RPS GROUP PLC
("RPS" or "the Group")

Results for the Year Ended 31 December 2012

Record year with PBTA up 18%. Year end net debt at 8 year low. Dividend increased 15% for 19th consecutive year.

Summary of Results

	2012	2011
Business Performance		
Revenue (£m)	555.9	528.7
Fee income (£m)	478.8	452.7
PBTA[(1)] (£m)	60.1	50.8
Adjusted earnings per share [(2)] (basic) (p)	19.48	16.68
Adjusted operating cash flow [(3)] (£m)	76.0	71.1
Total dividend per share (p)	6.40	5.56
Statutory reporting		
Profit before tax (£m)	40.2	40.5
Earnings per share (basic) (p)	11.94	13.49

Highlights

- Diversity of activity and geography enabled the Group to produce results at the top end of market expectations;
- all 3 reported segments increased profit contribution and margin;
- balance sheet remains strong with year end net bank borrowings at £13.5m (2011: £23.5m) having invested £24.2m in acquisitions during 2012;
- bank facilities of £125m available until July 2016;
- proposed full year dividend increased by 15%; 19th consecutive annual increase of this scale.

Notes:

(1) *Profit before tax, amortisation of acquired intangibles and transaction related costs.*
(2) *Based on earnings before amortisation of acquired intangibles and transaction related costs.*
(3) *Before deferred consideration treated as remuneration.*

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

"The Group delivered a record performance in 2012 and remains in a strong position operationally and financially. Our strategy has proved successful over an extended period. 2012 marked the 25th anniversary of RPS's introduction to the public markets. Over this period we have delivered strong growth. The Board is confident that, as economic conditions improve, the Group's strategy will enable us to produce another period of sustained growth".

28 February 2013

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 exploration and production of oil and gas and other natural resources, and the development and management of the built and natural environment. We have offices in the UK, Ireland, the Netherlands, the United States, Canada, Brazil, the Middle East and Australia/Asia Pacific and undertake projects in many other parts of the world. The Group is a constituent of both the FTSE 250 and FTSE4Good Indices.

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. The Board considers market expectations for 2013 are best defined by taking the range of forecasts of PBTA for the full year published by analysts who consistently follow the Group. The current range of forecasts of which the Board is aware is £62.9 to £66.2 million. Nothing in this announcement should be construed as a profit forecast.

Results

PBTA was at the top end of market expectations at £60.1 million (2011: £50.8 million). Adjusted basic earnings per share were 19.48 pence (2011: 16.68 pence). The contribution of each segment grew significantly:

Underlying Profit* (£m)	**2012**	2011	
Energy	**39.7**	32.1	+24%
Built and Natural Environment	**31.8**	29.0	+10%
Total	**71.6**	61.1	+17%

**as defined in note 2.*

Our Energy activities are largely conducted on a worldwide basis. In combination with our Built and Natural Environment business in Australia Asia Pacific, we now have over 70% of our underlying profit generated outside Europe. During 2012 this generally exposed us to higher growth economies and good opportunities. A significant proportion of our Built and Natural Environment activity relates to projects providing the infrastructure necessary to process and deliver energy and power resources. Consequently, we estimate that approximately 70% of our underlying profit is now earned in the global Energy and associated infrastructure markets.

Cash Flow, Funding and Dividend

The Group continued its excellent conversion of profit into cash. Adjusted operating cash flow was £76.0 million (2011: £71.1 million). Our balance sheet remains strong, with no defined benefit pension schemes or historic pension liabilities. We have bank facilities of £125 million available until July 2016. These comprise a £75 million committed facility, with an additional £50 million available as required. The cost of these facilities remains at a low level. Net bank borrowings at the year end were £13.5 million (2011: £23.5 million), after investing £24.2 million in acquisitions (2011: £27.2 million). We remain well positioned to continue to fund the Group's growth strategy.

The Board continues to be confident about the Group's financial strength and is recommending a final dividend of 3.34 pence per share payable on 24 May 2013 to shareholders on the register on 12 April 2013. If approved the total dividend for the full year would be 6.40 pence per share, an increase of 15% (2011: 5.56 pence per share). Our dividend has risen at about this rate for 19 consecutive years. It increased 75% over the 4 years of the global financial crisis, whilst our net debt has reduced substantially, to an 8 year low, after investing £120.6 million in acquisitions in the same period.

Markets and Trading

Energy

We provide internationally recognised consultancy services to the energy sector from bases in the UK, USA, Canada, Australia and Asia. These act as regional centres for projects undertaken in many other countries. The 2012 results show the significant growth anticipated, with a strong margin:

	2012	2011
Fee income (£m)	**225.9**	186.1
Underlying profit* (£m)	**39.7**	32.1
Margin %	**17.6**	17.2

**as defined in note 2.*

As anticipated, this business continued to make good progress in the final months of the year. Our clients' investment in conventional oil and gas exploration and production was generally strong throughout the year. Our activity in the unconventionals market remained buoyant internationally, with a shift from shale gas to liquids in the USA. We experienced an encouraging uplift in activity in most parts of the world and continued to see a particularly strong performance in the US. This was based on both domestic and international projects, including good activity levels in the Gulf of Mexico. Following last year's political disturbances, our activity in North Africa was subdued throughout 2012, although opportunities elsewhere in Africa and parts of the Middle East continued to improve.

Our training and oceanographic businesses performed well and our reputation as independent advisors to the financial services market in respect of transactions and asset valuations continued to grow. The acquisition of PEICE, announced on 16 January 2013, accelerates the development of our training business, particularly in Canada.

Good margins have been maintained. With global E&P capital expenditure forecast to grow in 2013, it seems likely that the positive trends in this business will continue.

Built and Natural Environment (BNE)

Within these businesses we provide a wide range of consultancy services to many aspects of the property and infrastructure development and management sectors. These include: environmental assessment, the management of water resources, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. Profit in the year improved, as did the margin:

	2012	2011
Fee income (£m)	**255.3**	269.1
Underlying profit* (£m)	**31.8**	29.0
Margin %	**12.5**	10.8

**as defined in note 2.*

BNE: Europe

Our BNE business in Europe increased its contribution compared with the same period last year, despite markets remaining uncertain. In this business we provide support to our clients' operations in the water, health and safety and risk management sectors, in order to enable them to comply with legislation and regulation. We continued to see reasonable levels of activity in these markets, although a number of significant projects for UK water clients came to an end around the middle of the year. Both our Irish and Dutch businesses also performed well despite being exposed directly to the economic uncertainty of the eurozone. We concluded the sale of our Irish facilities management business in March. This accounts for most of the year on year reduction in fee income.

Many of our traditional commercial development clients became more cautious about investing in new capital projects during the second half. We have, therefore, been even more selective about the market sectors in which we invest and have, in particular, focussed on providing further support to those clients developing energy infrastructure, such as on and off shore windfarms, pipelines and interconnectors, power stations and waste to energy plants. Investment potential is greater in this market; recent UK Government statements about energy production from gas were encouraging.

It currently seems that market conditions are unlikely to improve in 2013, so we continue to focus upon efficiency improvements to maintain our performance.

	2012	2011
Fee income (£m)	**157.2**	178.2
Underlying profit* (£m)	**18.9**	18.0
Margin %	**12.0**	10.1

**as defined in note 2.*

BNE: Australia Asia Pacific

Our BNE business in Australia Asia Pacific produced significantly better results than in 2011. In the first part of the year we continued to benefit from the high levels of investment in the activities and associated infrastructure necessary to deliver mining, coal seam gas and associated LNG projects, in Queensland and the conventional gas projects offshore Western Australia. These provide the opportunity for us to deliver a wide range of services to clients.

There was, however, a change in client sentiment in the second half of the year in these markets. This resulted from a combination of lower levels of Asian demand for certain natural resources, heightened concerns over escalating project costs and a trimming of growth in the Australian economy. We are taking steps to improve the efficiency of this business, enabling us to remain well positioned in sectors which may increase activity again during 2013 and which have excellent medium and long term prospects.

Outside the natural resources sector the Australian economy remained under pressure, as global economic concerns reduced consumer and business confidence. As a result, conditions in the commercial development market remained subdued. The acquisition of Manidis Roberts, completed in July, significantly strengthens our business in New South Wales, as well as increasing our penetration into parts of Australian public sector infrastructure market, including water, transport and power supply. The integration of this business is progressing well, although the run up to the recently called national election in September is likely to cause uncertainty in its markets.

Subject to global economic progress continuing, conditions in some of our markets should improve during the course of 2013, enabling us to benefit from our strong profile.

	2012	2011
Fee income (£m)	**98.3**	91.0
Underlying profit* (£m)	**13.0**	11.0
Margin %	**13.2**	12.1

**as defined in note 2.*

Group Strategy and Prospects

RPS remains well positioned in markets of long term importance to the global economy. Our focus on Energy and energy infrastructure markets provides the Group with an excellent underpin to its prospects. We continue to believe that our strategy of building multi-disciplinary businesses in each of the regions in which we operate is attractive and achievable. We will, therefore, continue to develop our business organically, whilst seeking further acquisition opportunities. Our balance sheet is strong and supports this strategy.

We have come through the exceptionally challenging circumstances of the last four years in a strong position. We were able to deliver good growth in 2012, which takes us above our previous high, achieved in 2008. Although the outlook in some of our markets is still uncertain, we remain on track to produce further growth in 2013, anticipating this is likely to be more marked in the second half.

Board of Directors
RPS Group plc
28 February 2013

Consolidated income statement

£000's	*Notes*	year ended 31 December 2012	year ended 31 December 2011
Revenue	*2*	555,863	528,710
Recharged expenses	*2*	(77,028)	(75,981)
Fee income	*2*	478,835	452,729
Operating profit before amortisation of acquired intangibles and transaction related costs	*2,3*	62,069	53,045
Amortisation of acquired intangibles and transaction related costs	*3*	(19,925)	(10,361)
Operating profit		42,144	42,684
Finance costs	*4*	(2,128)	(2,541)
Finance income	*4*	158	308
Profit before tax, amortisation of acquired intangibles and transaction related costs		60,099	50,812
Profit before tax		40,174	40,451
Tax expense	*5*	(14,263)	(11,340)
Profit for the year attributable to equity holders of the parent		25,911	29,111
Basic earnings per share (pence)	*6*	11.94	13.49
Diluted earnings per share (pence)	*6*	11.87	13.40
Adjusted basic earnings per share (pence)	*6*	19.48	16.68
Adjusted diluted earnings per share (pence)	*6*	19.36	16.56

Consolidated statement of comprehensive income

£000's	year ended 31 December 2012	year ended 31 December 2011
Profit for the year	25,911	29,111
Exchange differences	(5,545)	(811)
Total recognised comprehensive income for the year attributable to equity holders of the parent	20,366	28,300

Consolidated balance sheet

£000's	*Notes*	as at 31 December 2012	as at 31 December 2011
Assets			
Non-current assets:			
Intangible assets		328,440	329,112
Property, plant and equipment		30,632	30,070
Investments		-	41
		359,072	359,223
Current assets:			
Trade and other receivables		159,381	171,751
Cash at bank		14,804	25,989
		174,185	197,740
Liabilities			
Current liabilities:			
Borrowings		748	2,959
Deferred consideration	*10*	7,842	10,327
Trade and other payables		101,921	109,496
Corporation tax liabilities		3,582	3,331
Provisions		2,633	3,903
		116,726	130,016
Net current assets		57,459	67,724
Non-current liabilities:			
Borrowings		27,557	46,554
Deferred consideration	*10*	3,543	-
Other payables		1,745	1,665
Deferred tax liability		8,436	11,594
Provisions		1,436	2,684
		42,717	62,497
Net assets		373,814	364,450
Equity			
Share capital		6,587	6,544
Share premium		106,198	103,717
Other reserves	*7*	36,070	43,299
Retained earnings		224,959	210,890
Total shareholders' equity		373,814	364,450

Consolidated cash flow statement

£000's	*Notes*	year ended 31 December 2012	year ended 31 December 2011*
Adjusted cash generated from operations	8	76,045	71,053
Deferred consideration treated as remuneration		(9,969)	(3,743)
Cash generated from operations		66,076	67,310
Interest paid		(2,204)	(2,373)
Interest received		158	308
Income taxes paid		(18,162)	(12,781)
Net cash from operating activities		45,868	52,464
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		(9,774)	(17,090)
Deferred consideration		(4,130)	(5,084)
Purchase of property, plant and equipment		(9,909)	(9,024)
Proceeds from sale of property, plant and equipment		713	362
Proceeds from disposal of business		298	-
Dividends received		-	256
Net cash used in investing activities		(22,802)	(30,580)
Cash flows from financing activities:			
Proceeds from issue of share capital		240	179
Purchase of own shares		(400)	(356)
(Repayments of)/proceeds from bank borrowings		(17,409)	2,222
Payment of finance lease liabilities		(1,350)	(1,410)
Dividends paid		(13,007)	(11,233)
Payment of pre-acquisition dividend		(399)	(402)
Net cash used in financing activities		(32,325)	(11,000)
Net (decrease)/increase in cash and cash equivalents		(9,259)	10,884
Cash and cash equivalents at beginning of year		24,458	13,933
Effect of exchange rate fluctuations		(395)	(359)
Cash and cash equivalents at end of year		14,804	24,458
Cash and cash equivalents comprise:			
Cash at bank		14,804	25,989
Bank overdraft		-	(1,531)
Cash and cash equivalents at end of year	8	14,804	24,458

* See Note 1

Consolidated statement of changes in equity

£000's	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2011	6,516	101,941	190,955	45,581	344,993
Total comprehensive income	-	-	29,111	(811)	28,300
Issue of new ordinary shares	28	1,776	(509)	(1,115)	180
Purchase of own shares	-	-	-	(356)	(356)
Share based payment expense	-	-	2,431	-	2,431
Tax recognised directly in equity	-	-	135	-	135
Dividends paid	-	-	(11,233)	-	(11,233)
At 31 December 2011	6,544	103,717	210,890	43,299	364,450
Total comprehensive income	-	-	25,911	(5,545)	20,366
Issue of new ordinary shares	43	2,481	(1,000)	(1,284)	240
Purchase of own shares	-	-	-	(400)	(400)
Share based payment expense	-	-	2,070	-	2,070
Tax recognised directly in equity	-	-	95	-	95
Dividends paid	-	-	(13,007)	-	(13,007)
At 31 December 2012	6,587	106,198	224,959	36,070	373,814

An analysis of other reserves is provided in note 7.

Notes to the results

1. Basis of preparation

The financial information attached has been extracted from the audited financial statements for the year ended 31st December 2012 and has been prepared under International Financial Reporting Standards (IFRS) adopted by the EU and IFRIC interpretations issued and effective at the time of preparing those financial statements.

The accounting policies used are the same as set out in detail in the Report and Accounts 2011 and have been applied consistently to all periods presented in these financial statements.

Restatement
As reported in the Interim Results for the six months ended 30th June 2012 the consolidated cash flow statement for the year ended 31 December 2011 has been restated so that deferred consideration treated as remuneration is included within cash generated from operating activities rather than cash flows from investing activities.

2. Business segments

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, 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 Australia Asia Pacific ("AAP").

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.

Central Costs – 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. These costs are included in the category "unallocated expenses".

"Segment profit" is defined as profit before interest, tax, amortisation of acquired intangibles and transaction related costs. "Underlying profit" is defined as segment profit before reorganisation costs. In 2011, the Group reported segment profit after amortisation of acquired intangibles and transaction related costs. In 2012 it has chosen not to do so as this measure is not reported to the Group's chief operating decision maker.

Segment results for the year ended 31 December 2012

£000's	Fees	Recharged expenses	Inter-segment revenue	External revenue
Built and Natural Environment				
Europe	157,200	21,433	(1,301)	177,332
AAP	98,300	19,827	(786)	117,341
Intra BNE eliminations	(193)	(41)	234	-
Total BNE	255,307	41,219	(1,853)	294,673
Energy	225,875	36,017	(702)	261,190
Group eliminations	(2,347)	(208)	2,555	-
Total	478,835	77,028	-	555,863

£000's	Underlying profit	Reorganisation costs	Segment profit
Built and Natural Environment			
Europe	18,874	(754)	18,120
AAP	12,974	(920)	12,054
Total BNE	31,848	(1,674)	30,174
Energy	39,709	(72)	39,637
Total	71,557	(1,746)	69,811

Segment results for the year ended 31 December 2011

£000's	Fees	Recharged expenses	Inter-segment revenue	External revenue
Built and Natural Environment				
Europe	178,215	24,548	(1,935)	200,828
AAP	90,992	15,451	(945)	105,498
Intra BNE eliminations	(89)	-	89	-
Total BNE	269,118	39,999	(2,791)	306,326
Energy	186,117	36,619	(352)	222,384
Group eliminations	(2,506)	(637)	3,143	-
Total	452,729	75,981	-	528,710

£000's	Underlying profit	Reorganisation costs	Segment profit
Built and Natural Environment			
Europe	18,002	(1,572)	16,430
AAP	11,017	(103)	10,914
Total BNE	29,019	(1,675)	27,344
Energy	32,099	(77)	32,022
Total	61,118	(1,752)	59,366

Group reconciliation

£000's	2012	2011
Revenue	555,863	528,710
Recharged expenses	(77,028)	(75,981)
Fees	478,835	452,729
Underlying profit	71,557	61,118
Reorganisation costs	(1,746)	(1,752)
Segment profit	69,811	59,366
Unallocated expenses	(7,742)	(6,321)
Operating profit before amortisation of acquired intangibles and transaction related costs	62,069	53,045
Amortisation of acquired intangibles and transaction related costs	(19,925)	(10,361)
Operating profit	42,144	42,684
Finance costs	(1,970)	(2,233)
Profit before tax	40,174	40,451

The table below shows revenue and fees to external customers based upon the country from which billing took place:

	Revenue		Fees	
£000's	2012	2011	2012	2011
UK	238,481	234,344	204,436	198,884
Australia	144,753	129,501	123,782	110,561
USA	71,506	46,573	63,736	41,993
Canada	32,769	38,285	28,658	32,454
Ireland	30,917	44,365	24,607	37,050
Netherlands	28,159	28,092	24,483	24,393
Other	9,278	7,550	9,133	7,394
Total	555,863	528,710	478,835	452,729

3. Amortisation of acquired intangibles and transaction related costs

£000's	year ended 31 Dec 2012	year ended 31 Dec 2011
Amortisation of acquired intangibles	10,636	10,839
Contingent deferred consideration treated as remuneration	8,593	9,256
Negative goodwill	(266)	(9,067)
Transaction costs	827	823
Loss on disposal of business	135	-
Revaluation of investment in associate	-	(1,490)
Total	19,925	10,361

4. Net financing costs

£000's	year ended 31 Dec 2012	year ended 31 Dec 2011
Finance costs:		
Interest on loans, overdraft and finance leases	(1,583)	(1,710)
Interest imputed on deferred consideration	(28)	(190)
Interest payable on deferred consideration	(517)	(641)
	(2,128)	(2,541)
Finance income:		
Deposit interest receivable	158	308
Net financing costs	(1,970)	(2,233)

5. Income taxes

Analysis of the tax expense/credit in the income statement for the year:

£000's	year ended 31 Dec 2012	year ended 31 Dec 2011
Current tax:		
UK corporation tax	4,596	4,899
Overseas tax	13,133	9,019
Adjustments in respect of prior years	618	(715)
	18,347	13,203
Deferred tax:		
Origination and reversal of timing differences	(2,932)	(1,866)
Effect of change in tax rate	(21)	(176)
Adjustments in respect of prior years	(1,131)	179
	(4,084)	(1,863)
Tax expense for the year	14,263	11,340
Tax credit in equity for the year	(95)	(135)

The UK rate of corporate tax was reduced from 26% to 24% from 1st April 2012. The UK tax expense for the Group's UK companies is 24.5% (2011: 26.5%) representing the weighted average annual corporate tax rate for the full financial year. The actual tax expense for 2012 is different from 24.5% (2011: 26.5%) of profit before tax for the reasons set out in the table below:

£000's	2012	2011
Profit before tax	40,174	40,451
Tax at the UK effective rate of 24.5% (2011: 26.5%)	9,843	10,720
Effect of overseas tax rates	2,339	1,123
Acquisition consideration treated as remuneration not deductible for tax purposes	2,105	2,453
Expenses not deductible for tax purposes	632	627
Negative goodwill not taxable	(65)	(2,403)
Effect of change in tax rates	(78)	(249)
Revaluation of investment in associate not taxable	-	(395)
Effect of change in Australian tax law	-	(238)
Adjustments in respect of prior years	(513)	(298)
Total tax expense for the year	14,263	11,340

The effective tax rate for the year on profit before tax is 35.5% (2011: 28.0%). The effective tax rate for the year on profit before tax, amortisation of acquired intangibles and transaction related costs is 29.7% (2011: 28.7%) as shown in the table below:

£000's	2012	2011
Total tax expense in Income Statement	14,263	11,340
Add back:		
Tax on amortisation of acquired intangibles and transaction related costs	3,569	3,256
Adjusted tax charge on the profit for the year	17,832	14,596
PBTA	60,099	50,812
Adjusted effective tax rate	29.7%	28.7%

6. **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 table below:

£000's / 000's	year ended 31 Dec 2012	year ended 31 Dec 2011
Profit attributable to ordinary shareholders	25,911	29,111
Weighted average number of ordinary shares for the purposes of basic earnings per share	216,980	215,727
Effect of employee share schemes	1,313	1,547
Diluted weighted average number of ordinary shares	218,293	217,274
Basic earnings per share (pence)	11.94	13.49
Diluted earnings per share (pence)	11.87	13.40

The directors consider that earnings per share before amortisation of acquired intangibles and transaction related costs and, in respect of 2011, the impact of the change in Australian tax law 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	year ended 31 Dec 2012	year ended 31 Dec 2011
Profit attributable to ordinary shareholders	25,911	29,111
Amortisation of acquired intangibles and transaction related costs (note 3)	19,925	10,361
Tax on amortisation of acquired intangibles and transaction related costs	(3,569)	(3,256)
Change in Australian tax law	-	(238)
Adjusted profit attributable to ordinary shareholders	42,267	35,978
Adjusted basic earnings per share (pence)	19.48	16.68
Adjusted diluted earnings per share (pence)	19.36	16.56

7. **Other reserves**

£000's	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2011	21,256	(5,904)	30,229	45,581
Exchange differences	-	-	(811)	(811)
Issue of new shares	-	(1,115)	-	(1,115)
Purchase of own shares	-	(356)	-	(356)
At 31 December 2011	21,256	(7,375)	29,418	43,299
Exchange differences	-	-	(5,545)	(5,545)
Issue of new shares	-	(1,284)	-	(1,284)
Purchase of own shares	-	(400)	-	(400)
At 31 December 2012	21,256	(9,059)	23,873	36,070

8. **Notes to the consolidated cash flow statement**

£000's	year ended 31 Dec 2012	year ended 31 Dec 2011
Operating profit	42,144	42,684
Adjustments for:		
Depreciation	8,950	8,032
Amortisation of acquired intangibles	10,636	10,839
Contingent consideration treated as remuneration	8,593	9,256
Share based payment expense	2,070	2,431
Negative goodwill	(266)	(9,067)
(Profit)/loss on sale of property, plant and equipment	(119)	27
Loss on disposal of business	135	-
Share of profit of associates	-	(24)
Revaluation of investment in associate	-	(1,490)
	72,143	62,688
Decrease/(increase) in trade and other receivables	12,491	(3,924)
(Decrease)/increase in trade and other payables	(8,589)	12,289
Adjusted cash generated from operations	76,045	71,053

Adjusted cash generated from operations is before payment of deferred consideration treated as remuneration.

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 2012:

£000's	At 31 Dec 2011	Cash flow	Acquisition debt	Foreign exchange	At 31 Dec 2012
Cash and cash equivalents	24,458	(9,259)	-	(395)	14,804
Bank loans	(45,705)	17,409	-	1,198	(27,098)
Finance lease creditor	(2,276)	1,350	(334)	53	(1,207)
Net borrowings	(23,523)	9,500	(334)	856	(13,501)

The cash balance at 31 December 2012 includes £3,566,000 (2011: £3,304,000) that is restricted in its use.

9. Acquisitions

On 18 July 2012, RPS acquired 100% of the issued share capital of Manidis Roberts Pty Ltd (MR), an Australian environmental and project management consultancy.

The Group has allocated provisional fair values to the net assets of MR. Details of the carrying values of the acquired net assets, the provisional fair values assigned to them by the Group and the fair value of consideration are as follows:

£000's	Manidis Roberts
Intangible assets	
Order book	839
Customer relationships	2,993
Property, plant and equipment	862
Cash	2,155
Other assets	3,544
Other liabilities	(3,377)
Net assets acquired	7,016
Initial cash consideration	11,895
Fair value of deferred cash consideration	7,478
Total consideration	19,373
Goodwill	12,357

Goodwill arising of £12,357,000 represents the value of the accumulated workforce and synergies with RPS associated with this acquisition. There is no tax deductible goodwill arising.

The total fair value of receivables acquired was £3,418,000. The gross contractual receivables acquired were £3,469,000 and £51,000 was estimated irrecoverable.

The vendors of the acquired companies have entered into warranty arrangements with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £3,418,000. The Group does not expect that these warranties will become receivable and therefore has not recognised an indemnification asset on acquisition.

The contribution of MR to the Group's results for the year was £6,027,000 revenue and £37,000 operating profit.

The Group incurred costs in respect of the acquisition of Manidis Roberts of £449,000 which have been expensed through the consolidated income statement and included within "amortisation of acquired intangibles and transaction related expenses".

The proforma Group revenue and operating profit assuming the acquisition had been completed on the first day of the year would have been £564,716,000 and £43,188,000 respectively.

A reconciliation of the goodwill movement in 2012 in respect of the acquisitions in 2011 and 2012 is given in the table below.

£000's	EHI	TMT	MR
Goodwill at 1 January 2012	1,509	1,669	-
Additions through acquisition	-	-	12,357
Adjustments to opening balance sheet	232	-	-
Foreign exchange gains and losses	(69)	(53)	(414)
Goodwill at 31 December 2012	1,672	1,616	11,943

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

Negative goodwill of £266,000 was recognised in 2012 relating to an opening balance sheet adjustment in ASA. This has not been recognised in 2011 on the basis of materiality.

10. **Deferred consideration**

£000's	As at 31 December 2012	As at 31 December 2011
Amount due within one year	7,842	10,327
Amount due between one and two years	3,543	-
Total deferred consideration	11,385	10,327

The amount due within one year as at 31 December 2012 includes contingent deferred consideration remuneration expense accrued, but not paid, totalling £4,157,000 (31 December 2011: £5,697,000).

11. **Commitments and contingencies**

The Group completed a number of acquisitions between 1 January 2010 and 31 December 2011 where deferred consideration payments to vendors are contingent on the vendors' continued employment with the Group and so are recognised as employment costs over the deferred consideration period. The Group consider it probable that the remaining deferred consideration payments will be paid.

The total cash commitments in respect of contingent deferred consideration that the Group expects to settle and the estimated remuneration charge for each financial year assuming exchange rates remain constant, are disclosed in the table below:

£000's	Cash commitment	Remuneration charge
2013	7,564	5,833
2014	3,592	1,165
	11,156	6,998

The cash commitment due in 2013 includes contingent deferred consideration remuneration expense accrued, but not paid, totalling £4,157,000 as referred to in note 10.

12. **Post balance sheet events**

In January 2013 RPS completed the acquisition of the entire issued share capital of Petroleum Institute for Continuing Education Inc. ("PEICE"), a Canadian based business providing geoscience and engineering training to the oil and gas industry, for a maximum consideration of C$11.7 million (equivalent to approximately £7.4 million) all payable in cash.

Consideration paid at completion was C$5.7m (£3.6m). Subject to further operational conditions being met, two further sums of C$3.0m (£1.9m) will be paid on the first and second anniversaries of the transaction.

Due to the proximity of the acquisition date to the date of approval of the Report and Accounts, it is impracticable to provide further information.

13.

The financial information set out above does not constitute the company's full statutory accounts for the year ended 31 December 2012 for the purposes of section 435 of the Companies Act 2006, but it is derived from those accounts. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006. Statutory accounts for 2011 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 2006, s498 (2) or (3).

14.

This announcement has been posted on the Company's website at www.rpsgroup.com. It is expected that the annual report and accounts will be posted to shareholders on or before 27 March 2013 and a copy will be posted on the Company's website at that time. Further copies may be obtained after that date from the Company Secretary, RPS Group plc, Centurion Court, 20 Western Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SH.

15.

The Group has a well-established and embedded system of internal control and risk management that is designed to safeguard shareholders' investment as well as the Group's personnel, assets and reputation. The principal risks and uncertainties for the Group are described in the Group's Report and Accounts. These risks include the continuing uncertainty in global economic outlook which inevitably increases the risks to which the Group is exposed, a material adverse occurrence preventing the business from operating, the failure to recruit and retain employees of appropriate calibre, reputational risk if our project delivery performance falls short of expectations, failure to comply with legislation or regulation, failure to integrate acquisitions, failure to replace bank facilities and risks related to health, safety and the environment.

Responsibility statement of the Directors in respect of the Report and Accounts 2012

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the 'Business Review' includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, and that the 'Risk Management' report includes a description of the principal risks and uncertainties that the Group faces.