
	100,539	67,343	146,890
Underlying profit/(loss) from operations*			
Ineum Consulting	**4,584**	-	2,780
Parson Consulting	**(827)**	(1,857)	(2,108)
Proudfoot Consulting	**6,591**	8,431	15,575
Salzer Consulting	**(189)**	-	(91)
	10,159	6,574	16,156

*before non-recurring items and acquired intangible asset amortisation. In 2007, these comprise £1,277,000 integration costs and £603,000 amortisation of acquired intangible assets (six months ended 30 June 2006: release of £335,000 surplus provision).

Group results

Revenue for the six months ended 30 June 2007 was up by 49% compared with the first half of 2006.

Ineum Consulting joined the Group on 1 September 2006. The aggregate revenue of the entities acquired grew by 27% to £49.9 million (2006 first half pre-acquisition revenue: £39.3 million). The acquired financial management business is now operating as Parson Consulting and the revenue has been split in the above table in line with the reorganised operating structure.

The performance of Parson Consulting continued to be mixed. Overall the like-for-like revenue declined by 9% compared with the first half of last year due to a shortfall in the US business. There was 8% revenue growth in Europe and the rest of the world which now accounts for 72% of the Parson Consulting business.

Proudfoot Consulting's revenue increased slightly compared with the second half of last year but, as previously anticipated, declined by 26% compared with the exceptionally strong first half of last year.

Sterling's strength against the US dollar adversely impacted the reported revenue by approximately £3.7 million compared with the first half of 2006.

In the period, 27% of Group revenue was attributable to the Americas (six months ended 30 June 2006: 53%). American revenues decreased by 26% compared with the corresponding period of

2006. Of that decrease, seven percentage points are accounted for by currency translation. Europe's share of revenue was 68% (six months ended 30 June 2006: 36%) with reported revenues 180% up compared with the corresponding period of 2006 reflecting the acquisition of Ineum; on a like-for-like basis, the revenue increased by 15%. Approximately 5% (six months ended 30 June 2006: 10%) of Group revenue is earned outside the Americas and Europe.

The Group's gross margin continued to be well managed and was 50% (six months ended 30 June 2006: 51%).

Selling and underlying administrative costs increased due to the acquisitions of Ineum and Salzer. There were one-off integration costs, associated with the acquisitions, of £1.3 million which have been incurred in line with the estimate in the Ineum prospectus and substantially comprise technology, people reorganisation, legal and travel costs. The remaining non-recurring costs to be incurred in the second half will be less than £0.5 million.

The underlying profit from operations before exceptional items and the amortisation of acquired intangible assets rose by 55% to £10.2 million (six months ended 30 June 2006: £6.6 million). Including those items, profit from operations increased by 20% to £8.3 million (six months ended 30 June 2006: £6.9 million).

Net finance costs increased by £1.2 million to £0.8 million, reflecting the debt taken on to finance the acquisition and operations of Ineum Consulting. The profit before tax was little changed at £7.5 million (2006: £7.3 million).

The tax charge on pre-tax profits is 31% compared with 28% for the first half of 2006. This includes four percentage points in respect of deferred tax that is required to be charged in respect of tax deductions for goodwill but will not become payable unless consulting businesses are sold. The underlying tax rate of 27% is below the statutory rate of tax due to the utilisation of brought forward losses that the Group has not previously been able to recognise as deferred tax assets.

The consultancies

Ineum Consulting has performed ahead of expectations at the time of its acquisition. It made an underlying operating profit of £4.6 million in the first half. All sectors have performed well with particularly strong results from the public and financial sectors. Ineum Consulting continues to invest in the expansion of its offerings outside France. The margin for Ineum Consulting remained little changed on the increased revenue due to the growth in the public sector which commands lower fee rates than the private sector.

Parson Consulting's performance remained weak in North America. Overall there was an operating loss of £0.8 million, down from a loss of £1.9 million in the first half of last year. It is however too soon to see an improvement in trading associated with the recent investment in people in the US. The businesses outside the US made solid progress with a particularly strong contribution from the merged French business.

Proudfoot Consulting revenues declined in the period, resulting in an operating profit of £6.6 million (2006 first half: £8.4 million). This result was expected due to the exceptionally strong first half last year where a number of large client engagements came to a natural end. Both the European and American businesses were adversely affected. The Brazilian business, which opened last year, has grown well and is already profitable. The margin for Proudfoot Consulting remained little changed on the reduced revenue.

Salzer Consulting made a small underlying operating loss of £0.2 million. In line with the strategy for its development, we are investing in expanding its resources to meet client demand.

Earnings per share

The basic earnings per share for the six months ended 30 June 2007 decreased by 34% to 1.9 pence compared with 2.9 pence in the corresponding period last year. Excluding the impact of non-recurring items and the amortisation of intangible assets, the earnings per share were little changed at 2.6 pence compared with 2.7 pence in the first half of last year. The acquisition of Ineum enhanced earnings by approximately 22% before the amortisation of intangibles but the overall earnings advancement was held back by the reduction in Proudfoot's operating profit.

Dividend

In the light of the increase in the Group's size and increased diversity of consulting offerings, the board is pleased to re-commence the payment of an interim dividend. It is our intention in future to target an interim dividend of approximately one third of the previous final dividend. Accordingly, a dividend of 0.33 pence per share will be paid on 22 October 2007 to shareholders on the register on 21 September 2007.

Balance sheet

The Group's net debt was £28.8 million compared with net cash of £23.5 million at 30 June 2006. The overall level of net debt is the same as at the year end reflecting the absorption of working capital resulting from the growth of Ineum Consulting and the seasonality of the Group's cash flows.

Progress has been made in improving Ineum's working capital management with a net inflow in the period from the better management of receivables.

The deficit related to the closed defined benefit pension and medical plans decreased substantially from £6.1 million at 30 June 2006 to £2.9 million at 30 June 2007 as a result of cash contributions, the investment performance and the weaker US dollar compared with Sterling.

Strategic direction

Our strategic focus is unchanged. We are building a Group comprising a series of consultancies with particular specialisations in different geographies. The diversification of the offerings in 2006 has added to the strength and decreased the risks of the Group from service line and geographical perspectives. Each of the consulting businesses currently comprising the Group has excellent medium term prospects.

Ineum Consulting added new depth to our consulting offerings, enabling clients to select a Group consultancy that has deep industry expertise. Its core domestic market is France and this has resulted in a bias in the Group's revenue towards Europe. It remains our desire to build a Group with a reasonably even balance of business between North America and Europe. The integration of Ineum has progressed well and slightly ahead of our timetable; it is now fully integrated into the Group as one of the core consultancies.

In the second half of the year, the Group commenced a start-up operation, Viaduct Consulting, which provides commercial due diligence, initially serving the European market. This is in response to an identified gap in the market place for independent commercial due diligence. Its revenue and profit contribution in the current year will be immaterial.

The co-ordination of major client relationships across the consultancies continues to increase through the global accounts programme, as does engagement specific co-operation, allowing us to bring a broad range of deep expertise to our clients.

Going forward we will continue to expand the geographical overlap of the businesses to maximise the benefit that comes from our existing infrastructure. We will also expand our offerings organically and by acquisitions commensurate with the market opportunities and the absorption of prior acquisitions into the Group. Whilst size in itself is not a measure of success, the diversification of risk that comes with size and the wider product offerings are important aspects of future success.

Outlook

As anticipated, Group's order book is solidly ahead of its position at the beginning of the year and at the same time last year. On a like-for-like basis, taking account of the impact of acquisitions, the current order book is significantly higher in both Ineum Consulting and Proudfoot Consulting and marginally higher in Parson Consulting. The pipelines of work are good.

Work to be won in the remainder of the year is, as usual, a key determinant of the outcome for the year as a whole and so it is premature to comment specifically on the likely results for the current calendar year. Nevertheless, we remain confident that the Group will show good progress in 2007.

Dr Rolf Stomberg
Chairman

Kevin Parry
Chief Executive

13 August 2007

Independent review report
by Deloitte & Touche LLP to Management Consulting Group PLC

Introduction
We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 7. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Deloitte & Touche LLP
Chartered Accountants
London
13 August 2007

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Group income statement

Six months ended 30 June 2007	Note	**Unaudited Six months ended 30 June 2007 £'000**	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Continuing operations				
Revenue	3	**100,539**	67,343	146,890
Cost of sales		**(50,287)**	(32,697)	(73,415)
Gross profit		**50,252**	34,646	73,475
Selling costs		**(23,990)**	(19,370)	(40,169)
Administrative expenses – underlying		**(16,103)**	(8,702)	(17,150)
Profit from operations before non-recurring expenses and amortisation of acquired intangibles		**10,159**	6,574	16,156
Administrative (expenses)/income – non-recurring		**(1,277)**	335	(1,765)
Profit from operations before amortisation of acquired intangibles		**8,882**	6,909	14,391
Administrative expenses – amortisation of acquired intangibles		**(603)**	-	(943)
Total administrative expenses		**(17,983)**	(8,367)	(19,858)
Profit from operations	3	**8,279**	6,909	13,448
Investment income		**459**	531	1,176
Finance costs		**(1,271)**	(125)	(1,276)
Profit before tax		**7,467**	7,315	13,348
Tax expense	5	**(2,318)**	(2,014)	(4,598)
Profit for the period		**5,149**	5,301	8,750
Earnings per share – pence				
From continuing operations				
Basic	6	**1.9**	2.9	4.1
Diluted	6	**1.9**	2.8	4.1
Basic – excluding amortisation of acquired intangibles and non-recurring items	6	**2.6**	2.7	5.4

Group statement of recognised income and expense

Six months ended 30 June 2007	**Unaudited Six months ended 30 June 2007 £'000**	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Exchange differences on translation of foreign operations	**(1,178)**	(3,261)	(4,904)
Actuarial gains on defined benefit pension fund and medical schemes	**1,783**	3,734	3,284
Tax on items taken directly to equity	**101**	449	600
Net income(expense) recognised directly in equity	**706**	922	(1,020)
Profit for the period	**5,149**	5,301	8,750
Total recognised income and expense for the period	**5,855**	6,223	7,730

Group balance sheet

As at 30 June 2007

	Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 Dec 2006 £'000
Non-current assets			
Intangible assets	**161,804**	67,419	162,546
Property, plant and equipment	**2,261**	1,460	2,294
Deferred income tax assets	**3,345**	1,258	3,597
Total non-current assets	**167,410**	70,137	168,437
Current assets			
Trade and other receivables	**44,447**	12,979	46,800
Cash and cash equivalents	**9,640**	23,484	10,278
Total current assets	**54,087**	36,463	57,078
Total assets	**221,497**	106,600	225,515
Current liabilities			
Borrowings	**(17,287)**	-	(14,792)
Trade and other payables	**(48,346)**	(27,056)	(54,103)
Current tax liabilities	**(7,308)**	(3,915)	(5,728)
Total current liabilities	**(72,941)**	(30,971)	(74,623)
Net current (liabilities)/assets	**(18,854)**	5,492	(17,545)
Non-current liabilities			
Borrowings	**(21,182)**	-	(24,255)
Retirement benefit obligation	**(2,857)**	(6,146)	(5,411)
Non-current tax liabilities	**(7,572)**	(5,294)	(7,711)
Long-term provisions	**(757)**	(476)	(829)
Non-current accruals	**(425)**	(480)	(497)
Total non-current liabilities	**(32,793)**	(12,396)	(38,703)
Total liabilities	**(105,734)**	(43,367)	(113,326)
Net assets	**115,763**	63,233	112,189
Equity			
Share capital	**67,775**	47,488	67,735
Share premium account	**38,189**	38,151	38,163
Merger reserve	**32,513**	5,683	32,513
Shares to be issued	**-**	46	46
Share compensation reserve	**1,225**	1,133	1,492
Own shares held by employee share trust	**(1,296)**	(1,270)	(1,270)
Translation reserve	**(6,339)**	(3,518)	(5,161)
Other reserves	**7,064**	7,064	7,064
Retained earnings	**(23,368)**	(31,544)	(28,393)
Total equity	**115,763**	63,233	112,189

Group cash flow statement

Six months ended 30 June 2007

	Note	**Unaudited Six months ended 30 June 2007 £'000**	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Net cash from operating activities	7	**4,784**	5,690	(1,954)
Investing activities				
Interest received		**297**	442	1,013
Acquisitions of subsidiaries, net of cash and overdrafts acquired		**(204)**	-	(44,932)
Purchases of property, plant and equipment		**(597)**	(403)	(1,202)
Purchases of intangible assets		**(510)**	(1,193)	(1,363)
Net cash used in investing activities		**(1,014)**	(1,154)	(46,484)
Financing activities				
Dividends paid	4	**(2,667)**	(1,486)	(1,486)
Interest paid		**(1,272)**	-	-
Net (repayment of)/proceeds from borrowings		**(523)**	-	39,009
Refinancing of acquired borrowings by term debt		**-**	-	(15,211)
Proceeds from issue of shares		**13**	120	282
Net cash (used in)/raised by financing activities		**(4,449)**	(1,366)	22,594
Net (decrease)/increase in cash and cash equivalents		**(679)**	3,170	(25,844)
Cash and cash equivalents at beginning of period		**10,278**	21,555	21,555
Net impact of new borrowings and refinancing		**-**	-	14,792
Effect of foreign exchange rate changes		**41**	(1,241)	(225)
Cash and cash equivalents at end of period		**9,640**	23,484	10,278

Notes

1. General information

The information for the year ended 31 December 2006 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified pursuant to Section 235 of the Companies Act 1985 and did not contain a statement under Section 237 (2) or (3) of that Act.

2. Significant accounting policies

(a) ***Basis of preparation***
The interim report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).

The interim report was approved by the board on 13 August 2007.

(b) ***Accounting policies***
The accounting policies and methods of computation applied by the Group in the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006. The Group's consolidated financial statements for the year ended 31 December 2006 are available on our website www.mcgplc.com.

Notes (continued)

3. Segmental information

The Group operates in three geographical areas – North America, Europe and Rest of the World. The following is an analysis of the revenue and results for the period, analysed by geographic segment, the Group's primary basis of segmentation:

Income statement

Six months ended 30 June 2007 (Unaudited)	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue				
External sales	**26,723**	**68,669**	**5,147**	**100,539**
Profit from operations before acquisition integration costs, depreciation and amortisation of acquired intangibles	**2,955**	**7,592**	**512**	**11,059**
Amortisation of acquired intangibles	**-**	**(603)**	**-**	**(603)**
Depreciation and other amortisation	**(164)**	**(697)**	**(39)**	**(900)**
Profit from operations before non-recurring items	**2,791**	**6,292**	**473**	**9,556**
Acquisition integration costs	**-**	**(1,247)**	**(30)**	**(1,277)**
Profit from operations	**2,791**	**5,045**	**443**	**8,279**
Finance costs (net)				**(812)**
Profit before tax				**7,467**
Income tax expense				**(2,318)**
Profit for the period				**5,149**

Notes (continued)

Six months ended 30 June 2006 (Unaudited)	**Americas** £’000	**Europe** £’000	**Rest of World** £’000	**Consolidated** £’000
Revenue				
External sales	35,935	24,552	6,856	67,343
Profit from operations before release of indemnity provision, acquisition integration costs, depreciation and amortisation of acquired intangibles	4,856	2,629	(325)	7,160
Amortisation of acquired intangibles	-	-	-	-
Depreciation and other amortisation	(348)	(218)	(20)	(586)
Profit/(loss) from operations before non-recurring items	4,508	2,411	(345)	6,574
Release of indemnity provision	-	-	335	335
Profit/(loss) from operations	4,508	2,411	(10)	6,909
Investment income (net)				406
Profit before tax				7,315
Income tax expense				(2,014)
Profit for the period				5,301

Notes (continued)

4. Dividends

	Unaudited 2007 £'000	Audited 2006 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2006 of 1.0p (2005: 0.8p) per share	**2,667**	1,486

Dividends are not payable on shares held in the employee share trust which has waived its entitlement to dividends. The amount of the dividend waived in 2006 (in respect of the year ended 31 December 2006) was £42,000 (2006: £34,000). An interim dividend of 0.33 pence per share will be paid on 22 October 2007 to shareholders on the register on 21 September 2007.

5. Taxation

The effective tax charge for the half year is 31% (30 June 2006: 28%), based on profit before tax. The charge includes four percentage points in respect of deferred tax. The underlying tax rate of 27% is below the statutory rate due to the utilisation of brought forward tax losses. Of the total tax charge, £0.2 million arises within the UK (2006: £0.2 million) and £2.1 million overseas (2006: £1.8 million).

Notes (continued)

6. Earnings per share

From continuing operations

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

	Unaudited Six months ended 30 June 2007 £'000	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Earnings for the purposes of basic earnings per share and diluted earnings per share being net profit attributable to equity holder of the parent	**5,149**	5,301	8,750
Amortisation of acquired intangibles	**603**	-	943
Earnings for the purpose of basic earnings per share excluding amortisation of acquired intangibles	**5,752**	5,301	9,693
Non-recurring items	**1,277**	(335)	1,765
Earnings for the purpose of basic earnings per share excluding amortisation of acquired intangibles and non-recurring items	**7,029**	4,966	11,458
	Number (million)	Number (million)	Number (million)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share, basic excluding amortisation and basic excluding amortisation and non-recurring items	**266.8**	185.5	212.5
Effect of dilutive potential ordinary shares:			
Share options	**0.8**	1.5	1.3
Long-term incentive plan	**-**	0.2	0.2
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**267.6**	187.2	214.0
	Pence	Pence	Pence
Basic earnings per share	**1.9**	2.9	4.1
Diluted earnings per share	**1.9**	2.8	4.1
Basic – excluding amortisation of acquired intangibles and non-recurring items	**2.6**	2.7	5.4

The average share price for the six months ended 30 June 2007 was 48.3 pence (30 June 2006: 57.3 pence and 31 December 2006: 54.3 pence).

Notes (continued)

7. Notes to the cash flow statement

	Unaudited Six months ended 30 June 2007 £'000	Unaudited Six months ended 30 June 2006 £'000	Audited Year ended 31 Dec 2006 £'000
Profit from operations	**8,279**	6,909	13,448
Adjustments for:			
Depreciation of property, plant and equipment	**570**	386	1,000
Amortisation of intangible assets	**933**	200	1,790
Loss on disposal of plant and equipment	**9**	-	79
Adjustment for pension funding	**(530)**	(1,235)	(2,008)
Adjustment for share options charge	**375**	444	804
Decrease in provisions	**(72)**	(395)	(493)
Operating cash flows before movements in working capital	**9,564**	6,309	14,620
Decrease/(Increase) in receivables	**3,019**	1,912	(6,447)
Decrease in payables	**(5,953)**	(1,429)	(5,858)
Cash generated by operations	**6,630**	6,792	2,315
Income taxes paid	**(1,846)**	(1,102)	(4,269)
Net cash from operating activities	**4,784**	5,690	(1,954)

Cash and cash equivalents comprise cash at bank and short term deposits with a maturity of three months or less.