

6 March 2014

10 Fleet Place

London EC4M 7RB

Tel: +44 (0)20 7710 5000

Fax: +44 (0)20 7710 5001

MCG Announces Preliminary Results for 2013

*Stronger second half performance in Alexander Proudfoot
and encouraging progress in Kurt Salmon*

Management Consulting Group PLC ("MCG" or "the Group"), the global professional services group, today announces its results for the year ended 31 December 2013.

Key points

- Revenues of £257.3m (2012: £285.8m); approximately 10% lower
- Underlying* operating profit of £21.2m (2012: £25.7m), with underlying operating profit margin slightly lower at 8.2% (2012: 9.0%)
- Profit from operations of £17.5m, down 4% (2012: £18.2m) with improved margin on profit from operations - up at 6.8% (2012: 6.4%). Retained profit for the year of £9.1m (2012: £10.4m restated)
- Strong cash generation in the second half of the year resulting in closing net debt of £39.8m (2012: £30.3m), approximately 1.5x adjusted EBITDA**
- Underlying* EPS of 2.4p (2012: 3.2p restated); basic EPS 1.9p (2012: 2.1p restated)
- Proposed final dividend of 0.595p per share. Total dividend unchanged at 0.825p per share (2012: 0.825p per share)

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

**Adjusted EBITDA is adjusted operating profit, after adding back depreciation and amortisation and certain other non-cash items including the cost of share awards.

The results for the year ended 31 December 2012 have been restated for the impact of amendments to "IAS 19, Employee Benefits", which are explained further in note 2.

Nick Stagg, Chief Executive, commented:

"Whilst the Group's results for 2013 do not match those in the previous year, the second half performance was significantly better than the first half. We remain focused on improving the

performance of Alexander Proudfoot and will invest in this business in 2014 to improve its longer term performance. Kurt Salmon has had a good start to the year and we expect to see some underlying revenue growth and a continued slight improvement in operating margins in 2014. Overall, we remain focused on leveraging our core expertise and market leading positions to deliver improved results.”

For further information please contact:

Management Consulting Group PLC

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

FTI Consulting

Ben Atwell		020 7831 3113
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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 6 March at 9.30am.

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 helps clients to embed disciplined execution in their operations to achieve growth targets, revenue and profit goals. 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.

Forward looking statements

This preliminary announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Management Consulting Group PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the directors' current views and information known to them at 6 March 2014. The directors do not make any undertakings to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Nothing in this statement should be construed as a profit forecast.

Chairman's Statement

The performance of the Group's businesses in 2013 was adversely affected by a poor first half in Alexander Proudfoot and the continued impact of market weakness on the Kurt Salmon operations in France. We saw a much improved performance overall in the second half of the year, which has provided a more encouraging start to 2014.

In Kurt Salmon we have worked hard to protect our margins and profitability to mitigate the effects of market weakness in France, where Kurt Salmon has its largest and most broadly based practice. Our French business remains a market leader and is well positioned to benefit as conditions in the country improve. In other European markets, in North America and in Asia, Kurt Salmon has continued to make progress. I am pleased that we improved our margin in Kurt Salmon despite lower revenues, a reflection of the actions taken in the last two years to focus on the profitability of our core practices, as well as the market strength of the Kurt Salmon brand, the quality of our offering to clients, and the capabilities and dedication of our people. Although it is still early, the first weeks of the new financial year have shown promise across the Kurt Salmon business.

After a weak first half, Alexander Proudfoot's revenues recovered strongly in the second half, up more than 40% on the previous six months, but the results for the year as a whole did not match those reported in 2012. Alexander Proudfoot has had a weak start to 2014, and although the pipeline of prospects is encouraging, and taking into account currency headwinds, we have a cautious view on the outlook for the business at this stage of the year. The volatility seen in Alexander Proudfoot over the course of the 2013 has been a feature in previous years, and will remain an issue for the business whilst it is based on the sale and delivery of a relatively small number of discrete large scale projects in any given year. Proudfoot has a unique and compelling offering and the Board has concluded that development and investment are now required to provide it with a firm platform for profitable growth in the future. We expect these initiatives to have some negative impact on the profitability of the Alexander Proudfoot business during 2014, but over time they should help to build a more stable and predictable revenue base and drive top-line growth.

As announced on 5 March, Luiz Carvalho has stepped down as CEO of Alexander Proudfoot and as a director of MCG. I would like to thank Luiz for his valuable contribution as CEO of Alexander Proudfoot and as a director of MCG over many years. Nick Stagg will now take on the role of CEO of Alexander Proudfoot on an interim basis in addition to his Group CEO role. Whilst Nick is fulfilling the Alexander Proudfoot role I will increase my day to day involvement with the Group, supporting Nick and the executive management team. It remains my intention, as announced on 13 December 2013, to step down as Chairman of MCG at the end of 2014.

The Group remains in a strong financial position and our net indebtedness at the end of 2013 of £39.8m was approximately 1.5 times adjusted EBITDA. We will continue to focus on promoting

profitable growth in the business to benefit our shareholders. The Board is proposing to maintain the dividend for the full year at 0.825 pence per share.

Kurt Salmon and Alexander Proudfoot deliver work of the highest quality to their clients. We continue to work to develop our businesses through investment and recruitment in those sectors and geographies where there are good prospects for profitable growth. If we continue to maintain and grow our client base, whilst sustaining and improving the quality of our offering, we will deliver value to our shareholders and provide satisfying opportunities for our people.

Alan Barber
Chairman
6 March 2014

Chief Executive's review

Overview

MCG has two operating divisions: Alexander Proudfoot and Kurt Salmon, which serve a broad range of industries in a number of geographies. MCG operates globally with approximately 96% of revenue in 2013 coming from projects delivered outside the UK.

The Group delivered a much improved performance in the second half of 2013, following a poor first half driven by a disappointing result in Alexander Proudfoot. The year as a whole was also affected by weakness in the Kurt Salmon business in France although in Kurt Salmon outside France we saw improved momentum, and a better overall performance in the second half leading to an enhanced margin for the year as a whole.

MCG's strategy is to exploit the platform provided by its existing businesses, which are leaders in their fields, in order to drive organic revenue and margin growth. We have no current intention to make large-scale acquisitions, but will look to add capabilities where appropriate through smaller acquisitions and team hires. We will focus on opportunities for growth in markets and industry sectors where we can readily exploit our strengths. The geographical spread of our businesses and our existing global office infrastructure will support an increase in operational activity. We are committed to continuing to deliver efficiencies in the Group's operations and to enhancing financial discipline across the Group.

Results for the year

Total revenue for the year ended 31 December 2013 was £257.3m, 10% lower than the previous year (2012: £285.8m). Two principal factors contributed to the reduction in revenue. First, Alexander Proudfoot's revenues in the first half of 2013 were significantly lower than those seen over the previous two-and-a-half years, and although they recovered strongly in the second half of the year, revenues for 2013 as a whole were nearly £18m, some 21% lower than in 2012. Second, revenues in Kurt Salmon's French business were some £10m lower than the previous year as a result of continued weakness in that market. The change in overall revenues in Kurt Salmon was also affected by the management action to divest or restructure during 2012 and 2013 non-core and low margin practices, as a result removing more than £5m of revenue year to year on a like-for-like basis. These effects were mitigated by continued revenue growth in Kurt Salmon elsewhere in Europe, and in North America and Asia.

Underlying operating profit in 2013 was £21.2m (2012: £25.7m), the £4.5m reduction principally reflecting the impact of lower revenues and margins in Alexander Proudfoot. Underlying operating profit in Kurt Salmon was higher than the previous year, but the weaker revenue and its margin

impact in Alexander Proudfoot in the first half resulted in a slightly lower underlying operating profit margin for the Group for the year as a whole of 8.2% (2012: 9.0%).

We continue to seek to align the performance of employees in each of our businesses with objectives that are consistent with value creation for our shareholders. Underlying operating profit for 2013 reflects a charge of £3.9m relating to share awards made to employees (2012: £3.1m). During the year 100 senior employees (including directors) received awards over approximately 13.6 million shares in total, generally vesting over three years and conditional upon continued employment, and in some cases also subject to financial or share price performance. At the year end there were total awards in place over 48.8 million shares relating to 135 employees (2012: 43.3 million shares and 112 employees). Some 25.5 million of these share awards, should they vest, are required to be satisfied from existing MCG shares, and the other awards may be satisfied from existing or new shares. The Group's Employee Benefit Trusts held 11.9 million shares at the year end for this purpose, and a further 2.4 million treasury shares were held which may be used to satisfy share awards. Some 160 of our employees now either hold shares in MCG or have received conditional awards over MCG shares.

For 2013 the Group is reporting net non-recurring expenses of £1.5m (2012: £5.3m). These comprise £1.2m relating to redundancy and similar costs, mainly in France, and a loss on disposal of £0.3m relating to the sale of Cleversys, a non-core IT business within Kurt Salmon.

The charge for amortisation of acquired intangibles was £2.2m (2012: £2.3m). Consequently the profit from operations decreased to £17.5m (2012: £18.2m), a margin of 6.8% (2012: 6.4%).

The net interest expense was unchanged at £3.5m (2012: £3.5m restated). Revisions to IAS 19 mean that the reported net interest charge for 2013 (and 2012 as restated) now includes an imputed charge in relation to defined benefit pensions of £1.2m (2012: £1.0m restated).

The profit before tax was slightly lower at £14.0m (2012: £14.7m restated). The tax charge was £4.9m (2012: £4.3m). After adjusting for non-underlying items the underlying effective tax rate was 34% (2012: 30% restated). The increase in the underlying tax rate in 2013 reflects the fact that in 2012 some previously unrecognised tax losses were recognised in the deferred tax asset.

Consequently, the profit for the year attributable to the shareholders decreased to £9.1m (2012: £10.4m restated). Underlying earnings per share were 2.4p (2012: 3.2p restated) and basic earnings per share were 1.9p (2012: 2.1p restated).

Balance sheet and dividend

The weak first half revenue performance in 2013 resulted in net debt rising to £51.7m at the half year stage, however strong cash generation in the second half reduced net debt by £11.9m to £39.8m at

the end of the year (2012: £30.3m). This equates to 1.46x adjusted EBITDA for 2013 as measured for the purpose of the Group's borrowing facility. Cash generated by operations was £6.7m, lower than in the previous year (2012: £14.9m) as a result of lower operating profits and unfavourable working capital movements.

On 30 October 2012 MCG announced that it intended to commence a share buy-back programme to make market purchases of its ordinary shares of up to £5m over the succeeding twelve months, and on 31 October 2013 it announced that this programme would be extended for a further six months. Up to 31 December 2013 the Company had purchased 2.8 million of its ordinary shares of 1p each for a total consideration of £0.7m.

The interim dividend for 2013 of 0.23p per share was paid on 7 January 2014. The Board is recommending, subject to shareholder approval, an unchanged total dividend for the year of 0.825p per share. The directors therefore recommend, subject to shareholder approval, a final dividend for 2013 of 0.595p per share to be paid on 2 July 2014 to shareholders on the register on 16 May 2014.

Alexander Proudfoot

Results for the year

Notwithstanding a strong recovery in the second half, the weak first half performance in Alexander Proudfoot led to a disappointing result for the year as a whole with revenues 21% lower than the previous year at £68.8m (2012: £86.7m).

The lower revenues resulted in a reduced underlying operating profit for the year as a whole of £7.4m (2012: £12.2m) and lowered margins. The underlying profit margin for the year was 10.8% (2012: 14.1%).

The weak revenue performance in the first half of 2013 reflected the impact of a reduced order book position at the end of 2012 and slow order intake in the early part of 2013. The order intake picked up significantly as the year progressed and this was the basis of a strong recovery in revenues and margin in the second half, delivering 40% higher revenues than the first half, and a second half operating profit margin broadly in line with the same period in 2012.

The number of staff employed by Alexander Proudfoot increased from 294 at the end of 2012 to 337 at the end of 2013. The business operates a flexible global staffing model and employee numbers were higher at times during 2013 to meet the requirements of client projects.

Review of operations

During 2013 Alexander Proudfoot was organised on the basis of six business units: Europe, North America, South Africa, Brazil, Chile and Hong Kong. The business is headquartered in Atlanta in the United States. Alexander Proudfoot serves clients globally from these locations.

The first half weakness was not focused on one particular geography or sector, although the proportion of work for clients in the natural resources sector was lower than in 2012, at close to one-third of total revenue for the year. The nature of the work in this sector has also shifted as commodity prices have softened, from throughput/revenue-related work to production efficiency/cost reduction. Alexander Proudfoot has continued to find success across a range of other industries, with the financial services and manufacturing sectors being the most significant sources of revenue alongside natural resources clients.

In the North American business unit, revenues were slightly down year on year, but this unit provided approximately 40% of total divisional revenues in 2013, reflecting stronger momentum in terms of activity levels in the United States relative to other geographies.

In Western Europe the business has focused on three core markets: the UK, France and Germany. In recent years it has also generated significant revenues from projects sold to natural resources clients headquartered in Europe, which are typically delivered at operational locations in other parts of the world. As a result, the lower level of natural resources work in 2013 contributed to significantly lower revenues in the European business in the year.

Alexander Proudfoot operates very effectively in emerging markets. The Hong Kong business unit was established in early 2013 and had a successful first year, generating £1.3m in revenues. Overall revenues from the two South American business units increased year on year, although those in the South African unit were significantly lower as a result of the reduced levels of activity in the natural resources sector. In overall terms, nearly 50% of Alexander Proudfoot's revenues in 2013 related to work delivered (rather than sold) outside North America and Western Europe.

Alexander Proudfoot has demonstrated over many years that it has a unique and compelling offering that produces real and sustainable performance improvement for its clients. The business has a global reach and a flexible capability and is well placed to grow in those industry sectors where it has a strong track record of success, in both developed and emerging markets. The weak performance in the first half of 2013 has highlighted the potential volatility in the revenue profile of the business over a short term reporting cycle, given the typically large scale of most of its individual client projects. Proudfoot's current business model does not necessarily produce a regular cycle of recurring work with the same client over a period of several years. In order to mitigate this, the business has continued to focus on building long-term relationships with existing and prospective clients as well as

driving individual project sales. Approximately two-thirds of 2013 revenues related to work for clients with whom the business had an existing relationship.

However, as noted, the MCG Board and the Alexander Proudfoot management team intend to continue to work to develop and invest in the offering further to provide a more stable revenue base and establish a sound platform for long term growth.

Kurt Salmon

Results for the year

Kurt Salmon reported an overall decrease in revenues in 2013 but a small increase in underlying operating profit reflecting management action to drive margin improvement.

Overall revenues for the year were £188.5m, some 5.3% lower than the previous year (2012: £199.0m). The lower revenues reflect weaker activity in France, mitigated by some growth in other markets. Notwithstanding lower revenues, Kurt Salmon reported an increase in underlying operating profit for the year to £13.8m (2012: £13.5m) and an improved underlying operating margin of 7.3% (2012: 6.8%).

In 2012 and 2013 management divested or restructured certain non-core low margin practices within Kurt Salmon. This removed more than £5m of revenue year on year and contributed both to the lower total revenues in Kurt Salmon and the improved margin. In September 2013 Kurt Salmon completed the sale of Cleversys, an IT implementation practice that operated alongside the Kurt Salmon consulting business in France. Cleversys' revenues in 2013 as part of the MCG Group were £5.0m (2012: £6.4m).

The number of staff employed by Kurt Salmon decreased during the year from 1,350 at the end of 2012 to 1,131 at the end of 2013. The overall headcount reduction reflects the decisions taken by management to adapt to lower levels of activity in France, both in terms of natural attrition and redundancies implemented during the year, and the impact of the disposal of Cleversys. Kurt Salmon continues to recruit in the higher growth sectors and geographies within the business.

Review of operations

Kurt Salmon is organised on the basis of geographic locations and global industry verticals. Kurt Salmon has its headquarter operations in Paris and New York. In Continental Europe Kurt Salmon operates from offices in France, Germany, Belgium Luxembourg, and Switzerland. It operates in the UK from MCG's head office location in London, and in the United States from New York, Atlanta and San Francisco. In Asia, Kurt Salmon has offices in Tokyo, Shanghai and Hong Kong.

The French consulting practice produced about 45% of Kurt Salmon's total revenues in 2013 and market conditions in France are therefore a key driver for the business as a whole. Kurt Salmon remains a leader in the French management consulting market with a stable blue chip client base. A high proportion of its annual revenues are derived from clients who have been commissioning work from Kurt Salmon for many years and the French business was resilient through the weak economic conditions that prevailed in the wake of the 2008 financial crisis. In 2012 it was clear that economic uncertainty related to the Eurozone crisis had adversely affecting spending by our existing clients on consulting services in France. Whilst the Eurozone issues eased in 2013, the underlying weakness in the French economy that emerged more clearly in the second half of the year continued to affect the level of revenues in France, which were some 10% lower in 2013 than 2012. As a result the Kurt Salmon management team actively managed costs and staff resources in the French business during 2013 to align these with lower revenue levels.

The Kurt Salmon business in France is broadly based in terms of industry coverage; the most significant sectors are financial services, industrials and the public sector. Consulting spend by some financial sector clients was again subdued in 2013, and revenue from public sector work decreased sharply compared with 2012. In contrast, revenue from industrial clients increased slightly. Many clients were cautious in the year and we saw a trend towards commissioning smaller multiple consulting projects over time, rather than single larger projects.

Elsewhere in Europe, Kurt Salmon has operations in the UK, Germany, Luxembourg, Belgium and Switzerland, which together represented approximately 12% of total divisional revenues in 2013. In overall terms these other European practices performed well in 2013, generating double-digit revenue growth on a like-for-like basis, led by a particularly strong performance from the retail practice in Germany.

Kurt Salmon's operations in North America represented approximately 35% of total divisional revenues in 2013, the largest element of which related to the retail and consumer goods practice. In most respects this business performed well in 2013, although positive revenue growth trends in the core retail consulting businesses, particularly in relation to the interaction of bricks and mortar and digital retail platforms, were offset by a weaker performance in that part of the practice working with private equity clients on retail-focused transactions. Our North American healthcare consulting practice continued to make good progress and won a significant new project outside its core market to advise on a major hospital development in the Middle East. The US financial services practice, based in New York, also made good progress in 2013, reporting increased revenues.

In Asia, Kurt Salmon's businesses in Japan and China are focused on the retail sector and together represented less than 5% of total divisional revenues in 2013. Our Japanese business has seen improved demand as confidence has improved in the wake of a more expansionary fiscal policy, and

reported revenue growth in local currency of nearly 30% in 2013, although this was significantly lower in Sterling terms as a result of the weaker Yen. The Chinese business, acquired in 2011, continues to make good progress.

Whilst growth in the French economy stalled during most of 2013 and business confidence was damaged by the failure so far to implement long-term restructuring initiatives, there are signs that client activity levels for Kurt Salmon appear to have stabilised, and the business has had a good start to 2014. Revenue growth in the French business in 2014 is chiefly dependent on whether we see a better trading environment driven by a significant improvement in business confidence. France will remain an important and profitable market for Kurt Salmon. In North America and Asia there are good short-term prospects for organic growth.

Summary

Whilst the Group's results for 2013 as a whole do not match those in the previous year, the performance of both our businesses was significantly better in the second half of the year than in the first.

Alexander Proudfoot had a difficult start to 2013, and whilst the second half performance improved significantly, the result for the year as a whole was disappointing. Kurt Salmon's performance was affected by weakness in the French market, where it remains a leading player in the consulting sector, but we took action in 2013 to adjust resources to the right level and therefore to protect our margins. Elsewhere, in our other European operations, and in North America and Asia, Kurt Salmon continued to perform well, and the operating profit margin in Kurt Salmon as a whole improved.

Outlook

MCG reports its results in Sterling but its revenues and costs are largely incurred and billed in other currencies. The recent strengthening of Sterling against both the Euro and US Dollar, and recent currency volatility in some emerging markets, if these were to persist, will affect year on year revenue trends reported in Sterling. The impact may be greater on the Alexander Proudfoot business, which has a significant proportion of its revenues in emerging markets currencies, the South African Rand and Brazilian Real in particular. The margin impact of such currency volatility on the Group's reported results in Sterling is however partly mitigated by the fact that a significant part of the Group's operating costs are based in these same local currencies.

Kurt Salmon has had a good start to 2014 in all key geographies and the current order book position is ahead of the same time last year with a healthy pipeline of prospects at this stage. Client activity in our French business has been encouraging in the first two months of the year, and the business is properly resourced to manage expected demand. In the US, the Kurt Salmon retail and consumer goods practice delivered a strong finish to 2013 and the positive trend has continued into 2014. The

management team at Kurt Salmon has positioned the business to take advantage of the increasing challenges facing its clients in terms of digital transformation, and this provides opportunities for profitable growth in 2014. The current outlook for Kurt Salmon as a whole in 2014 is for some revenue growth and a continued slight improvement in operating margins.

The Board's efforts will focus on maintaining and improving the performance of Alexander Proudfoot for the long term. At this stage we retain a cautious view on the outlook for this business in 2014. The order intake in Alexander Proudfoot in the latter part of 2013 slowed a little, and the level of the year end order book, although higher than the position at the beginning of the year, was lower than at the 2013 half year stage. The rate of order intake in the first two months of 2014 has been slower than expected, although the current order book is satisfactory and the pipeline of prospects is encouraging. The rate of conversion of the current pipeline to order input will now need to increase in order to deliver revenues for the first half of 2014 that are significantly higher than the same period in 2013, and material revenue growth for 2014 as a whole. As noted, currency headwinds will also affect reported revenues.

In the light of the performance in 2013 and the slow start to 2014, the Board of MCG has undertaken a review of the business to explore ways to develop the offering to provide a more secure revenue base, and establish a sound platform for long term growth. It is likely that the initiatives that result will require some investment in the business in 2014, which will have some adverse impact on margins this year, notwithstanding the quantum of revenues that are delivered.

Kurt Salmon has had a good start to 2014 in all key geographies and the current order book position is ahead of the same time last year with a healthy pipeline of prospects at this stage. Client activity in our French business has been encouraging in the first two months of the year, and the business is properly resourced to manage expected demand. In the US, the Kurt Salmon retail and consumer goods practice delivered a strong finish to 2013 and the positive trend has continued into 2014. The management team at Kurt Salmon has positioned the business to take advantage of the increasing challenges facing its clients in terms of digital transformation, and this provides opportunities for profitable growth in 2014. The current outlook for Kurt Salmon as a whole in 2014 is for some revenue growth and a continued slight improvement in operating margins.

MCG retains a strong position in its key European markets and has well-established positions and brands in North America where economic growth is expected to be more robust. Approximately 17% of MCG's 2013 revenues were derived from projects delivered outside the developed economies of North America and Western Europe, and emerging markets continue to provide opportunities for growth which may not be so readily available elsewhere.

We will continue to work to develop our businesses with selective investment and recruitment in those sectors and geographies where there are good prospects for profitable growth in order to deliver value to our shareholders.

Group income statement

	Note	2013 £'000	2012 £'000 restated
Continuing operations			
Revenue	4	257,304	285,759
Cost of sales		(165,226)	(185,308)
Gross profit		92,078	100,451
Administrative expenses – underlying		(70,898)	(74,705)
Profit from operations – underlying		21,180	25,746
Administrative expenses - non-recurring other (net)		(1,525)	(5,304)
Profit from operations before amortisation of acquired intangibles		19,655	20,442
Administrative expenses - amortisation of acquired intangibles		(2,161)	(2,255)
Total administrative expenses		(74,584)	(82,264)
Profit from operations	4	17,494	18,187
Investment revenues	8	121	239
Finance costs	8	(3,595)	(3,732)
Profit before tax		14,020	14,694
Tax	9	(4,897)	(4,304)
Profit for the year attributable to owners of the company		9,123	10,390

Earnings per share – pence

From profit for the year attributable to owners of the company

Basic	10	1.9	2.1
Diluted	10	1.8	2.1
Basic – underlying	10	2.4	3.2
Diluted – underlying	10	2.3	3.1

Results for the year ended 31 December 2012 have been restated for the impact of amendments to “IAS 19 Employee Benefits”, which are explained further in note 2.

Group statement of comprehensive income

	2013	2012
	£'000	£'000
		restated
Profit for the year	9,123	10,390
Items that will not be subsequently reclassified to profit and loss:		
Actuarial gains/ (losses) on defined benefit post-retirement obligations	5,205	(3,434)
Tax on comprehensive income items	1,124	11
	6,329	(3,423)
Items that may be subsequently reclassified to profit and loss:		
(Loss)/ gain on available-for-sale investments	(83)	154
Exchange differences on translation of foreign operations	1,912	(5,826)
	1,829	(5,672)
Total comprehensive income the year attributable to owners of the company	17,281	1,295

Group statement in changes of equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share compensation reserve £'000	Shares held by employee benefits trust £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2013	84,504	82,040	32,513	5,732	(3,627)	23,214	6,383	(36,193)	194,566
Profit for the year	-	-	-	-	-	-	-	9,123	9,123
Exchange differences	-	-	-	-	-	1,912	-	-	1,912
Actuarial movements	-	-	-	-	-	-	-	5,205	5,205
Loss on AFS investments	-	-	-	-	-	-	(83)	-	(83)
Tax on comprehensive income items	-	-	-	-	-	-	-	1,124	1,124
Tax on equity items	-	-	-	-	-	-	-	(195)	(195)
Share-based payments	-	-	-	3,039	-	-	-	-	3,039
Lapsed/ vested shares	-	-	-	(2,532)	140	-	-	2,069	(323)
Shares acquired by employee benefits trust	-	-	-	-	(718)	-	-	-	(718)
Shares transferred from employee benefits trust	-	-	-	-	94	-	-	-	94
Dividends paid to shareholders	-	-	-	-	-	-	-	(2,878)	(2,878)
Balance at 31 December 2013	84,504	82,040	32,513	6,239	(4,111)	25,126	6,300	(21,745)	210,866
Balance at 1 January 2012	84,504	82,040	32,513	3,388	(3,739)	29,040	6,229	(39,237)	194,738
Profit for the year - restated	-	-	-	-	-	-	-	10,390	10,390
Exchange differences	-	-	-	-	-	(5,826)	-	-	(5,826)
Actuarial movements - restated	-	-	-	-	-	-	-	(3,434)	(3,434)
Gain on AFS investments	-	-	-	-	-	-	154	-	154
Tax on comprehensive income items	-	-	-	-	-	-	-	11	11
Tax on equity items	-	-	-	-	-	-	-	(138)	(138)
Share-based payments	-	-	-	2,344	-	-	-	-	2,344
Shares acquired by employee benefits trust	-	-	-	-	(284)	-	-	-	(284)
Shares transferred from employee benefits trust	-	-	-	-	396	-	-	-	396
Dividends paid to shareholders	-	-	-	-	-	-	-	(3,785)	(3,785)
Balance at 31 December 2012	84,504	82,040	32,513	5,732	(3,627)	23,214	6,383	(36,193)	194,566

Group balance sheet

	2013	2012
	£'000	£'000
Non-current assets		
Intangible assets and goodwill	266,806	266,397
Property, plant and equipment	2,724	2,646
Investments	2,444	2,025
Deferred tax assets	16,486	19,985
Total non-current assets	288,460	291,053
Current assets		
Trade and other receivables	68,709	63,988
Current tax receivable	1,941	2,376
Cash and cash equivalents	14,669	14,863
Total current assets	85,319	81,227
Total assets	373,779	372,280
Current liabilities		
Trade and other payables	(70,787)	(82,374)
Current tax liabilities	(9,014)	(12,147)
Total current liabilities	(79,801)	(94,521)
Net current assets/ (liabilities)	5,518	(13,294)
Non-current liabilities		
Financial liabilities	(54,481)	(45,150)
Retirement benefit obligations	(19,582)	(24,761)
Non-current tax liabilities	(3,764)	(4,516)
Long-term provisions	(5,285)	(8,766)
Total non-current liabilities	(83,112)	(83,193)
Total liabilities	(162,913)	(177,714)
Net assets	210,866	194,566
Equity		
Share capital	84,504	84,504

Share premium account	82,040	82,040
Merger reserve	32,513	32,513
Share compensation reserve	6,239	5,732
Shares held by employee benefits trust	(4,111)	(3,627)
Translation reserve	25,126	23,214
Other reserves	6,300	6,383
Retained earnings	(21,745)	(36,193)
Total equity attributable to owners of the company	210,866	194,566

Group cash flow statement

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	11	1,842	4,609
Investing activities			
Interest received		30	29
Purchases of property, plant and equipment		(1,213)	(778)
Purchases of intangible assets		(1,333)	(2,713)
Proceeds on disposal of fixed assets		-	908
Purchase of financial assets		(362)	(90)
Proceeds on financial assets		-	1,426
Disposal of subsidiaries		98	-
Acquisition of subsidiaries		(320)	(295)
Net cash used in investing activities		(3,100)	(1,513)
Financing activities			
Interest paid		(2,067)	(2,295)
Dividends paid		(3,890)	(3,632)
Proceeds from borrowings		29,543	70,612
Repayment of borrowings		(20,617)	(70,659)
Proceeds on issue of shares		-	600
Share buyback		(718)	(284)
Net cash generated from/ (used in) financing activities		2,251	(5,658)
Net increase/ (decrease) in cash and cash equivalents		993	(2,562)
Cash and cash equivalents at beginning of year		14,863	19,762
Effect of foreign exchange rate changes		(1,187)	(2,337)
Cash and cash equivalents at end of year		14,669	14,863

Notes

1. Basis of preparation

The financial information included in this statement does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012, but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the Company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under Section 498 Companies Act 2006.

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

The Group's Annual Report and Accounts and notice of Annual General Meeting will be sent to shareholders on 21 March 2014 and will be available at the Company's registered office at 10 Fleet Place, London, EC4M 7RB, United Kingdom and on our website: www.mcgplc.com.

The Annual General Meeting will be held at 2.30pm on 25 April 2014 at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA.

2. Accounting policies

The financial information has been prepared in accordance with IFRS. These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (as at 31 December 2013). The policies have been consistently applied to all the periods presented.

2012 results have been restated to reflect amendments to IAS 19 "Employee Benefits". The most significant change relates to the accounting for changes in defined benefit obligations and scheme assets. Under the restatement the 2012 consolidated income statement is £1,271,000 lower and the statement of comprehensive income is £1,271,000 higher. Further details regarding the retrospective application of IAS 19 are available in note 2 of the 2013 Annual Report.

Full details of the Group's accounting policies can be found in note 2 to the 2012 Annual Report which is available on our website: www.mcgplc.com.

3. Going concern

The Group can draw up to £85 million under its fully revolving credit facility which runs until July 2016. The Group prepares regular business forecasts and monitors its projected compliance with its banking covenants, which are reviewed by the Board. Forecasts are adjusted for reasonable sensitivities which address the principal risks to which the Group is exposed. Consideration is given to the potential actions available to management to mitigate the impact of one or more of these sensitivities, in particular the discretionary nature of a significant amount of cost incurred by the Group. On this basis the Board has concluded that it is appropriate to continue to adopt the going concern basis in the Group's financial statements.

4. Segmental information

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

Inter-segmental sales are not significant.

(a) Geographical analysis

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

(i) Revenue and underlying operating profit by geography

	Americas	Europe	Rest of World	Group
Year ended 31 December 2013	£'000	£'000	£'000	£'000
Revenue - continuing operations	108,426	129,662	19,216	257,304
Profit from operations before non-recurring expenses and amortisation of acquired intangibles	13,079	6,268	1,833	21,180
Non-recurring expenses and amortisation of acquired intangibles	(1,239)	(2,447)	-	(3,686)
Profit from operations	11,840	3,821	1,833	17,494
Investment income				121
Finance costs				(3,595)
Profit before tax				14,020

	Americas	Europe	Rest of World	Group
Year ended 31 December 2012	£'000	£'000	£'000	£'000
Revenue - continuing operations	106,136	156,016	23,607	285,759
Profit from operations before non-recurring expenses and amortisation of acquired intangibles	9,510	12,559	3,677	25,746
Non-recurring expenses and amortisation of acquired intangibles	(2,031)	(5,518)	(10)	(7,559)
Profit from operations	7,479	7,041	3,667	18,187
Investment income (restated)				239
Finance costs (restated)				(3,732)
Profit before tax (restated)				14,694

The revenue and underlying profit for Europe includes the Group's operations in the UK, which represented less than 5% of total Group revenue in 2013 (2012: 5%).

(ii) Net assets by geography

	Americas	Europe	Rest of World	Group
At 31 December 2013	£'000	£'000	£'000	£'000
Assets				
Intangibles, including goodwill	110,426	153,089	3,291	266,806
Other segment assets	43,913	55,586	5,708	105,207
	154,339	208,675	8,999	372,013
Unallocated corporate assets				1,766
Consolidated total assets				373,779
Liabilities				
Segment liabilities	(66,661)	(87,065)	(6,261)	(159,987)
Unallocated corporate liabilities				(2,926)
Consolidated total liabilities				(162,913)
Net assets				210,866

	Americas	Europe	Rest of World	Group
At 31 December 2012	£'000	£'000	£'000	£'000
Assets				
Intangibles, including goodwill	113,525	149,582	3,290	266,397
Other segment assets	42,182	55,218	4,871	102,271
	155,707	204,800	8,161	368,668
Unallocated corporate assets				3,612
Consolidated total assets				372,280
Liabilities				
Segment liabilities	(71,025)	(90,886)	(7,161)	(169,072)
Unallocated corporate liabilities				(8,642)
Consolidated total liabilities				(177,714)
Net assets				194,566

(iii) Capital additions, depreciation and amortisation by geography

	Americas	Europe	Rest of World	Group
Year ended 31 December 2013	£'000	£'000	£'000	£'000
Capital additions	1,907	387	231	2,525
Unallocated corporate additions				21
Total capital additions				2,546
Depreciation and amortisation	2,631	2,340	91	5,062

	Americas	Europe	Rest of World	Group
Year ended 31 December 2012	£'000	£'000	£'000	£'000
Capital additions	2,970	464	45	3,479
Unallocated corporate additions				12
Total capital additions				3,491
Depreciation and amortisation	1,937	2,698	63	4,698

(b) Revenue and underlying operating profit by operating segment

The two operating segments are combined into one reportable segment owing to similar underlying economic characteristics across the practices. Not all significant non-recurring items and financial items can be allocated to the practices and are therefore disclosed for the reportable segment as a whole. Assets and liabilities by practice are not reviewed by the Board and are therefore not disclosed.

	Alexander Proudfoot	Kurt Salmon	Total
Year ended 31 December 2013	£'000	£'000	£'000
Revenue - continuing operations	68,760	188,544	257,304
Underlying operating profit	7,352	13,828	21,180
Non-recurring expenses and amortisation of acquired intangibles			(3,686)
Profit from operations			17,494
Investment income			121
Finance costs			(3,595)
Profit before tax			14,020

	Alexander Proudfoot	Kurt Salmon	Total
Year ended 31 December 2012	£'000	£'000	£'000
Revenue - continuing operations	86,749	199,010	285,759
Underlying operating profit	12,205	13,541	25,746
Non-recurring expenses and amortisation of acquired intangibles			(7,559)
Profit from operations			18,187
Investment income (restated)			239
Finance costs (restated)			(3,732)
Profit before tax (restated)			14,694

5. Profit before tax

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

	Note	2013 £'000	2012 £'000
Net foreign exchange gains		(269)	(210)
Amortisation of intangible assets		4,073	3,607
Depreciation of property, plant and equipment		989	1,091
Gain on disposal of fixed assets		(116)	(571)
Non-recurring items		1,525	5,304
Staff costs	7	159,816	173,421

Non-recurring items in 2013 comprise of £1.2m in relation to restructuring costs within Kurt Salmon and £0.3m in respect of a loss on disposal of a subsidiary.

Non-recurring items in 2012 comprised of £2.9m in relation to restructuring within Kurt Salmon, which included £2.9m for redundancy and related expenses and a write down of £0.4m in respect of assets held for disposal offset by £0.4m income from asset disposals, and £2.4m in respect of property costs.

6. Dividends

	2013 £'000	2012 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2012 of 0.595p per share (2011: 0.55p)	2,878	2,670
Interim dividend for the year ended 31 December 2012 of 0.23p per share	-	1,115
	2,878	3,785

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 2013 (in respect of the interim dividend for the year ended 31 December 2012) was £32,934 (2012: £27,943).

The 2012 final dividend of 0.595p per share was paid on 2 July 2013.

The 2013 interim dividend of 0.23p per share was paid on 7 January 2014.

The directors propose a final dividend of 0.595 p per share for the year ended 31 December 2013.

7. Staff numbers and costs

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

	2013	2012
	Number	Number
Sales and marketing	124	98
Consultants	1,238	1,356
Support staff	219	240
	1,581	1,694

The number of Group employees at the yearend was 1,490 (2012: 1,697).

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£'000	£'000
Wages and salaries	129,039	139,677
Social security costs	26,184	29,191
Other pension costs	4,593	4,553
	159,816	173,421

8. Investment revenues and finance costs

Investment revenues	2013	2012
	£'000	£'000
		restated
Interest receivable on bank deposits and similar income	30	29
Gain in relation to financial instruments	91	210
	121	239

Finance costs	2013	2012
	£'000	£'000
		restated
Interest payable on bank overdrafts and loans and similar charges	(2,435)	(2,746)
Finance costs on retirement benefit plans	(1,160)	(986)
	(3,595)	(3,732)

9. Tax

UK corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

Recognised in the income statement:	Before Non- underlying items 2013 £'000	Non- underlying items 2013 £'000	Total 2013 £'000	Before Non- underlying items 2012 £'000	Non-underlying items 2012 £'000	Total 2012 £'000
Income tax expense on continuing operations						
Current tax						
Current year	5,665	(418)	5,247	7,279	(774)	6,505
Adjustment in respect of prior years	(3,287)	-	(3,287)	473	-	473
Current tax expense/(credit)	2,378	(418)	1,960	7,752	(774)	6,978
Deferred tax						
Current year	6,547	(780)	5,767	(1,069)	(1,605)	(2,674)
Adjustment in respect of prior years	(2,830)	-	(2,830)	-	-	-
Deferred tax expense/(credit)	3,717	(780)	2,937	(1,069)	(1,605)	(2,674)
Total income tax						
Income tax expense/(credit) on continuing activities	6,095	(1,198)	4,897	6,683	(2,379)	4,304

10. Earnings per share

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

	2013	2012
Earnings	£'000	£'000
		restated
Earnings for the purposes of basic earnings per share and diluted earnings per share being net profit attributable to equity holders of the parent	9,123	10,390
Non-recurring items	1,525	5,304
Amortisation of acquired intangibles	2,161	2,255
Taxation on non-recurring items and amortisation of acquired intangibles	(1,198)	(2,379)
Earnings for the purpose of basic earnings per share excluding non-recurring items and amortisation of acquired intangibles	11,611	15,570

Number of shares	Number (million)	Number (million)
Weighted average number of ordinary shares for the purposes of basic earnings per share, and basic excluding non-recurring items and amortisation of acquired intangibles	484.0	485.5
Effect of dilutive potential ordinary shares:		
Restricted share plans	14.4	12.5
Weighted average number of ordinary shares for the purposes of diluted earnings per share	498.4	498.0

	Pence	Pence
Basic earnings per share attributable to owners of the company	1.9	2.1
Diluted earnings per share attributable to owners of the company	1.8	2.1
Basic earnings per share - excluding non-recurring items and amortisation of acquired intangibles	2.4	3.2
Diluted earnings per share - excluding non-recurring items and amortisation of acquired intangibles	2.3	3.1

The average share price for the year ended 31 December 2013 was 27.4p (2012: 28.5p).

11. Notes to the cash flow statement

	2013	2012
	£'000	£'000
Profit from operations	17,494	18,187
Adjustments for:		
Depreciation of property, plant and equipment	989	1,091
Amortisation of intangible assets	4,073	3,607
Profit on disposal of fixed assets	(116)	(571)
Adjustment for share awards	3,928	3,146
Loss on disposal of subsidiary	279	-
(Decrease)/ increase in provisions	(4,692)	1,151
Other non-cash items	(33)	(197)
Operating cash flows before movements in working capital	21,922	26,414
(Increase)/ decrease in receivables	(4,625)	3,168
Decrease in payables	(10,634)	(14,730)
Cash generated by operations	6,663	14,852
Income taxes paid	(4,821)	(10,243)
Net cash inflow from operating activities	1,842	4,609