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

Results for the Year Ended 31 December 2013

Robust operational performance. Balance sheet remains strong. Dividend increased 15% for 20th consecutive year. £77 million of investment committed to six acquisitions.

Summary of Results

	2013	2012
Business performance		
Revenue (£m)	567.6	555.9
Fee income (£m)	492.1	478.8
PBTA(1) (£m)	63.0	60.1
Adjusted earnings per share (2) (basic) (p)	20.22	19.48
Adjusted operating cash flow (3) (£m)	72.0	76.0
Total dividend per share (p)	7.36	6.40
Statutory reporting		
Profit before tax (£m)	43.6	40.2
Earnings per share (basic) (p)	13.11	11.94

Highlights

- diversity of activity and geography produced further growth despite major slow down in Australian resources market.
- £77m committed to new acquisitions which will underpin performance in 2014.
- balance sheet remains strong with year end net bank borrowings at £32.4m.
- bank facilities of £125m available until July 2016.
- proposed full year dividend increased by 15%; 20th 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:

"2013 was a good year for the Group despite a significant slowdown in the resources sector in Australia and strengthening of sterling. RPS remains a well respected company operating in a global marketplace. Our range of activities and geographic spread will enable us to generate further growth as the global recovery develops further. We continued to deliver our strategy by investing in a number of high quality acquisitions in attractive markets. The Board is confident this will enable us to perform well in 2014."

27 February 2014

ENQUIRIES

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

Instinctif Partners
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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, Norway, the United States, Canada, 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.

Results

PBTA for the full year was £63.0 million (2012: £60.1 million) in line with market expectations. PBT for the full year was £43.6 million (2012: £40.2 million). Adjusted basic earnings per share were 20.22 pence (2012: 19.48 pence). At the segment level, as revised in October 2013, we focus on underlying profit. The contribution from each segment was:

Underlying Profit* (£m)		**2013**	2012
Energy		**37.1**	31.2
Built and Natural Environment:	Europe	**19.2**	18.9
:	North America	**7.6**	6.3
Australia, Asia Pacific		**10.0**	15.2
Total		**73.9**	71.6

**As defined in note 2.*

Our Energy activities are conducted on a worldwide basis. In combination with our Built and Natural Environment ("BNE") business in North America and our Australia, Asia Pacific ("AAP") business, we now have about three quarters of our underlying profit generated outside Europe, providing diversity and robustness. The effect of changes in average foreign exchange rates on the reported profit growth in 2013 was negligible at Group level. However, sterling appreciated against the Australian, Canadian and US dollars over the course of the year and PBTA for 2013 converted at the rates of exchange as at 31st December 2013 would have been £2.7m less than actually reported.

A significant proportion of our Built and Natural Environment and AAP activity relates to projects providing the infrastructure necessary to process and deliver energy and power resources. Consequently, over two thirds of our underlying profit is now earned in the global Energy and associated energy infrastructure markets. The Board believes this gives RPS a good position in markets which are likely to expand significantly in coming years. However, as previously reported, in AAP our resources clients dealt with softening demand and rising costs by delaying, scaling back and cancelling a significant number of projects. This prevented the Group delivering the organic growth anticipated, although our acquisition strategy continued to work well enabling Group profits (PBTA) to increase by 5%. These acquisitions were funded entirely with cash using our existing borrowing facilities.

Cash Flow, Funding and Dividend

The Group continued its strong conversion of profit into cash. Adjusted operating cash flow was £72.0 million (2012: £76.0 million). Our balance sheet remains strong, with no material unfunded pension liabilities. We have bank facilities of £125 million available until July 2016. These comprise a £90 million committed facility, with an additional £35 million available as required. The cost of these facilities remains attractive. Net bank borrowings at the year end were £32.4 million (2012: £13.5 million), after paying out £15.0 million in dividends (2012: £13.0 million) and £46.7 million (2012: £24.2 million) in respect of payments for acquisitions including acquired debt.

The Board continues to be confident about the Group's financial strength and is recommending a final dividend of 3.84 pence per share payable on 23 May 2014 to shareholders on the register on 22 April 2014. If approved, the total dividend for the full year would be 7.36 pence per share, an increase of 15% (2012: 6.40 pence per share). Our dividend has increased at about this rate for 20 consecutive years.

We remain well positioned to continue funding the Group's growth strategy.

Markets and Trading

Energy

We provide internationally recognised consultancy services to the energy sector from our main bases in the UK, USA and Canada. These act as regional centres for projects undertaken in many other countries. The Energy component of our AAP business with offices in Perth, Singapore and Kuala Lumpur provides an integral part of the service offering to our international oil and gas clients. The 2013 results show the growth anticipated, with a strong margin being maintained:

	2013	2012
Fee income (£m)	**189.5**	164.4
Underlying profit* (£m)	**37.1**	31.2
Margin %	**19.6**	19.0

**As defined in note 2. Reorganisation costs: 2013 £0.1m; 2012 £nil.*

We benefitted from good levels of demand in many areas of the world, although, as previously announced, our level of activity relating to potash extraction reduced significantly in Canada, following disruption of the global market early in the year. Our independent advice in respect of transactions, asset valuations and reserves reporting continued to be highly valued and our training services continued to be used extensively by clients. In the final months of the year we noticed clients started to manage expenditure more tightly in some projects. Nonetheless, the high profile we have in a broad range of markets, combined with our geographical diversity, enabled us to continue to take advantage of the generally favourable conditions.

We made acquisitions during the course of the year which: strengthened our training business, gave us exposure to the buoyant North American pipeline construction market and expanded our technical reservoir engineering and specialist geology capabilities. Most recently we have made a major investment in Norway, where we see significant long term opportunity. We are also well positioned to benefit from growth in shale gas exploration and production in the UK as that market develops.

Exploration and production spend by oil and gas companies in 2014 will be substantial. As clients are likely to continue focusing on cost management, we will need to maintain our high level of efficiency in this business. We are still confident of remaining on a positive growth trajectory.

Built and Natural Environment (BNE)

Within this segment 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, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying and transport planning. The energy infrastructure market continues to be of particular importance to the Group.

BNE: Europe

This business performed well, with an improved margin, despite continuing economic uncertainty.

	2013	2012
Fee income (£m)	**149.3**	157.2
Underlying profit* (£m)	**19.2**	18.9
Margin %	**12.8**	12.0

**As defined in note 2. Reorganisation costs: 2013 £0.5m; 2012 £0.8m.*

Our UK commercial development clients, particularly in the house building sector, developed increasing confidence through the year. Our strategic position in the energy infrastructure market enabled us to continue to win work at rates which reflect our market leading position. Shifting policy signals in the UK energy market do, however, inevitably delay investment. Our laboratories in the Netherlands continued to trade strongly following the investment made in 2012. As previously reported, the excellent performance of our UK water business in 2012, based upon a number of exceptional contracts, could not be repeated. Our health, safety and risk management businesses are well positioned and continued to perform encouragingly. Despite continuing fee rate pressure in most businesses in this segment, the improved efficiencies resulting from actions taken previously, sustained a higher level of margin.

Conditions in some of our European markets seem likely to continue to improve. As a result, organic growth looks possible in this segment. We also believe market conditions are sufficiently stable to consider acquisitions again.

BNE: North America

This business is primarily focussed on the energy infrastructure market and project studies for US government agencies. It has not, therefore, suffered the market uncertainties seen in Europe and AAP in the property and mining sectors.

	2013	2012
Fee income (£m)	**30.0**	26.9
Underlying profit* (£m)	**7.6**	6.3
Margin %	**25.3**	23.2

**As defined in note 2. Reorganisation costs: 2013 £nil; 2012 £nil.*

It had an excellent year, with all of its growth being organic. Both the environmental management businesses in Texas and the oceanographic businesses in Texas, Rhode Island and Washington State performed well. The exceptional margin in recent years has resulted from a particularly strong performance by our oceanographic businesses. We continue to position this business to take advantage of the significant market opportunity which is emerging.

Australia Asia Pacific

This business is a combination of the former BNE: AAP and the AAP component of Energy. They have been brought together to take advantage of the opportunities in the integrated energy and energy infrastructure market and, specifically, help counter the impact of the slow down in the resources sector on our business. Although the benefits of this have begun to develop, the results for the year nevertheless showed the expected substantial decline in profit.

	2013	2012
Fee income (£m)	**127.2**	133.9
Underlying profit* (£m)	**10.0**	15.2
Margin %	**7.9**	11.3

**As defined in note 2. Reorganisation costs: 2013 £1.2m; 2012 £0.9m.*

Year on year fee income decline was moderated by contributions from the acquisitions completed in the second half of 2012 and 2013. The oceanography business acquired in the second half of 2013 has integrated well. However, the underlying segment profit declined substantially, reflecting the exceptionally poor conditions in the resources market throughout the year and the weakening of the Australian dollar. Reorganisation costs also increased from £0.9 million to £1.2 million, as a result of removing significant costs from the business, in order to maintain operational efficiency.

2013 saw a significant number of natural resources projects, particularly mining and offshore gas, delayed by our clients, as they reduced their level of capital expenditure materially. In other sectors of the economy, following the change of the Australian Federal Government in September, some private sector clients, particularly in New South Wales and Victoria, started to consider investments to take advantage of the weaker Australian dollar and lower interest rates. We also secured a significant inflow of work from public bodies in New South Wales and Victoria to assist them to plan major new infrastructure projects. As a result of both these trends, our businesses in Sydney and Melbourne performed well.

In order to reflect this emerging trend we recently completed the acquisition of Whelans Corporation Pty Ltd, a development consultancy providing surveying, engineering and urban planning services in the Sydney market. The maximum total consideration, all payable in cash, is A$3.8 million (£2.1 million). A$2.6 million (£1.4 million) was paid at completion with the balance payable in two equal instalments over the next two years. (Further details of the transaction are given in Note 12).

The ingredients seem to be gradually coming together for a recovery and rebalancing of the Australian economy. As a result we have begun to benefit from increased client investment in urban development and public sector infrastructure projects. We are, however, likely to continue to suffer from unpredictable, but generally low levels of capital expenditure in the resources sector for some time. A weak Australian dollar is also likely to continue to impact our results on consolidation. However, the cost reductions we have made should help us improve our performance ahead of market recovery.

Group Strategy and Prospects

RPS remains well positioned in markets of importance to the global economy. Our focus on Energy and energy infrastructure markets underpins the Group's excellent long term prospects. We remain of the view that our strategy of building multi-disciplinary businesses in each of the regions in which we operate continues to be both attractive and achievable. We will, therefore, continue to invest to develop our businesses organically, whilst seeking further acquisition opportunities. Our balance sheet is strong and supports this strategy, which the Board believes should enable the Group to perform well in 2014.

Board of Directors
RPS Group plc
27 February 2014

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 Board considers market expectations are best defined by taking the range of forecasts of PBTA for the full year published by analysts. The range of forecasts of which the Board is aware in respect of 2013 is £62.1 to £63.9 million. The current range for 2014 is £66.3 to £73.9 million. Nothing in this announcement should be construed as a profit forecast.

Consolidated income statement

£000's	*Notes*	year ended 31 December 2013	year ended 31 December 2012
Revenue	*2*	567,614	555,863
Recharged expenses	*2*	(75,493)	(77,028)
Fee income	*2*	492,121	478,835
Operating profit before amortisation of acquired intangibles and transaction related costs	*2,3*	65,305	62,069
Amortisation of acquired intangibles and transaction related costs	*3*	(19,425)	(19,925)
Operating profit		45,880	42,144
Finance costs	*4*	(2,430)	(2,128)
Finance income	*4*	157	158
Profit before tax, amortisation of acquired intangibles and transaction related costs		63,032	60,099
Profit before tax		43,607	40,174
Tax expense	*5*	(14,987)	(14,263)
Profit for the year attributable to equity holders of the parent		28,620	25,911
Basic earnings per share (pence)	*6*	13.11	11.94
Diluted earnings per share (pence)	*6*	13.05	11.87
Adjusted basic earnings per share (pence)	*6*	20.22	19.48
Adjusted diluted earnings per share (pence)	*6*	20.14	19.36

Consolidated statement of comprehensive income

£000's	year ended 31 December 2013	year ended 31 December 2012
Profit for the year	28,620	25,911
Exchange differences*	(18,200)	(5,545)
Total recognised comprehensive income for the year attributable to equity holders of the parent	10,420	20,366

* May be reclassified to profit or loss in accordance with IFRS

Consolidated balance sheet

£000's	Notes	as at 31 December 2013	as at 31 December 2012
Assets			
Non-current assets:			
Intangible assets		375,279	328,440
Property, plant and equipment		27,785	30,632
Deferred tax asset		2,018	-
		405,082	359,072
Current assets:			
Trade and other receivables		161,741	159,381
Cash at bank		18,699	14,804
		180,440	174,185
Liabilities			
Current liabilities:			
Borrowings		1,465	748
Deferred consideration	*10*	20,919	7,842
Trade and other payables		103,260	101,921
Corporation tax liabilities		3,058	3,582
Provisions		2,134	2,633
		130,836	116,726
Net current assets		49,604	57,459
Non-current liabilities:			
Borrowings		49,602	27,557
Deferred consideration	*10*	14,923	3,543
Other payables		2,471	1,745
Deferred tax liability		13,645	8,436
Provisions		2,007	1,436
		82,648	42,717
Net assets		372,038	373,814
Equity			
Share capital		6,619	6,587
Share premium		108,307	106,198
Other reserves	*7*	17,652	36,070
Retained earnings		239,460	224,959
Total shareholders' equity		372,038	373,814

Consolidated cash flow statement

£000's	*Notes*	year ended 31 December 2013	year ended 31 December 2012
Adjusted cash generated from operations	8	72,030	76,045
Deferred consideration treated as remuneration		(7,714)	(9,969)
Cash generated from operations		64,316	66,076
Interest paid		(1,991)	(2,204)
Interest received		157	158
Income taxes paid		(19,829)	(18,162)
Net cash from operating activities		42,653	45,868
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		(31,174)	(9,774)
Deferred consideration		(3,466)	(4,130)
Purchase of property, plant and equipment		(8,034)	(9,909)
Proceeds from sale of property, plant and equipment		523	713
Proceeds from disposal of business		-	298
Net cash used in investing activities		(42,151)	(22,802)
Cash flows from financing activities:			
Proceeds from issue of share capital		555	240
Purchase of own shares		-	(400)
Proceeds from/(repayments of) bank borrowings		18,609	(17,409)
Payment of finance lease liabilities		(580)	(1,350)
Dividends paid		(15,034)	(13,007)
Payment of pre-acquisition dividend		(247)	(399)
Net cash used in financing activities		3,303	(32,325)
Net (increase)/decrease in cash and cash equivalents		3,805	(9,259)
Cash and cash equivalents at beginning of year		14,804	24,458
Effect of exchange rate fluctuations		(818)	(395)
Cash and cash equivalents at end of year		17,791	14,804
Cash and cash equivalents comprise:			
Cash at bank		18,699	14,804
Bank overdraft		(908)	-
Cash and cash equivalents at end of year	8	17,791	14,804

Consolidated statement of changes in equity

£000's	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2012	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
Total comprehensive income	-	-	28,620	(18,200)	10,420
Issue of new ordinary shares	32	2,109	(1,370)	(218)	553
Share based payment expense	-	-	1,938	-	1,938
Tax recognised directly in equity	-	-	347	-	347
Dividends paid	-	-	(15,034)	-	(15,034)
At 31 December 2013	6,619	108,307	239,460	17,652	372,038

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 2013 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.

During the year, the Group has applied IFRS13 "Fair value measurement", the Annual Improvements to IFRS and IAS 1 (amended) "Presentation of items of Other Comprehensive Income". The Group has early adopted "Recoverable Amount Disclosures for Non-Financial Assets" (Amendments to IAS36). Their adoption has not had a material impact on the disclosures and amounts reported. Otherwise the accounting policies used are the same as set out in detail in the Report and Accounts 2012 and have been applied consistently to all periods presented in these financial statements.

2. **Business segments**

As announced in October 2013, the Group now separately reports its Built and Natural Environment business in North America and now manages its Energy and BNE businesses in Australia Asia Pacific under a single regional board. The prior year disclosures have been restated to reflect these changes.

The business segments of the Group are as follows:

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.

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.

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

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.

Segment results for the year ended 31 December 2013

£000's	Fees	Expenses	Intersegment revenue	External revenue
Energy	189,535	33,803	(1,141)	222,197
BNE – Europe	149,292	20,171	(603)	168,860
BNE - North America	30,044	4,538	(1,111)	33,471
AAP	127,194	17,380	(1,488)	143,086
Group eliminations	(3,944)	(399)	4,343	-
Total	492,121	75,493	-	567,614

£000's	Underlying profit	Reorganisation costs	Segment profit
Energy	37,098	(78)	37,020
BNE – Europe	19,164	(487)	18,677
BNE - North America	7,592	-	7,592
AAP	10,020	(1,192)	8,828
Total	73,874	(1,757)	72,117

Segment results for the year ended 31 December 2012 (restated)

£000's	Fees	Expenses	Intersegment revenue	External revenue
Energy	164,363	29,160	(823)	192,700
BNE - Europe	157,200	21,433	(1,301)	177,332
BNE - North America	26,938	4,264	(123)	31,079
AAP	133,888	22,393	(1,529)	154,752
Group eliminations	(3,554)	(222)	3,776	-
Total	478,835	77,028	-	555,863

£000's	Underlying profit	Reorganisation costs	Segment profit
Energy	31,243	(46)	31,197
BNE - Europe	18,874	(754)	18,120
BNE - North America	6,252	-	6,252
AAP	15,188	(946)	14,242
Total	71,557	(1,746)	69,811

Group reconciliation

£000's	2013	2012
Revenue	567,614	555,863
Recharged expenses	(75,493)	(77,028)
Fees	492,121	478,835
Underlying profit	73,874	71,557
Reorganisation costs	(1,757)	(1,746)
Segment profit	72,117	69,811
Unallocated expenses	(6,812)	(7,742)
Operating profit before amortisation of acquired intangibles and transaction related costs	65,305	62,069
Amortisation of acquired intangibles and transaction related costs	(19,425)	(19,925)
Operating profit	45,880	42,144
Finance costs	(2,273)	(1,970)
Profit before tax	43,607	40,174

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

	Revenue		Fees	
£000's	2013	2012	2013	2012
UK	240,065	238,481	205,044	204,436
Australia	131,174	144,753	114,418	123,782
USA	86,135	71,506	77,594	63,736
Netherlands	33,076	28,159	28,204	24,483
Canada	31,733	32,769	27,728	28,658
Ireland	28,349	30,917	22,083	24,607
Other	17,082	9,278	17,050	9,133
Total	567,614	555,863	492,121	478,835

3. Amortisation of acquired intangibles and transaction related costs

£000's	year ended 31 Dec 2013	year ended 31 Dec 2012
Amortisation of acquired intangibles	12,217	10,636
Contingent deferred consideration treated as remuneration	6,009	8,593
Negative goodwill	-	(266)
Transaction costs	1,199	827
Loss on disposal of business	-	135
Total	19,425	19,925

4. Net financing costs

£000's	year ended 31 Dec 2013	year ended 31 Dec 2012
Finance costs:		
Interest on loans, overdraft and finance leases	(1,593)	(1,583)
Interest on deferred consideration	(837)	(545)
	(2,430)	(2,128)
Finance income:		
Deposit interest receivable	157	158
Net financing costs	(2,273)	(1,970)

5. **Income taxes**

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

£000's	year ended 31 Dec 2013	year ended 31 Dec 2012
Current tax:		
UK corporation tax	4,834	4,596
Overseas tax	10,922	13,133
Adjustments in respect of prior years	692	618
	16,448	18,347
Deferred tax:		
Origination and reversal of timing differences	(514)	(2,932)
Effect of change in tax rate	(490)	(21)
Adjustments in respect of prior years	(457)	(1,131)
	(1,461)	(4,084)
Tax expense for the year	14,987	14,263
Tax credit in equity for the year	(347)	(95)

The UK rate of corporate tax was reduced from 24% to 23% from 1st April 2013. The UK tax expense for the Group's UK companies is 23.25% (2012: 24.50%) representing the weighted average annual corporate tax rate for the full financial year. The actual tax expense for 2013 is different from 23.25% (2012: 24.50%) of profit before tax for the reasons set out in the table below:

£000's	2013	2012
Profit before tax	43,607	40,174
Tax at the UK effective rate of 23.25% (2012: 24.50%)	10,139	9,843
Effect of overseas tax rates	3,432	2,339
Acquisition consideration treated as remuneration not deductible for tax purposes	1,401	2,105
Expenses not deductible for tax purposes	403	632
Non taxable income	(133)	(65)
Effect of change in tax rates	(490)	(78)
Adjustments in respect of prior years	235	(513)
Total tax expense for the year	14,987	14,263

The effective tax rate for the year on profit before tax is 34.4% (2012: 35.5%). The effective tax rate for the year on profit before tax, amortisation of acquired intangibles and transaction related costs is 29.9% (2012: 29.7%) as shown in the table below:

£000's	2013	2012
Total tax expense in Income Statement	14,987	14,263
Add back:		
Tax on amortisation of acquired intangibles and transaction related costs	3,889	3,569
Adjusted tax charge on the profit for the year	18,876	17,832
PBTA	63,032	60,099
Adjusted effective tax rate	29.9%	29.7%

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 2013	year ended 31 Dec 2012
Profit attributable to ordinary shareholders	28,620	25,911
Weighted average number of ordinary shares for the purposes of basic earnings per share	218,355	216,980
Effect of employee share schemes	909	1,313
Diluted weighted average number of ordinary shares	219,264	218,293
Basic earnings per share (pence)	13.11	11.94
Diluted earnings per share (pence)	13.05	11.87

The directors consider that earnings per share before amortisation 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	year ended 31 Dec 2013	year ended 31 Dec 2012
Profit attributable to ordinary shareholders	28,620	25,911
Amortisation of acquired intangibles and transaction related costs (note 3)	19,425	19,925
Tax on amortisation of acquired intangibles and transaction related costs	(3,889)	(3,569)
Adjusted profit attributable to ordinary shareholders	44,156	42,267
Adjusted basic earnings per share (pence)	20.22	19.48
Adjusted diluted earnings per share (pence)	20.14	19.36

7. Other reserves

£000's	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2012	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
Exchange differences	-	-	(18,200)	(18,200)
Issue of new shares	-	(218)	-	(218)
At 31 December 2013	21,256	(9,277)	5,673	17,652

8. Notes to the consolidated cash flow statement

£000's	year ended 31 Dec 2013	year ended 31 Dec 2012
Operating profit	45,880	42,144
Adjustments for:		
Depreciation	9,432	8,950
Amortisation of acquired intangible assets	12,217	10,636
Contingent consideration treated as remuneration	6,009	8,593
Share based payment expense	1,938	2,070
Negative goodwill	-	(266)
Profit on sale of property, plant and equipment	(241)	(119)
Loss on disposal of business	-	135
	75,235	72,143
Decrease in trade and other receivables	8,838	12,491
Decrease in trade and other payables	(12,043)	(8,589)
Adjusted cash generated from operations	72,030	76,045

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 2013:

£000's	At 31 Dec 2012	Cash flow	Acquisition debt	Foreign exchange	At 31 Dec 2013
Cash and cash equivalents	14,804	4,831	-	(936)	18,699
Overdrafts	-	(1,026)	-	118	(908)
Bank loans	(27,098)	(18,609)	(4,353)	423	(49,637)
Finance lease creditor	(1,207)	580	-	105	(522)
Net borrowings	(13,501)	(14,224)	(4,353)	(290)	(32,368)

The cash balance at 31 December 2013 includes £6,028,000 (2012: £3,566,000) that is restricted in its use, either as security or client deposits.

9. **Acquisitions**

During 2013 the Group completed six acquisitions. Each of these broadens and strengthens the services the Group offers.

Entity acquired	Date of acquisition	Place of incorporation	Percentage of entity acquired	Nature of business acquired
Petroleum Institute of Continuing Education Ltd	16/1/13	Canada	100%	Training
Knowledge Reservoir Group LLC	18/4/13	USA	100%	Oil & Gas consultancy
Asia Pacific ASA Pty Ltd	17/7/13	Australia	100%	Oceanographic consultancy
HMA Ltd	16/8/13	Canada	100%	Linear infrastructure consultancy
Ichron Ltd	25/9/13	UK	100%	Oil & Gas consultancy
OEC Group	7/11/13	Norway	100%	Project management

The Group has allocated provisional fair values to the net assets of these acquisitions as it did not have complete information at the balance sheet date. Detail 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	PEICE	KR	APASA	HMA	Ichron	OEC	Total
Intangible assets:							
Order book	126	745	79	1,337	620	1,355	4,262
Customer relations	4,423	6,314	1,901	2,234	4,660	9,460	28,992
Trade names	183	719	127	285	260	1,213	2,787
Intellectual property	-	425	-	-	-	-	425
Software	499	-	-	-	-	-	499
PPE	1	88	102	202	113	148	654
Cash	612	1,956	2,070	2,306	2,610	4,297	13,851
Other assets	60	4,779	1,034	2,006	1,693	9,131	18,703
Borrowings	-	-	-	(4,353)	-	-	(4,353)
Other liabilities	(2,034)	(2,439)	(2,391)	(4,401)	(2,921)	(12,979)	(27,165)
Net assets acquired	3,870	12,587	2,922	(384)	7,035	12,625	38,655
Satisfied by:							
Initial cash consideration	3,637	9,774	2,650	2,039	6,650	20,025	44,775
Fair value of deferred consideration	3,576	4,327	2,470	5,196	5,923	10,893	32,385
Total consideration	7,213	14,101	5,120	7,235	12,573	30,918	77,160
Goodwill	3,343	1,514	2,198	7,619	5,538	18,293	38,505

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 £15,481,000. The breakdown between gross receivables and amounts estimated irrecoverable was as follows:

£000s	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
PIECE	3,066	(25)	3,041
KR	83	-	83
APASA	1,099	-	1,099
HMA	1,923	(25)	1,898
Ichron	1,400	-	1,400
OEC	7,972	(12)	7,960
	15,543	(62)	15,481

The vendors of the acquired companies have entered into warranty agreements with the Group. The total undiscounted cash flow that could be receivable by the Group is between £nil and £18,164,000. The Group does not expect that these warranties will become receivable and therefore has not recognised an indemnification asset on acquisition.

The Group incurred acquisition related costs of £1,199,000 which have been expensed through the income statement and are included within amortisation of acquired intangibles and transaction related expenses.

The contribution of the acquisitions to the Group's results for the year is given below.

£000s	Segment	Revenue	Operating Profit
PEICE	Energy	4,167	83
KR	Energy	8,955	366
APASA	AAP	2,050	378
HMA	Energy	3,199	359
Ichron	Energy	2,632	1,386
OEC	Energy	4,720	(83)
		25,723	2,489

HMA is currently managed as part of the Energy segment, but since the year end HMA has worked closely with the BNE NA business and we are anticipating that it may transfer under the management of the BNE NA board. HMA's results will be included in the BNE NA segment in that case. HMA's contribution to Energy in 2013 comprised revenue of £3,199,000, fees of £2,620,000 and operating profit before amortisation of intangibles and transaction related costs of £695,000.

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 £621,272,000 and £50,928,000 respectively.

A reconciliation of the goodwill movement in 2013 in respect of acquisitions made in 2012 and 2013 is given in the table below.

£000s	PEICE	KR	APASA	HMA	Ichron	OEC	MR
Goodwill at 1 January 2013	-	-	-	-	-	-	11,943
Additions through acquisition	3,343	1,514	2,198	7,619	5,538	18,293	-
Foreign exchange movement	(336)	(115)	(243)	(622)	-	(1,020)	(1,842)
Goodwill at 31 December 2013	3,007	1,399	1,955	6,997	5,538	17,273	10,101

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

In 2012, negative goodwill in respect of the acquisition of ASA was recognised and credited to the income statement. No negative goodwill was recognised in 2013.

10. Deferred consideration

£000's	As at 31 December 2013	As at 31 December 2012
Amount due within one year	20,919	7,842
Amount due between one and two years	14,923	3,543
Total deferred consideration	35,842	11,385

The amount due within one year as at 31 December 2013 includes contingent deferred consideration remuneration expense accrued, but not paid, totalling £2,457,000 (31 December 2012: £4,157,000).

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 Group retains a cash commitment of £3,603,000 and an estimated remuneration charge to be expensed in 2014 of £1,146,000. These values assume constant foreign exchange rates.

The cash commitment due in 2014 includes contingent deferred consideration remuneration expense accrued, but not paid, totalling £2,457,000 as referred to in note 10.

12. **Post balance sheet events**

On 5th February the Group completed the acquisition of the entire share capital of Whelan's Corporation Pty Ltd trading as "InSites", a consultancy with about 50 staff providing surveying and spatial services primarily within the residential land development and urban planning sectors in New South Wales, Australia. Total consideration is AUD 3,839,000 (c.£2,100,000) inclusive of interest at market rate, payable entirely in cash. Consideration paid at completion was AUD 2,639,000 (c.£1,440,000) and a further AUD 600,000 (c.£330,000) inclusive of interest will be paid on the first and second anniversaries of completion. In the year to 30th June 2013 Whelan's generated revenue of AUD 9,560,000 (c.£5,220,000), fees of AUD 8,548,000 (c.£4,670,000) and profit before tax of AUD 800,000 (c.£440,000).

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 2013 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 2012 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, 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 2013

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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;

- the Strategic report 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, together with a description of the principal risks and uncertainties that they face and;

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for share holders to assess the Company's performance, business model and strategy.