RPS GROUP PLC

Preliminary Results for the Year ended 31 December 2008

Another Year of Strong Growth and Cash Generation

RPS Group Plc ("RPS" or "the Group") today announces a strong set of results for the year ended 31 December 2008, with profit (before tax and amortisation) up 28% and earnings per share (before amortisation) up 25%.

	2008	2007	
Revenue (£m)	**470.5**	362.7	+30%
Fee income (£m)	**392.1**	305.1	+29%
Profit before taxation* (£m)	**57.5**	45.0	+28%
Earnings per share* (basic) (p)	**18.92**	15.17	+25%
Operating cash flow (£m)	**67.4**	45.4	+48%
Statutory profit before tax (£m)	**54.8**	44.5	+23%
Statutory earnings per share (basic) (p)	**18.00**	14.99	+20%

*Adjusted to add back the amortisation of acquired intangible assets arising on business combinations (including tax effects) (2008: £2.7m; 2007: £0.5m).

HIGHLIGHTS

- another year of strong profit and earnings growth
- all three segments of the Group showed good growth
- excellent conversion of profit to cash
- dividend increased 15%; covered 5.2 times
- balance sheet remains strong with year end net bank borrowings at £28.6m (2007: £32.6m)
- bank facilities of £125m available until 2013
- the acquisition and successful integration of quality businesses continued.

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

"2008 was another successful year for RPS. Our strategy of supplementing good organic growth with bolt-on acquisitions proved to be robust and resilient. We are particularly pleased that the Group's operating cash flow was strong and that, as a result, our level of bank debt was reduced.

I would like to thank our staff for another excellent contribution during the year.

We have a flexible business model, an experienced management team, a strong balance sheet and excellent cash flow and have delivered good results in a range of circumstances for many years. The Board believes RPS is well equipped to meet the current economic challenges; both by managing our existing activities to maintain our high level of efficiency and cost management and also by identifying opportunities for future growth in which we may invest.

We are leaders in many of the markets in which we operate and have valuable long term client and project relationships with a significant number of substantial organisations. Our strategy of continuing to build a multi-disciplinary RPS on an international basis remains both appropriate and achievable and we expect the Group to perform well in 2009."

4 March 2009

ENQUIRIES

RPS Group plc **Today: 020 7457 2020**
Dr Alan Hearne, *Chief Executive* **Thereafter: 01235 863206**
Gary Young, *Finance Director*

College Hill
Justine Warren **Tel: 020 7457 2020**
Matthew Smallwood

RPS is an international consultancy providing independent advice upon: the development of land, property and infrastructure; the exploration and development of oil and gas and other natural resources; the management of the environment and the health and safety of people. We trade in the UK, Ireland, the Netherlands, the United States, Canada, South East Asia and Australia and undertake projects in many other parts of the world. The Group is a constituent of both the FTSE 250 and FTSE4Good Indices.

In order to assist in the reduction of greenhouse gas emissions and eventually reduce global warming the staff of RPS have set themselves the task of reducing per capita energy consumption by 5% each year, using 2007 as the base. We met that objective in 2008. If we continue to be successful we will have halved our (per capita) energy use by 2020.

2008 Results
Profit (before tax and amortisation of acquired intangibles) was £57.5 million (2007: £45.0 million). Basic earnings per share (before amortisation) were 18.92 pence (2007: 15.17 pence).

The conversion of profit into cash continued at a high level and our balance sheet remains strong. Operating cash flow was £67.4 million (2007: £45.4 million). Net bank borrowings at the year end were £28.6 million (2007: £32.6 million) after funding acquisitions to the value of £31.2 million in the year (2007: £26.6 million). Our cost of borrowing fell significantly towards the end of the year and looks set to remain at historically low levels.

This strong performance has been achieved after increasing our trade debtors and accrued income provisions from £5.1 million to £10.3 million, taking a charge for redundancy costs of £1.0 million and benefiting by £2.2 million from foreign exchange translation of overseas results, on a like for like basis, compared to 2007.

Funding
We have bank facilities of £125 million available until 2013. Our cash generation, in conjunction with these facilities, means that we are well positioned to continue to develop the Group.

Dividend
The Board is recommending a final dividend of 1.91 pence per share payable on 28 May 2009 to shareholders on the register on 17 April 2009. The total dividend for the full year will be 3.66 pence, an increase of 15% (2007: 3.18 pence). Our dividend has risen at about this rate for 15 consecutive years, providing shareholders with a significant increase in real income.

Acquisitions
Our acquisition strategy moved forward positively. Ten acquisitions were made in the year. These had a combined historic annualised profit before tax of £7.6 million and were purchased for a maximum consideration of £44.0 million. A summary of these transactions is set out below.

Company	Segment	Country	Historic Annual Revenue (£m's)	Historic Annual PBT (£m's)	Maximum Consideration (£m's)
Kraan	EM	NL	5.3	0.82	4.7
RW Gregory	P&D	UK	12.1	1.48	10.2
WTW	Energy	UK	3.6	0.3	1.8
OceanFix	Energy	UK	10.6	1.25	7.0
Koltasz Smith	P&D	Australia	2.2	0.5	3.1
RBA	EM	UK, US,	4.5	0.9	6.0

		Australia			
GeoCet	EM	US	2.1	0.6	1.2
Mountainheath	EM	UK	1.2	0.4	1.9
Paras	Energy	UK	3.0	1.0	6.4
BEC	P&D	Ireland	1.2	0.35	1.7
Total			45.8	7.6	44.0

The integration of these businesses progressed encouragingly.

Operations and Markets

Energy

We provide consultancy services on an international basis to the oil and gas industries from bases in the UK, USA, Canada, Australia, Malaysia and Singapore. In the UK we also provide advice to both the onshore and offshore renewables industry. The business had another outstanding year with strong organic growth being coupled with a number of acquisitions.

	2008	2007	
Fee income (£m's)	139.6	101.2	+38%
Underlying profit* (£m's)	25.8	18.7	+38%
Margin	18.5%	18.4%	

* before amortisation of acquired intangible assets of £0.7m (2007: £0.2m)

Demand for our services from our clients in the international oil and gas sector continued to increase. This reflects both positive market conditions and our position as a world leader in this sector, which is increasing our access to higher value work. The oil and gas companies and their advisors increasingly value the breadth and depth of our expertise. We saw, for example, more interest from clients in the combination of our technical, commercial and risk management expertise, particularly related to the environmental and safety aspects of our work. Our reputation within the financial community in respect of determination of oil and gas reserves for reporting purposes, asset evaluation, and in support of corporate activity continued to develop during the year. The acquisitions made during the course of the year, coupled with organic development, have enabled us to develop further our businesses in the UK, North America and Australia.

Outlook

Many of the projects in which we are involved are of a long term nature, reflecting the complexity of identifying and securing sources of oil and gas in increasingly challenging environments. This provides a solid underpin for our business. Asset and corporate transactions are also likely to remain a good source of income. New opportunities, for example, in relation to unconventional forms of gas, as well as carbon capture and storage are beginning to open up. Even though the prices of oil and gas have fallen significantly from the highs of last year most of our clients remain committed to significant investment programmes and demand for our core services remains strong. The market opportunity in this sector remains encouraging and suggests we will continue to experience organic growth in the coming year. We also anticipate opportunities to make further acquisitions.

Planning and Development

Within this business we provide consultancy services in respect of town and country planning, building, landscape and urban design, transport planning and environmental assessment. We remain leaders in this market in the UK, Ireland, Northern Ireland and Western Australia, operating for blue chip clients in both the public and private sectors.

	2008	2007	
Fee income (£m's)	165.2	138.3	+19%
Underlying profit* (£m's)	30.3	26.2	+16%
Margin	18.4%	19.0%	

*before amortisation of acquired intangibles assets of £1.1m (2007: £0.3m) and redundancy costs of £1.0m (2007: nil).

In the UK our market leadership as well as our ability to advise upon the increasingly broad issues necessary to secure planning permission for large complex schemes, particularly infrastructure projects coming forward under the new planning legislation, remains attractive to clients. In consequence, we continued to work on some of the UK's largest projects. The UK Government's investment in social and infrastructure projects has also had a beneficial effect on this business. The lack of availability of finance and the general economic downturn began to be felt by some of our private sector clients during the second half of the year. We have many years experience of managing project driven order books in this sector and are well able to match our capacity to projected fees. We were able, therefore, to reduce, in a timely fashion, the size of our workforce, particularly our building design activities in the regions of England, when this became necessary. Our planning business is also able to assist clients in other parts of the Group secure planning permissions for capital projects, for example, in the energy and water sectors.

The governments of Ireland and Northern Ireland continued to invest in extensive plans for infrastructure development. We continued to benefit significantly from this investment and have realistic expectations that it will continue in the current year. We are also managing the Climate Change Awareness Campaign, the largest ever public information campaign funded by the Irish government. Work in the private sector in Ireland slowed in the second half and we responded effectively to that.

Our activities in the planning and development market in Australia continued to expand. The Australian economy has suffered less in recent months than the UK or Irish economies. The potential of this market gives us confidence about the opportunities for this part of the Group's business.

Outlook

As climate change, energy efficiency and other environmental issues grow in importance, the competitive advantage we derive in these markets from our broad range of integrated services should continue to increase. However, until our clients experience less economic uncertainty and have better access to credit, it is likely to be difficult to secure organic growth in this sector. Acquisition opportunities may arise in the UK and Ireland as smaller, less well funded competitors see the advantage of being part of a larger group. Elsewhere more strategic opportunities are being kept under review.

Environmental Management

This business provides consultancy services in respect of health, safety, risk and water management in the UK, Australia, US and the Netherlands. The results in 2008 were excellent and benefitted from a number of acquisitions

	2008	2007	
Fee income (£m's)	92.7	70.4	+32%
Underlying profit* (£m's)	13.8	9.2	+50%
Margin	14.9%	13.0%	

* before amortisation of acquired intangible assets of £1.0m (2007: £0.1m)

Our business servicing the UK water industry had a particularly good year. RPS's specific strengths in the water industry coupled with our environmental credentials position us well to help with problems created by water shortages and legislation seeking to secure environmental improvement. We are working on long term commissions for the majority of the water companies. These seem likely to continue to generate good revenues through the Ofwat quinquennial review in the remainder of this year. The demand for health & safety consultancy from the nuclear and oil and gas industries has remained buoyant, driven by increasing statutory obligations and an heightened awareness of the importance of these issues. Our business in the Netherlands had another good year. The acquisitions made during the year have enabled us to develop further our business in the UK, the Netherlands, Australia, and the US.

Outlook

Much of the work we do in these markets is regulatory driven and to a degree non-discretionary making further organic growth achievable in the coming year. Many of our service lines are also provided by small competitors and so further acquisitions are also possible.

Group Prospects

We have a flexible business model, an experienced management team, a strong balance sheet and excellent cash flow and have delivered good results in a range of circumstances for many years. The Board believes RPS is well equipped to meet the current economic challenges; both by managing our existing activities to maintain our high level of efficiency and cost management and also by identifying opportunities for future growth in which we may invest.

We are leaders in many of the markets in which we operate and have valuable long term client and project relationships with a significant number of substantial organisations. Our strategy of continuing to build a multi-disciplinary RPS on an international basis remains both appropriate and achievable and we expect the Group to perform well in 2009.

Board of Directors
RPS Group plc
4 March 2009

Consolidated income statement

	Notes	year ended 31 December 2008 *audited* £000's	year ended 31 December 2007 *audited* £000's
Revenue	*2*	470,465	362,674
Recharged expenses	*2*	(78,369)	(57,566)
Fee income	*2*	392,096	305,108
Operating profit	*2*	58,862	47,975
Finance costs	*3*	(4,424)	(3,792)
Finance income	*3*	384	296
Profit before tax and amortisation of acquired intangibles		57,512	45,010
Amortisation of acquired intangibles		(2,690)	(531)
Profit before tax		54,822	44,479
Tax expense	*4*	(16,933)	(13,569)
Profit for the year attributable to equity holders of the parent		37,889	30,910
Basic earnings per share (pence)	*5*	18.00	14.99
Diluted earnings per share (pence)	*5*	17.75	14.78
Basic earnings per share before amortisation of acquired intangibles (pence)	*5*	18.92	15.17
Diluted earnings per share before amortisation of acquired intangibles (pence)	*5*	18.66	14.95

Consolidated balance sheet

as at as at

	Notes	31 December 2008 *audited* £000's	31 December 2007 *Audited* £000's
Assets			
Non-current assets			
Intangible assets		264,733	210,839
Property, plant and equipment		24,575	21,706
Deferred tax assets		-	114
		289,308	232,659
Current assets			
Trade and other receivables		157,607	119,504
Cash at bank	*8*	17,088	10,884
		174,695	130,388
Liabilities			
Current liabilities			
Borrowings	*8*	456	174
Deferred consideration		16,585	8,939
Trade and other payables		87,868	62,750
Corporation tax liabilities		2,688	3,434
Provisions		1,417	595
		109,014	75,892
Net current assets		65,681	54,496
Non-current liabilities			
Borrowings	*8*	45,187	43,340
Deferred consideration		11,463	10,453
Other creditors		417	1,320
Deferred tax liability		6,746	-
Provisions		3,569	4,508
		67,382	59,621
Net assets		287,607	227,534
Equity			
Share capital	*6*	6,399	6,319
Share premium	*6*	95,531	93,225
Other reserves	*7*	43,551	17,516
Retained earnings	*6*	142,126	110,474
Total shareholders' equity		287,607	227,534

Consolidated cash flow statement

	Notes	year ended 31 December *audited* 2008 £000's	year ended 31 December *audited* 2007 £000's
Cash generated from operations	8	67,386	45,393
Interest paid		(3,770)	(3,967)
Interest received		384	296
Income taxes paid		(15,574)	(12,925)
Net cash from operating activities		48,426	28,797
Cash flows from investing activities			
Purchases of subsidiaries net of cash acquired		(22,332)	(15,758)
Deferred consideration		(8,854)	(10,846)
Purchase of property, plant and equipment		(5,935)	(5,811)
Sale of property, plant and equipment		1,094	4,239
Net cash used in investing activities		(36,027)	(28,176)
Cash flows from financing activities			
Proceeds from issue of share capital		464	1,730
Proceeds from sale of own shares		-	1,293
(Repayments)/proceeds from bank borrowings		(2,174)	3,001
Payment of finance lease liabilities		(117)	(149)
Dividends paid		(7,211)	(6,144)
Payment of pre-acquisition dividend		(1,471)	-
Net cash used in financing activities		(10,509)	(269)
Net increase in cash and cash equivalents		1,890	352
Cash and cash equivalents at beginning of year	8	10,884	9,805
Effect of exchange rate fluctuations	8	3,933	727
Cash and cash equivalents at end of year	**8**	16,707	10,884
Cash and cash equivalents comprise:			
Cash at bank		17,088	10,884
Bank overdraft		(381)	-
Cash and cash equivalents at end of year	8	16,707	10,884

Consolidated statement of recognised income and expense

		year ended 31 December 2008 *audited* £000's	year ended 31 December 2007 *audited* £000's
Exchange differences	6	23,811	5,787
Tax recognised directly in equity	6	(573)	743
Income recognised directly in equity		23,238	6,530
Profit for the year		37,889	30,910
Total recognised income for the year attributable to equity holders of the parent		61,127	37,440

Notes to the consolidated financial statements

1. **Basis of preparation**

The consolidated financial statements, as well as comparatives for 2007, have been prepared under International Financial Reporting Standards (IFRS) adopted by the EU. They are presented in pounds sterling, rounded to the nearest thousand.

The accounting policies used have been applied consistently to all periods presented in these financial statements. The accounting policies used are the same as set out in detail in the Report and Accounts 2007.

2. **Business segments**

The Group comprises the following business segments:

Planning and Development – consultancy services in the UK, Ireland, Australia and US related to town and country planning, urban design, architecture, transport planning and highway design, environmental impact assessment and provision of water and waste utilities and energy infrastructure.

Environmental Management – consultancy services in the UK, the Netherlands, Australia and US related to health, safety and risk management, environmental science and the management of water services.

Energy – the provision of consultancy services, on an international basis, to the upstream oil and gas and offshore renewable energy sectors.

Segment results for the year ended 31 December 2008

	Planning & Development £000's	Environmental Management £000's	Energy £000's	Eliminations £000's	Consolidated £000's
Segment revenue	206,521	107,967	161,388	(5,411)	470,465
Recharged expenses	(41,341)	(15,226)	(21,802)	-	(78,369)
Fee Income	165,180	92,741	139,586	(5,411)	392,096
Underlying profit	30,316	13,841	25,842	-	69,999
Redundancy cost	(1,013)	-	-	-	(1,013)
Amortisation	(1,057)	(970)	(663)	-	(2,690)
Segment result	28,246	12,871	25,179	-	66,296
Unallocated expenses					(7,434)
Operating profit					58,862

Segment results for the year ended 31 December 2007

	Planning & Development £000's	Environmental Management £000's	Energy £000's	Eliminations £000's	Consolidated £000's
Revenue	164,972	83,199	119,327	(4,824)	362,674
Recharged expenses	(26,721)	(12,754)	(18,091)	-	(57,566)
Fee Income	138,251	70,445	101,236	(4,824)	305,108
Underlying profit	26,209	9,174	18,662	-	54,045
Amortisation	(296)	(80)	(155)	-	(531)
Segment result	25,913	9,094	18,507		53,514
Unallocated expenses					(5,539)
Operating profit					47,975

3. Net financing costs

	year ended 31 Dec 2008 £000's	year ended 31 Dec 2007 £000's
Finance costs		
Interest on loans, overdraft and finance leases	(3,121)	(2,838)
Interest imputed on deferred consideration	(793)	(655)
Interest payable on deferred consideration	(510)	(299)
	(4,424)	(3,792)
Finance income		
Deposit interest receivable	384	296
Net financing costs	(4,040)	(3,496)

4. Income taxes

	year ended 31 Dec 2008 £000's	year ended 31 Dec 2007 £000's
Current tax		
UK corporation tax	7,046	7,817
Foreign tax	7,465	5,394
	14,511	13,211
Deferred tax expense	2,422	358
Tax expense for the year	16,933	13,569

5. Earnings per share

The calculations of basic and diluted earnings per share were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the related period as shown in the tables below:

	year ended 31 Dec 2008 £000's	year ended 31 Dec 2007 £000's

Profit attributable to ordinary shareholders	37,889	30,910
	000's	000's
Weighted average number of ordinary shares	210,546	206,256
Dilutive shares to be issued as deferred consideration	886	92
Diluted effect of employee shares schemes	2,049	2,827
Diluted weighted average number of ordinary shares	213,481	209,175
Basic earning per share (pence)	18.00	14.99
Diluted earnings per share (pence)	17.75	14.78

The directors consider that earnings per share before amortisation provides a more meaningful measure of the Group's performance than statutory earnings per share. The calculation of basic and diluted earnings per share before amortisation were based on the weighted average number of ordinary shares outstanding during the year as shown above and the profit attributable to ordinary shareholders before the amortisation on acquired intangible assets and the tax thereon as shown in the table below:

	year ended 31 Dec 2008 £000's	year ended 31 Dec 2007 £000's
Profit attributable to ordinary shareholders	37,889	30,910
Amortisation of acquired intangibles	2,690	531
Tax on amortisation of acquired intangibles	(752)	(159)
Adjusted profit attributable to ordinary shareholders	39,827	31,282
Basic earnings before per share before amortisation (pence)	18.92	15.17
Diluted earnings per share before amortisation (pence)	18.66	14.95

6. Statement of changes in equity

	Share capital £000's	Share premium £000's	Retained earnings £000's	Other reserves £000's	Total equity £000's
At 1 January 2007	6,163	89,836	79,828	11,107	186,934
Changes in equity during 2007					
Tax recognised directly in equity	-	-	743	-	743
Exchange differences	-	-	-	5,787	5,787
Net income recognised directly in equity	-	-	743	5,787	6,530
Profit for the year	-	-	30,910	-	30,910
Total recognised income and expense for the year	-	-	31,653	5,787	37,440
Transfer	-	-	4,053	(4,053)	-
Issue of new ordinary shares	156	3,451	(1,281)	4,057	6,383
Sale of own shares	-	-	671	622	1,293
Share based payment expense	-	-	2,142	-	2,142
Tax on share based payment expense	-	-	(448)	-	(448)
Expenses of issue of equity shares	-	(62)	-	-	(62)
Shares to be issued	-	-	-	(4)	(4)
Dividends	-	-	(6,144)	-	(6,144)
At 31 December 2007	6,319	93,225	110,474	17,516	227,534
Changes in equity during 2008					
Tax recognised directly in equity	-	-	(573)	-	(573)
Exchange differences	-	-	-	23,811	23,811
Net income recognised directly in equity	-	-	(573)	23,811	23,238
Profit for the year	-	-	37,889	-	37,889
Total recognised income and expense for the year	-	-	37,316	23,811	61,127
Issue of new ordinary shares	80	2,306	(1,247)	2,224	3,363
Share based payment expense	-	-	2,794	-	2,794
Dividends	-	-	(7,211)	-	(7,211)
At 31 December 2008	6,399	95,531	142,126	43,551	287,607

7. Other reserves

	Merger reserve £000's	Employee trust shares £000's	Share scheme reserve £000's	Shares to be issued £000's	Translation reserve £000's	Total other reserves £000's
At 1 January 2007	10,642	(3,042)	4,053	1,997	(2,543)	11,107
Changes in equity during 2007						
Exchange differences	-	-	-	-	5,787	5,787
Transfer to retained earnings	-	-	(4,053)	-	-	(4,053)
Issue of new shares	6,351	(523)	-	(1,771)	-	4,057
Sale of own shares	-	622	-	-	-	622
Shares to be issued	-	-	-	(4)	-	(4)
At 31 December 2007	16,993	(2,943)	-	222	3,244	17,516
Changes in equity during 2008						
Exchange differences	-	-	-	-	23,811	23,811
Issue of new shares	3,086	(640)	-	(222)	-	2,224
At 31 December 2008	20,079	(3,583)	-	-	27,055	43,551

8. Notes to the consolidated cash flow statement

	year ended 31 Dec 2008 £000's	year ended 31 Dec 2007 £000's
Profit before tax	54,822	44,479
Adjustments for:		
Interest payable and similar charges	4,424	3,792
Interest receivable	(384)	(296)
Depreciation	6,112	4,758
Amortisation of acquired intangibles	2,690	531
Share based payment expense	2,794	2,142
Profit on sale of property, plant and equipment	(179)	(3,224)
Provision for dilapidations	-	2,514
Provision for onerous lease	-	585
Increase in trade and other receivables	(8,175)	(14,018)
Increase in trade and other payables	5,282	4,130
Cash generated from operations	67,386	45,393

The table below provides an analysis of net borrowings, comprising cash and cash equivalents, interest bearing bank loans and finance leases, during the year ended 31 December 2008.

	At 31 Dec 2007 £000's	Cash flow £000's	Other £000's	Foreign exchange £000's	At 31 Dec 2008 £000's
Cash and cash equivalents	10,884	1,890	-	3,933	16,707
Bank loans	(43,346)	2,174	-	(4,002)	(45,174)
Finance lease creditor	(168)	117	(38)	1	(88)
Net borrowings	(32,630)	4,181	(38)	(68)	(28,555)

9. The financial information set out above does not constitute the company's full statutory accounts for the year ended 31 December 2008 for the purposes of section 240 of the Companies Act 1985, but it is derived from those accounts that have been audited. Statutory accounts for 2007 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not include an emphasis of matter statement. The auditor's report did not contain statements under the Companies Act 1985, S237 (2) or (3).

10. It is expected that the annual report and accounts will be posted to shareholders on or before 17 April 2009. Further copies may be obtained after that date from the Company Secretary, RPS Group plc, Centurion Court, 85 Milton Park, Abingdon, Oxfordshire OX14 4RY.

Forward looking statements

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses of RPS. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that may 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 current uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed. Nothing in this announcement should be construed as a profit forecast.