RPS GROUP PLC
(“RPS” or “the Group”)

Interim Results for the six months ended 30 June 2016

Group performance impacted significantly by continuing severe downturn in global oil and gas sector. Other businesses performed well. Recent investment in Project Management capability successfully broadening skills. Strong operating cash flow. Consequences of UK referendum outcome unclear.

	H1 2016	H1 2015	H1 2015 (constant currency) [3]
Revenue (£m)	**291.4**	284.1	292.2
Fee income (£m)	**260.8**	253.4	260.6
PBTA [1] (£m)	**20.2**	28.8	29.9
Adjusted earnings per share [2] (basic) (p)	**6.44**	9.50	9.89
Dividend per share (p)	**4.66**	4.66	4.66
Statutory profit before tax (£m)	**10.9**	17.9	18.6
Statutory earnings per share (basic) (p)	**3.93**	6.00	6.23

(1) PBTA is profit before tax, amortisation and impairment of acquired intangibles and transaction related costs.
(2) Adjusted earnings per share is before amortisation and impairment of acquired intangibles and transaction related costs and the related tax.
(3) 2015 results restated at 2016 currency rates.

Brook Land, Chairman, commenting on the results, said:

“The Group’s long term strategy of building a diverse international business has enabled us to produce a creditable result despite the impact of the worst downturn the global oil and gas sector has experienced. Our operating cash flow was once again strong.

“Our cost reduction programme coupled with apparently emerging market stability, gives the Board a reasonable expectation that our Energy business is likely to perform better in the second half. Our BNE:Europe and AAP businesses also have the potential for growth in the rest of the year.

“It is too soon to be able to anticipate the impact of the UK referendum vote on the Group. Our Europe business is diverse and strong and has an experienced management team. I am confident that they will respond effectively to the consequences of Brexit, whatever they may be.”

4 August 2016

ENQUIRIES

RPS Group plc
Dr Alan Hearne, *Chief Executive* **Tel: 01235 863206**
Gary Young, *Finance Director*

Instinctif Partners
Matthew Smallwood **Tel: 020 7457 2020**
Justine Warren

RPS is a multi-disciplinary international consultancy providing advice upon the development and management of the built and natural environment, the planning and development of strategic infrastructure and the evaluation and development of Energy, Water and other resources. We have offices in the UK, Ireland, the Netherlands, Norway, North America and Australia Asia Pacific and undertake projects in many other parts of the world.

Results

Profit (before tax, amortisation and impairment of acquired intangibles and transaction related costs) was £20.2 million (2015: £28.8 million; £29.9 million on a constant currency basis). Statutory profit before tax was £10.9 million (2015: £17.9 million; £18.6 million on a constant currency basis). Basic earnings per share (before amortisation, impairment and transaction related costs) were 6.44 pence (2015: 9.50 pence; 9.89 pence on a constant currency basis).

The contribution of the Group's four segments was:

Segment Profit (£m)	**H1 2016**	H1 2015	H1 2015 (constant currency)[1]
Built and Natural Environment: Europe	**16.4**	14.3	14.6
: North America	**4.6**	5.3	5.8
Energy	**(1.4)**	9.6	9.9
Australia Asia Pacific ("AAP")	**6.3**	5.8	6.0
Total[2]	**25.8**	35.0	36.2

(1) 2015 results restated at 2016 currency rates.
(2) after reorganisation costs of £3.9 million (2015: £0.9 million).

The relative change in contribution from the four segments has been rapid and significant; BNE: Europe comprised almost two thirds of Group profit in the period. Each of the non-Energy segments has some degree of oil and gas sector exposure. This held back their growth and impacted margins. Sterling was weaker on average in the first half of this year in comparison to last year, particularly, in respect of USD, Euro and AUD. The fall in sterling since the Brexit referendum, unless reversed, will provide a benefit in the second half when consolidating the results of overseas earnings. The provision for doubtful debts totalling £7.0m made in respect of Energy at the year-end remains sufficient.

Group central costs reduced to £3.1 million (2015: £3.6 million). Finance charges reduced to £2.5 million (2015: £2.7 million), reflecting the better terms of the revolving credit facility, additional debt taken on to fund acquisitions and the Group's strong cash generation.

Funding and Dividend

Our conversion of profit into cash was again strong. We funded acquisition investment of £19.2 million in the period, including £7.8 million deferred consideration from acquisitions made in prior years. Net bank borrowings at 30 June 2016 were £95.0 million (31 December 2015: £78.8 million).

Since July 2015 we have had in place a five year £150 million revolving credit facility with Lloyds Bank plc and HSBC Bank plc. In addition, about five years remain on the £30.0 million and $34.1 million fixed term, fixed rate notes issued through Pricoa in 2014. Our interest cover at 30 June was 10.0 times well above the bank covenant of 4.0 times. Our leverage at 30 June was 2.2, well below the bank covenant of 3.0. We anticipate our good operating cash flow to continue in the remainder of the year and leverage to reduce by the year end.

The Board remains confident about the Group's financial strength. However, given the markets we experienced in the first half, as well as the uncertainty created by the UK vote to leave the EU, it has decided to hold the Interim dividend at the 2015 level and review the appropriate level for the full year when it recommends the final dividend. The interim dividend will, therefore, be 4.66 pence (2015: 4.66 pence), payable on 14 October 2016 to shareholders on the register on 16 September 2016. The Board has also decided to take a more cautious approach to investment in acquisitions until the future becomes clearer.

Markets and Trading

Built and Natural Environment ("BNE")

Europe

Within this business we primarily provide a wide range of consultancy services to many aspects of the property and infrastructure development and management sectors. The business delivered a good performance in the period.

	H1 2016	H1 2015	H1 2015 (constant currency)[1]
Fee income (£m)	**131.2**	106.1	108.2
Segment profit (£m) [2]	**16.4**	14.3	14.6
Margin %	**12.5**	13.4	13.5

[1] 2015 results restated at 2016 currency rates
[2] after reorganisation costs of £0.4 million (2015: £0.1 million).

Those activities which assist clients develop new capital projects, particularly our planning and development business in the UK, continued to benefit both from good market conditions and client confidence through most of the period. Some softness became apparent, however, towards the end of the half year, possibly linked to the EU referendum. The integration of DBK (acquired in April 2016) into this part of the business has begun encouragingly.

Those activities exposed to operational environments continued to need to offer an efficient, cost effective service to assist clients in managing tight budgets. Our water business in the UK, in particular, achieved this and performed well in the period.

This segment includes the Group's Norwegian business: the process of integrating OEC (acquired November 2013) and Metier (acquired April 2015) to form that country's leading project management consultancy has moved forward significantly in recent months. Nonetheless, these businesses experienced an adverse impact from the downturn in the oil and gas sector in that country. They have responded by focussing on those sectors of the economy which are benefiting from increased investment, particularly private sector IT and public sector infrastructure.

The Board continues to believe this segment is capable of delivering good growth in the full year. However, the UK decision to leave the EU could cause disruption if our clients, particularly those in the UK property development and infrastructure sectors, decide to change their investment plans. The scale and impact of this cannot yet be determined.

North America

This business was formed from parts of our North American Energy business in 2013 and, as a result, still has a significant exposure to the oil and gas sector. Although other parts of the business have performed well, this exposure held back progress, particularly in the first part of the year, as oil and gas clients reduced and delayed expenditure. This impacted both fee income and margin.

	H1 2016	H1 2015	H1 2015 (constant currency)[1]
Fee income (£m)	**32.0**	28.6	30.5
Segment profit (£m) [2]	**4.6**	5.3	5.8
Margin %	**14.4**	18.7	18.9

[1] 2015 results restated at 2016 currency rates
[2] after reorganisation costs of £0.2 million (2015: £0.1 million)

The acquisition of Iris, based in San Francisco, in October 2015 continued the process of diversifying into more traditional environmental consultancy activities. It is working successfully with GaiaTech (acquired May 2014), which operates from Chicago in a similar market. Klotz (acquired February 2015) also continues to perform well in the infrastructure market in Texas.

We expect full year growth to be achieved in our non oil and gas activities, but those exposed to oil and gas clients will probably remain under pressure. The overall outcome for the full year still seems likely to show a modest decline in contribution.

Energy

We provide internationally recognised consultancy services to the oil and gas industry from bases in the UK, USA and Canada. The activity levels in this market declined at an unexpected pace in the first few months of the year, although some signs of stability have emerged recently. A significant reorganisation cost was incurred in further headcount reduction and office closures. The scale of the downturn in this sector is unprecedented and the impact on our Energy business and, consequently, the Group has been dramatic. Energy contributed £35 million segment profit in 2014 and £11 million in 2015. In the 12 months ended June 2016 it broke even, after reorganisation costs of £2.4 million in that period.

	H1 2016	H1 2015	H1 2015 (constant currency)[1]
Fee income (£m)	**35.3**	67.3	69.0
Segment profit (£m) [2]	**(1.4)**	9.6	9.9
Margin %	**(4.1)**	14.3	14.3

[1] 2015 results restated at 2016 currency rates.
[2] after reorganisation costs of £2.4m (2015: £0.4m).

The collapse in the oil price towards the end of 2015 and the early weeks of 2016 coincided with the period caused many of our clients in the oil and gas sector to review spending plans for the current year. Subsequently, we saw announcements of major reductions in their expenditure plans. These came on top of significant cuts in 2015 and materially affected the level of new commissions in our Energy business. We, therefore, continued to reduce our cost base, including a further 25% reduction in permanent headcount in the first half, on top of the 19% reduction in 2015. At the same time staff were grouped into a small number of core offices. Reorganisation costs of £2.4 million were incurred in the first half. We also further and significantly reduced our use of external sub-consultants. The scale of these changes inevitably caused significant disruption to day to day operations.

The high level of uncertainty felt across the sector in the first quarter reduced a little in the second quarter. This seems to be an early sign the market is beginning to stabilise. The Board currently envisages a lower level of reorganisation costs in the second half. The business will also benefit from a significantly reduced cost base. The Board currently believes that, unless the market deteriorates again, the second half should see an improved performance, with the business returning to profit.

AAP

This business is a combination of the former BNE:AAP and the AAP component of Energy. They were brought together in 2013 to help counter the impact of the slowdown in the resources sector by focusing more upon the buoyant infrastructure sector. This strategy is working, although the rate of decline in our Western Australian businesses, which supply services to the mining and oil and gas industries, increased in the first half.

	H1 2016	H1 2015	H1 2015 (constant currency)[1]
Fee income (£m)	**63.2**	52.3	53.8
Segment profit (£m) [2]	**6.3**	5.8	6.0
Margin %	**10.0**	11.0	11.1

[1]2015 results restated at 2016 currency rates
[2]after reorganisation costs of £1.0 million (2015: £0.3 million)

The business had an excellent 2015 and performed well in the first half of 2016. We are benefiting from our repositioning strategy and, in particular, the acquisition of our third project management consultancy in Australia, EIG, in October 2015. Our resources businesses in Western Australia were again faced with a shrinking market and, as a result, produced a significantly reduced contribution in the first half compared with the same period in 2015. We further reduced our cost base and were able to relocate from our main office in Perth to smaller premises. This involved a significant cost, which reduced the operating margin, but which will be largely offset by reduced rent in the second half.

We see the markets in Western Australia remaining difficult in the second half. However, compensating for this, our recent investment on the east coast and particularly in the management of major infrastructure projects, particularly in New South Wales and Victoria as well as for the Federal Government, is proving successful. This investment supported the first half result and provides the structure to deliver growth in the full year.

Strategy and Segmentation

In 2013 we merged the AAP component of Energy with the BNE: AAP business. The creation of this multi-disciplinary business has helped the Group combat the major downturn in the resources sector in Australia. As a result of the severe downturn in the oil and gas sector, the Board has decided to adopt a similar strategy in both Europe and North America by creating single multi-disciplinary businesses in both these regions also.

Energy is currently managed by two regional boards, in EAME and North America. With effect from 1 January 2017 the EAME element is likely to be merged with our BNE:Europe business and Energy:North America is likely to be merged with our BNE: North America business. In those circumstances we would trade and report three regional segments: Europe, AAP and North America.

This potential new structure will be developed during the course of the second half. The 2016 Results will be presented in the current segments. The regional Boards will be responsible for identifying future acquisition opportunities as circumstances allow.

Succession

Our Senior Independent Director is responsible for succession, along with the Nomination Committee, of which he is Chair. Our current succession plan was developed some time ago and is updated as circumstances require.

We remain on track to achieve the orderly transfer of responsibilities from Dr Phil Williams before he retires at the end of September to our CEO, Dr Alan Hearne. The enlarged Executive Committee, described in the 2015 Annual Report, will be in place by the beginning of 2017.

Having set these actions in motion, our Chairman believes this is an appropriate time to step down from the Board and recently announced his intention to retire when a suitable replacement is found. Recruitment for that position is underway. We anticipate the new Chair will, in conjunction with the SID and Nomination Committee, review the appropriate composition of the Board for the next stage in the Group's development and update the succession plan accordingly.

Second Half Prospects

Conditions in the oil and gas sector are likely to remain challenging, although the market is showing some signs of stabilising. Our Energy business will benefit in the second half from the steps we have taken to reduce our cost base and should incur lower reorganisation costs. As a result it should move back into profit. This and the potential for growth in BNE:Europe and AAP should underpin an improvement in Group profit in the second half. Following the UK Brexit vote, we are benefitting from the weakness of sterling when consolidating overseas earnings. It is, however, too soon to judge whether the consequences of the referendum vote will, overall, influence our second half performance in any material way.

Board of Directors
RPS Group plc
4 August 2016

Condensed consolidated income statement

£000's	*Notes*	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Revenue	*3*	291,431	284,088	566,972
Recharged expenses	*3*	(30,627)	(30,648)	(60,862)
Fee income	*3*	260,804	253,440	506,110
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	*3*	22,691	31,434	56,845
Amortisation and impairment of acquired intangibles and transaction related costs	*4*	(9,278)	(10,873)	(41,940)
Operating profit	*3*	13,413	20,561	14,905
Finance costs		(2,574)	(2,746)	(5,232)
Finance income		44	93	182
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs		20,161	28,781	51,795
Profit before tax		10,883	17,908	9,855
Tax expense	*5*	(2,215)	(4,698)	(3,013)
Profit for the period attributable to equity holders of the parent		8,668	13,210	6,842
Basic earnings per share (pence)	*6*	3.93	6.00	3.11
Diluted earnings per share (pence)	*6*	3.91	5.98	3.09
Adjusted basic earnings per share (pence)	*6*	6.44	9.50	16.57
Adjusted diluted earnings per share (pence)	*6*	6.41	9.46	16.47

Condensed consolidated statement of comprehensive income

£000's	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Profit for the period	8,668	13,210	6,842
Exchange differences*	28,516	(13,933)	(9,181)
Remeasurement of net defined benefit liability	-	(176)	234
Tax on remeasurement of defined benefit liability	-	-	(63)
Total recognised comprehensive (expense)/income for the period attributable to equity holders of the parent	37,184	(899)	(2,168)

*may be reclassified subsequently to profit or loss in accordance with IFRS.

Condensed consolidated balance sheet

£000's	Notes	As at 30 June 2016	As at 30 June 2015	As at 31 December 2015
Assets				
Non-current assets:				
Intangible assets		450,367	420,311	416,658
Property, plant and equipment	*7*	27,973	25,388	26,504
Deferred tax asset		5,225	4,174	4,281
		483,565	449,873	447,443
Current assets:				
Trade and other receivables		173,376	170,521	157,430
Cash at bank		18,878	17,227	17,801
		192,254	187,748	175,231
Liabilities				
Current liabilities:				
Borrowings		2,054	246	525
Deferred consideration		22,273	19,893	20,383
Trade and other payables		122,928	111,668	112,309
Corporation tax		2,872	5,890	4,014
Provisions		1,584	1,272	1,161
		151,711	138,969	138,392
Net current assets		40,543	48,779	36,839
Non-current liabilities :				
Borrowings		111,862	89,668	96,055
Deferred consideration		6,652	13,941	9,890
Other creditors		2,442	2,973	2,162
Deferred tax		9,993	15,119	10,043
Provisions		1,669	1,798	1,642
		132,618	123,499	119,792
Net assets		391,490	375,153	364,490
Equity				
Share capital	*9*	6,686	6,660	6,667
Share premium		113,352	111,533	112,026
Other reserves	*10*	28,871	(3,163)	1,149
Retained earnings		242,581	260,123	244,648
Total shareholders' equity		391,490	375,153	364,490

Condensed consolidated cash flow statement

£000's	*Notes*	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Cash generated from operations	12	28,257	47,774	92,628
Interest paid		(2,054)	(2,340)	(6,021)
Interest received		44	93	182
Income taxes paid		(8,088)	(4,857)	(11,737)
Net cash from operating activities		18,159	40,670	75,052
Cash flows from investing activities:				
Purchases of subsidiaries net of cash acquired		(6,557)	(23,319)	(35,354)
Deferred consideration		(7,784)	(3,628)	(16,568)
Purchase of property, plant and equipment		(3,641)	(3,345)	(7,963)
Sale of property, plant and equipment		116	267	465
Net cash used in investing activities		(17,866)	(30,025)	(59,420)
Cash flows from financing activities:				
Proceeds from/(repayment of) bank borrowings		8,420	(562)	4,831
Payment of finance lease liabilities		(23)	(45)	(66)
Dividends paid	11	(11,267)	(9,668)	(19,973)
Payment of pre-acquisition dividend		-	(70)	(169)
Net cash used in financing activities		(2,870)	(10,345)	(15,377)
Net (decrease)/increase in cash and cash equivalents:		(2,577)	300	255
Cash and cash equivalents at beginning of period		17,322	17,046	17,046
Effect of exchange rate fluctuations		2,079	(321)	21
Cash and cash equivalents at end of period		16,824	17,025	17,322
Cash and cash equivalents comprise:				
Cash at bank		18,878	17,227	17,801
Bank overdraft		(2,054)	(202)	(479)
Cash and cash equivalents at end of period		16,824	17,025	17,322

Condensed consolidated statement of changes in equity

£000's	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2016	6,667	112,026	244,648	1,149	364,490
Total comprehensive income for the period	-	-	8,668	28,516	37,184
Issue of new ordinary shares	19	1,326	(555)	(794)	(4)
Share based payment expense	-	-	1,087	-	1,087
Dividends	-	-	(11,267)	-	(11,267)
At 30 June 2016	6,686	113,352	242,581	28,871	391,490
At 1 January 2015	6,640	110,100	256,386	11,551	384,677
Total comprehensive expense for the period	-	-	13,034	(13,933)	(899)
Issue of new ordinary shares	20	1,433	(672)	(781)	-
Share based payment expense	-	-	1,043	-	1,043
Dividends	-	-	(9,668)	-	(9,668)
At 30 June 2015	6,660	111,533	260,123	(3,163)	375,153

An analysis of other reserves is provided in Note 10.

Notes to the condensed consolidated financial statements

1. Basis of preparation

RPS Group Plc (the "Company") is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

The condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2015 and in accordance with IAS 34. They are unaudited but have been reviewed by the Company's auditor. The results for the year end 31 December 2015 and the balance sheet as at that date are abridged from the Company's Report and Accounts 2015 which have been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters for which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

In assessing the going concern basis, the directors considered the Group's business activities, the financial position of the Group and the Group's financial risk management objectives and policies. The directors have a reasonable expectation that, despite the current uncertain economic environment, the Company and Group have adequate resources to continue in operational existence for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the Group's interim financial statements.

2. Responsibility Statement

The directors confirm that, to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 and that this Interim Report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R.

On behalf of the Board

A. S. Hearne Chief Executive	G. R. Young Group Finance Director

4 August 2016

3. Business segments

Segment information is presented in respect of the Group's business segments which are reported to the Chief Operating Decision Maker. The business segment reporting format reflects the Group's management and internal structure. Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments of the Group are as follows:

Built and Natural Environment ("BNE") – consultancy services to many aspects of the property and infrastructure development and management sectors. These include: environmental assessment, the management of water resources, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. Consulting services are provided on a regional basis in Europe and North America.

Energy – the provision of integrated technical, commercial and project management support and training in the fields of geoscience, engineering and health, safety and environment on a global basis to the energy sector.

Australia Asia Pacific ("AAP") – in the AAP region there is a single board that manages the BNE and Energy services we provide in that region. Accordingly, the results of this business are reported as a separate segment.

Certain central costs are not allocated to the segments because either they predominantly relate to the running of the Group Head Office function or could only be allocated to the segments on an arbitrary basis, such costs include the remuneration and support costs of the main board and the costs of the Group Finance and marketing functions.

"Segment profit" is defined as profit before interest, tax, amortisation of acquired intangibles, transaction related costs and unallocated expenses.

"Underlying profit" is defined as segment profit before reorganisation costs.

"Reorganisation costs" comprises costs and income arising as a consequence of reorganisation such as redundancy costs, profit or loss of disposal of plant, property and equipment, the costs of consolidating office space and rebranding costs.

Segment results for the period ended 30 June 2016:

£000s	Fees	Expenses	Intersegment revenue	External revenue
BNE – Europe	131,205	17,332	(275)	148,262
BNE - North America	31,957	3,675	(81)	35,551
Energy	35,300	4,327	(329)	39,298
AAP	63,171	5,358	(209)	68,320
Group eliminations	(829)	(65)	894	-
Total	260,804	30,627	-	291,431

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE – Europe	16,751	(383)	16,368
BNE - North America	4,753	(151)	4,602
Energy	928	(2,366)	(1,438)
AAP	7,344	(1,037)	6,307
Total	29,776	(3,937)	25,839

Segment results for the period ended 30 June 2015:

£000s	Fees	Expenses	Intersegment revenue	External revenue
BNE - Europe	106,108	14,572	(403)	120,277
BNE - North America	28,586	3,382	(172)	31,796
Energy	67,280	7,409	(239)	74,450
AAP	52,300	5,418	(153)	57,565
Group eliminations	(834)	(133)	967	-
Total	253,440	30,648	-	284,088

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE - Europe	14,323	(54)	14,269
BNE - North America	5,445	(104)	5,341
Energy	10,045	(400)	9,645
AAP	6,061	(303)	5,758
Total	35,874	(861)	35,013

Segment results for the period ended 31 December 2015:

£000s	Fees	Expenses	Intersegment revenue	External revenue
BNE – Europe	222,437	30,503	(808)	252,132
BNE - North America	58,672	7,713	(343)	66,042
Energy	122,971	13,931	(938)	135,964
AAP	104,153	9,045	(364)	112,834
Group eliminations	(2,123)	(330)	2,453	-
Total	506,110	60,862	-	566,972

£000s	Underlying profit	Reorganisation costs	Segment profit
BNE – Europe	30,871	(549)	30,322
BNE - North America	10,741	(166)	10,575
Energy	11,810	(904)	10,906
AAP	12,539	(409)	12,130
Total	65,961	(2,028)	63,933

Group reconciliation

£000's	30 June 2016	30 June 2015	31 Dec 2015
Revenue	291,431	284,088	566,972
Recharged expenses	(30,627)	(30,648)	(60,862)
Fees	260,804	253,440	506,110
Underlying profit	29,776	35,874	65,961
Reorganisation costs	(3,937)	(861)	(2,028)
Segment profit	25,839	35,013	63,933
Unallocated expenses	(3,148)	(3,579)	(7,088)
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	22,691	31,434	56,845
Amortisation and impairment of acquired intangibles and transaction related costs	(9,278)	(10,873)	(41,940)
Operating profit	13,413	20,561	14,905
Net finance costs	(2,530)	(2,653)	(5,050)
Profit before tax	10,883	17,908	9,855

Total segment assets were as follows:

£000's	30 June 2016	30 June 2015	31 Dec 2015
BNE - Europe	347,808	298,969	298,159
BNE - North America	79,689	66,235	74,821
Energy	97,034	145,718	114,440
AAP	147,732	117,976	131,009
Unallocated	3,557	8,723	4,245
Total	675,820	637,621	622,674

4. Amortisation and impairment of acquired intangibles and transaction related costs

£000s	30 June 2016	30 June 2015	31 Dec 2015
Amortisation of acquired intangibles	9,069	10,244	20,491
Impairment of acquired intangibles	-	-	20,040
Deferred consideration fair value adjustment	-	-	249
Third party advisory costs	209	629	1,160
Total	9,278	10,873	41,940

5. Income taxes

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for each taxing jurisdiction for the full year. These rates have been applied to the pre-tax profits for each jurisdiction for the six months ended 30 June 2016. The Group has separately calculated the tax rates applicable to amortisation of intangibles and transaction related costs for the period. Tax rate changes that were substantively enacted at the balance sheet date have been factored into the calculation of the effective tax rates.

Analysis of the tax expense in the income statement for the period:

£000's	30 June 2016	30 June 2015	31 Dec 2015
Current tax expense	4,559	6,609	12,592
Deferred tax credit	(2,344)	(1,911)	(9,579)
Total tax expense in the income statement	2,215	4,698	3,013
Add back:			
Tax on amortisation of acquired intangibles and acquisition related costs	3,725	3,179	12,304
Adjusted tax charge on PBTA for the period	5,940	7,877	15,317
Tax rate on PBT	20.3%	26.2%	30.6%
Tax rate on PBTA	29.5%	27.4%	29.6%

6. Earnings per share

The calculations of earnings per share are based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period as shown below:

£000's	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 Dec 2015
Profit attributable to ordinary shareholders	8,668	13,210	6,842
000's			
Weighted average number of ordinary shares for the purposes of basic earnings per share	220,748	219,940	220,166
Effect of employee share schemes	1,163	1,135	1,269
Weighted average number of ordinary shares for the purposes of diluted earnings per share	221,911	221,075	221,435
Basic earnings per share (pence)	3.93	6.00	3.11
Diluted earnings per share (pence)	3.91	5.98	3.09

The directors consider that earnings per share before amortisation and impairment of acquired intangibles and transaction related costs provides a more meaningful measure of the Group's performance than statutory earnings per share. The calculations of adjusted earnings per share were based on the number of shares as above, and are shown in the table below:

£000's	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 Dec 2015
Profit attributable to ordinary shareholders	8,668	13,210	6,842
Amortisation and impairment of acquired intangibles and transaction related costs	9,278	10,873	41,940
Tax on amortisation and impairment of acquired intangibles and transaction related costs	(3,725)	(3,179)	(12,304)
Adjusted profit attributable to ordinary shareholders	14,221	20,904	36,478
Adjusted basic earnings per share (pence)	6.44	9.50	16.57
Adjusted diluted earnings per share (pence)	6.41	9.46	16.47

7. Property, plant and equipment

During the six months ended 30 June 2016 the Group acquired assets with a cost of £3,647,000 (six months to 30 June 2015: £3,904,000), which includes £131,000 acquired through business combinations (six months to 30 June 2015: £511,000). Assets with a net book value of £449,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: £352,000).

8. Acquisitions

The Group completed the following acquisition during the six months ended 30 June 2016, which broadens and strengthens the services the Group offers.

Entity acquired	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
DBK Partners Ltd	25 April	UK	100%	Project Management

The Group has allocated provisional fair values to the net assets of DBK as it did not have complete information at the balance sheet date.

Details of the carrying values of these acquired net assets, the provisional fair values assigned to them by the Group, the fair value of consideration and the resulting goodwill are as follows:

£000	DBK
Intangible assets:	
Order book	620
Customer relations	3,160
Trade names	190
PPE	131
Cash	49
Other assets	3,975
Other liabilities	(8,360)
Net assets acquired	(235)
Satisfied by:	
Initial cash consideration	6,606
Fair value of deferred consideration	2,438
Total consideration	9,044
Goodwill	9,279

Goodwill arising represents the value of the workforce acquired, potential synergies, future contracts and access to new markets. There is no tax deductible goodwill.

The total fair value of receivables acquired was £1,633,000. The breakdown between gross receivables and amounts estimated irrecoverable was as follows:

£000s	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
DBK	1,918	255	1,663

The vendors of DBK have entered into a warranty agreement with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £1,663,000. The Group does not expect that this warranty will become receivable and therefore has not recognised an indemnification asset on acquisition.

The Group incurred acquisition related costs of £209,000 (six months to 30 June 2015: £629,000) which have been expensed through the income statement and are included within amortisation of acquired intangibles and transaction related expenses.

The contribution of the acquisition to the Group's results for the period is given below.

£000s	Segment	Revenue/fees	Operating Profit	Operating Profit before amortisation
DBK	BNE:Europe	2,589	130	341

The proforma Group revenue and operating profit assuming that all of the acquisitions had been completed on the first day of the year would have been £295,666,000 and £13,294,000 respectively.

A reconciliation of the goodwill movement in 2016 in respect of acquisitions made in 2015 and 2016 is given in the table below.

£000s	Goodwill at 1/1/16	Additions through acquisition	Adjustments to prior year estimates	Foreign exchange movement	Goodwill at 30/6/16
Klotz	9,372	-	-	960	10,332
Metier	13,662	-	503	2,290	16,455
EIG	11,431	-	-	1,468	12,899
Iris	5,446	-	-	559	6,005
DBK	-	9,279	-	-	9,279

There were no accumulated impairment losses at the beginning or end of the period.

No negative goodwill was recognised in 2015 or 2016.

9. Share capital

	2016 Number 000's	2016 £000's	2015 Number 000's	2015 £000's
Authorised:				
Ordinary shares of 3p each at 30 June	240,000	7,200	240,000	7,200
Issued and fully paid:				
Ordinary shares of 3p each at 1 January	222,234	6,667	221,348	6,640
Issued under employee share schemes	651	19	664	20
At 30 June	222,885	6,686	222,012	6,660

10. Other reserves

£000's	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2016	21,256	(11,997)	(8,110)	1,149
Exchange differences	-	-	28,516	28,516
Issue of new shares	-	(794)	-	(794)
At 30 June 2016	21,256	(12,791)	20,406	28,871
At 1 January 2015	21,256	(10,776)	1,071	11,551
Exchange differences	-	-	(13,933)	(13,933)
Issue of new shares	-	(781)	-	(781)
At 30 June 2015	21,256	(11,557)	(12,862)	(3,163)

11. Dividends

The following dividends were recognised as distributions to equity holders in the period:

£000's	Six months ended 30 June 2016	Six months ended 30 June 2015	Year Ended 31 Dec 2015
Final dividend for 2015 5.08p per share	11,267	-	-
Interim dividend for 2015 4.66p per share	-	-	10,305
Final dividend for 2014 4.42p per share	-	9,668	9,668
	11,267	9,668	19,973

An interim dividend in respect of the six months ended 30 June 2016 of 4.66 pence per share, amounting to a total dividend of £10,350,000 was approved by the Directors of RPS Group Plc on 2

August 2016. These condensed consolidated interim financial statements do not reflect this dividend payable.

12. Note to the condensed consolidated cash flow statement

£000's	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 Dec 2015
Operating profit	13,413	20,561	14,905
Adjustments for:			
Depreciation	4,081	4,051	8,101
Amortisation of acquired intangibles	9,069	10,244	20,491
Impairment of acquired intangibles	-	-	20,040
Deferred consideration fair value adjustment	-	10	249
Share based payment expense	1,087	1,043	1,889
Loss on sale of property, plant and equipment	333	85	151
	27,983	35,994	65,826
(Increased)/decrease in trade and other receivables	(340)	9,280	29,320
Increase/(decrease) in trade and other payables	614	2,500	(2,518)
Cash generated from operations	28,257	47,774	92,628

The table below provides an analysis of net bank borrowings, comprising cash and cash equivalents, interest bearing bank loans and finance leases, during the six months ended 30 June 2016.

£000's	At 1 January 2016	Cash flow	Acquisition cash	Foreign exchange	Other non-cash adjustments	At 30 June 2016
Cash at bank	17,801	(1,051)	49	2,079	-	18,878
Overdrafts	(479)	(1,575)	-	-	-	(2,054)
Cash and cash equivalents	17,322	(2,626)	49	2,079	-	16,824
Bank loans and notes	(96,018)	(8,420)	(4,900)	(3,580)	1,116	(111,802)
Finance lease creditor	(83)	23	-	-	-	(60)
Net bank borrowings	(78,779)	(11,023)	(4,851)	(1,501)	1,116	(95,038)

The cash balance includes £2,958,000 (31 December 2015: £3,640,000) that is restricted in its use.

13. Events after the balance sheet date

There have been no material non-adjusting events since the balance sheet date.

14. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group have not changed significantly since the 2015 Report and Accounts was published. These risks, together with a description of the approach to mitigate them, are set out on pages 10 and 11 of the 2015 Report and Accounts (available on the Group's website at www.rpsgroup.com) and are summarised as follows:

- Economic environment
- Retention of key personnel
- Business acquisitions
- Political events
- Environmental and health risks
- Information systems
- Health and safety

- Market position and reputation
- Claims and Litigation
- Compliance
- Funding
- Financial risk

From time to time the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required. The Board is currently satisfied that the Group has sufficient provisions in its balance sheet to meet all likely uninsured liabilities.

The Board keeps under review the potential effect of economic circumstances. The recent decision of the UK to leave the EU has created uncertainty, although it is too early to say what the overall impact on the Group will be.

15. Related party transactions

There are no significant changes to the nature and treatment of related party transactions for the period to those reported in the 2015 Report and Accounts.

16. Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS Group plc. These statements 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. The continuing uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed and the recent referendum vote in UK creates another source of potentially significant risk. Statements in respect of the Group's performance in the year to date are based upon unaudited management accounts for the period January to June 2016. Nothing in this announcement should be construed as a profit forecast.

17. Publication

A copy of this announcement will be posted on the Company's website at www.rpsgroup.com.

INDEPENDENT REVIEW REPORT TO RPS GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016, which comprises the Condensed consolidated income statement, the Condensed consolidated statement of comprehensive income, the Condensed consolidated balance sheet, the Condensed consolidated cash flow statement, the Condensed consolidated statement of changes in equity and the related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Finance Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
4 August 2016