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

Results for the Year Ended 31 December 2015

Results affected significantly by structural decline in oil and gas E&P activity. Other businesses performed well. Strong operating cash flow. Dividend increased.

Summary of Results

	2015	2014	2014 (constant currency)
Business performance			
Revenue (£m)	**567.0**	572.1	554.7
Fee income (£m)	**506.1**	505.0	489.6
PBTA[1] (£m)	**51.8**	66.1	65.0
Adjusted earnings per share [2] (basic) (p)	**16.57**	22.04	21.67
Total dividend per share (p)	**9.74**	8.47	8.47
Statutory reporting			
Profit before tax (£m)	**9.9**	46.3	45.7
Earnings per share (basic) (p)	**3.11**	15.20	15.03

Key Points

- sharp decline in level of E&P spend followed collapse in oil price; significantly affected Energy trading profits;
- £20.0 million impairment of intangibles arising from O&G downturn;
- Energy bad debt provision of £7.0 million;
- BNE:Europe grew well benefiting from recovering UK economy and Metier acquisition in Norway;
- AAP strategy to reposition away from resources sector progressing well; reinforced by acquisition of EIG;
- acquisition of Klotz and Iris assisted repositioning in BNE:North America, but oil and gas client exposure still had significant impact;
- strong net cash from operating activities £75.1m (2014: £44.0m);
- full year dividend increased by 15%.

Notes:

(1) *Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs.*
(2) *Based on earnings before amortisation and impairment of acquired intangibles and transaction related costs.*

Brook Land, Group Chairman, commented:

"The Group produced a creditable result for 2015 against the backdrop of a major reduction in expenditure by our oil and gas clients, reflecting the flexible nature of our strategy and business model. The AAP and BNE:Europe businesses performed particularly well. They and BNE: North America are expected to grow again in 2016, offsetting a likely further reduction in the Energy contribution.

The ability of RPS to continue to generate strong cash flow is testament to the robust nature of our business. Our year end debt was lower than anticipated. The Board has decided again to increase the full year dividend by 15%."

3 March 2016

ENQUIRIES

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

Instinctif Partners
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, Norway, the United States, Canada and Australia/Asia Pacific and undertake projects in many other parts of the world.

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. Nothing in this announcement should be construed as a profit forecast.

Results

PBTA for the full year was £51.8 million (2014: £66.1 million; £65.0 million on a constant currency basis). This reduction was caused by a significant downturn in our Energy business, resulting from the substantial global contraction in expenditure by our oil and gas clients, responding to a collapse in the oil price. In addition, a provision for doubtful debts totalling £7.0 million was made at the year end in respect of this business, due to the non-payment of debts due from a small number of clients. Primarily as a result of significantly reduced Energy earnings in the UK, the Group tax charge on PBTA increased to 29.6% (2014: 26.9%). Adjusted basic earnings per share were 16.57 pence (2014: 22.04 pence; 21.67 pence on a constant currency basis).

We have taken a non-cash impairment charge against the book value of certain intangible assets held on the balance sheet of £20.0 million as a result of the reduced level of activity from oil and gas clients. This reduced PBT for the full year which, as a result, was £9.9 million (2014: £46.3 million; £45.7 million on a constant currency basis).

Segment Contribution

The contribution of the Group's four segments was:

Segment Profit* (£m)		**2015**	2014	2014 (constant currency)
Built and Natural Environment:	Europe	**30.3**	24.9	23.7
:	North America	**10.6**	9.1	9.5
Energy		**10.9**	35.0	35.5
Australia Asia Pacific ("AAP")		**12.1**	8.2	7.3
Total		**63.9**	77.2	75.9

*after reorganisation costs.

During the year we experienced a significant change in the mix of our business. Energy contributed 45% of segment profit in 2014. This reduced to 17% in 2015 as a result of the downturn in the oil and gas sector and growth in our other businesses. BNE:Europe, which now includes Norway, has become the Group's largest business (having grown organically and by acquisition) contributing 47% of segment profit.

Following the acquisition of Everything Infrastructure Group Pty Ltd ("EIG") (October 2015) our non resources businesses in AAP now contribute about 80% of the annualised AAP profit. When we created this segment in 2013 this contribution was about 25%. Both our BNE businesses remain exposed to oil and gas client projects. The oil and gas component in Europe is small (about 5%) and primarily focussed in Norway. In North America the exposure is greater (about 40%); we have in place a strategy to diversify this business further, as has been achieved in AAP. Both, however, remain exposed to further deterioration in the resources markets.

In recent years our acquisitions in both Norway and Australia have been directed towards project management consultancy, particularly in respect of large scale infrastructure projects. We see this as an important new activity for the Group; it also reduces our dependency on the resources sectors.

Cash Flow, Funding and Dividend

Our cash flow in the year was excellent. Net cash from operating activities was £75.1 million (2014: £44.0 million). There was a reduction in working capital of £26.8 million (2014: absorption £8.5 million) in part due to the collection of some older debts. Our year end net bank borrowings were £78.8 million (2014: £73.2 million) after paying out £20.0 million in dividends (2014: £17.4 million) and £51.9 million (2014: £64.7 million) in respect of initial and deferred payments for acquisitions, net of acquired cash and debt. Net bank borrowings include £53.1 million of US private placement notes, due for repayment in 2021. In July 2015, we arranged a £150 million committed revolving credit facility with Lloyds Bank Plc and HSBC Bank Plc. This is available until July 2020 and had headroom of about £107.1 million at the year end.

As a result of the downturn in the Energy business and its reduced prospects for 2016, we have taken a non-cash impairment charge of £16.6 million against the value of intangible assets on the balance sheet. We have also taken impairment charges in respect of intangible assets of £2.9 million in BNE: North America and £0.5 million in AAP, both in relation to businesses with exposure to the oil and gas sector.

The Board is recommending a final dividend of 5.08 pence per share payable on 20 May 2016 to shareholders on the register on 22 April 2016. If approved, the total dividend for the full year would be 9.74 pence per share, an increase of 15% (2014: 8.47 pence per share). The Board intends to continue to grow the dividend in a manner which reflects the performance and needs of the business.

Markets and Trading

Built and Natural Environment (BNE)

BNE: Europe

Within this business we provide a wide range of consultancy services to many aspects of the property and infrastructure sectors. It had a successful year achieving growth in fee income, profit and margin. This segment now includes the Group's Norwegian business, reported last year in Energy. The process of integrating OEC (acquired September 2013) with Metier AS (acquired May 2015) to form Norway's leading project management consultancy has progressed encouragingly.

	2015	2014	2014 (constant currency)
Fee income (£m)	**222.4**	186.3	177.3
Segment profit* (£m)	**30.3**	24.9	23.7
Margin (%)	**13.6**	13.4	13.3

** after reorganisation costs: 2015 £0.5m; 2014 £0.3m.*

The acquisitions made in 2014 (Clear and CgMs) have been integrated successfully and assisted the growth of the UK water and planning and development businesses respectively. Those activities which assist clients develop new capital projects, particularly our planning and development business in the UK, continued to benefit both from improving market conditions and client confidence. Those exposed to operational environments, such as providing environment management advice, continued to need to offer an efficient, cost effective service to assist clients in managing tight budgets. However, our water business in the UK, achieved this and, in consequence, performed particularly well in the period.

Our business in Norway has a modest direct exposure to the oil and gas market. The other parts of the business traded well, including Metier AS.

We currently anticipate this segment of the Group should show further growth this year.

BNE: North America

This business evolved from our North American Energy business and, as a result, still has significant exposure to the provision of environmental services to the oil and gas sector. This has held back progress throughout the year as those clients reduced and delayed expenditure, although both fee income and profit grew helped by the contribution from acquisitions.

The acquisition of Klotz Associates Inc. (February 2015) and Iris Environmental (October 2015) continued the process of diversifying into more traditional planning and environmental consultancy activities. These businesses, in conjunction with GaiaTech (acquired in 2014), have enabled the North American business as a whole to secure year on year growth. Once they have been fully integrated we intend to develop further our planning and environmental capability with additional acquisitions.

	2015	2014	2014 (constant currency)
Fee income (£m)	**58.7**	41.3	43.4
Segment profit* (£m)	**10.6**	9.1	9.5
Margin (%)	**18.0**	22.0	21.9

** after reorganisation costs: 2015 £0.2m; 2014 £nil.*

We currently anticipate further growth in this business in 2016, although this is likely to be driven largely by the recent acquisitions.

Energy

We provide internationally recognised services to the oil and gas industry from bases in the UK, USA and Canada. These act as regional centres for projects undertaken in many other countries. The business undertakes projects globally and manages its resources internationally.

During the course of the year, our experienced management team had to respond to a significant reduction in our clients' spend and the uncertainty about whether and when specific projects might commence. In these circumstances, the maintenance of a margin well into double figures, before doubtful debt provisions totalling £7.0 million made at the year end, confirms both the quality of this business and its management, as well as the added value it provides to our clients.

	2015	2014	2014 (constant currency)
Fee income (£m)	**123.0**	175.5	177.5
Segment profit* (£m)	**10.9**	35.0	35.5
Margin (%)	**8.9**	19.9	20.0

** after reorganisation costs: 2015 £0.9m; 2014 £0.2m*

Our Energy activities can be broadly divided into 2 components: consultancy and operations. Consultancy provides a broad range of advisory and training services and includes the asset evaluation work and training we undertake for clients. It is predominantly an employee based business. The operations business provides technical support to clients in their day to day exploration and production activities. It generates income primarily with the use of sub-consultants. The performance of the business can be seen in the declining trend of fee income for both components:

(£m)	2014			2015		
	H1	H2	Total	H1	H2	Total
Consultancy	34.5	34.0	68.5	26.5	23.3	49.8
Operations	54.3	52.7	107.0	40.8	32.4	73.2
Total	88.8	86.7	175.5	67.3	55.7	123.0

In response, the operating costs of the business have been reduced by about £36 million on an annualised basis since the beginning of 2015. This includes about £25 million for the year on year reduction in the cost of sub-consultants, almost entirely related to the operations business.

The oil price remains volatile and expenditure by our clients is likely to reduce materially again this year. In consequence, further cost saving measures are being taken. The costs of these will be incurred in the first half, with the benefit of the consequent savings arising largely in the second half. As a result the first half is likely to produce a reduced performance compared with the same period in 2015. Assuming reasonably stable market conditions, the second half should show an improvement over the first half. However, our current expectation is that the full year Energy result for 2016 is likely to show a further decline in both fee income and profit.

Australia Asia Pacific ("AAP")

This business is a combination of the former BNE:AAP and the AAP component of Energy. They were brought together in 2013 to help counter the impact of the slowdown in the resources sector by focusing more upon the buoyant infrastructure sector. This strategy is proving successful. The business grew its profit significantly in 2015 and improved its margin, primarily as a result of this repositioning strategy and, in particular, the acquisition of Point the project management consultancy (September 2014).

	2015	2014	2014 (constant currency)
Fee income (£m)	**104.2**	103.6	93.1
Segment profit* (£m)	**12.1**	8.2	7.3
Margin (%)	**11.6**	7.9	7.8

** after reorganisation costs: 2015 £0.4m; 2014 £1.4m.*

Following elections in New South Wales, Victoria and Queensland in the first half of 2015, the pace of investment in infrastructure has increased and we are assisting clients develop a number of high profile projects. We also have involvement in a number of large projects for various departments of the Federal Government. Such projects are likely to remain important to the Australian economy, although the reduction in levels of tax revenue from the resources sector is focusing attention on those able to deliver value for money.

In order to expand this increasingly important component of our business we acquired EIG, a project management business with a strong involvement in the infrastructure market. (October 2015). We see considerable opportunity in infrastructure related markets and are now well positioned to take advantage of this.

Overall, we are currently expecting an improved performance in 2016, although a further contraction in the remaining resources element of the business is, again, likely to moderate the organic growth achievable.

Group Prospects and Strategy

The acquisitions made in 2015 are integrating well and will make an important contribution this year. The Board is currently expecting a further reduction in Energy profit in 2016. The other three segments are expected to grow.

Our strategy of building multi-disciplinary businesses in each of the regions in which we operate continues to be attractive. Our flexible business model, diversity of operations and experienced management enabled us to withstand a substantial contraction in Energy during the year, as well as delivering strong cash flow. We intend to maintain this strategy, securing organic growth where possible and containing costs where not, whilst continuing to seek further acquisition opportunities.

Board of Directors
RPS Group plc
3 March 2016

Consolidated income statement

£000's	*Notes*	year ended 31 December 2015	year ended 31 December 2014
Revenue	*2*	566,972	572,126
Recharged expenses	*2*	(60,862)	(67,167)
Fee income	*2*	506,110	504,959
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	*2*	56,845	70,244
Amortisation and impairment of acquired intangibles and transaction related costs	*3*	(41,940)	(19,842)
Operating profit		14,905	50,402
Finance costs	*4*	(5,232)	(4,242)
Finance income	*4*	182	112
Profit before tax, amortisation and impairment of acquired intangibles and transaction related costs		51,795	66,114
Profit before tax		9,855	46,272
Tax expense	*5*	(3,013)	(12,925)
Profit for the year attributable to equity holders of the parent		6,842	33,347
Basic earnings per share (pence)	*6*	3.11	15.20
Diluted earnings per share (pence)	*6*	3.09	15.12
Adjusted basic earnings per share (pence)	*6*	16.57	22.04
Adjusted diluted earnings per share (pence)	*6*	16.47	21.92

Consolidated statement of comprehensive income

£000's	year ended 31 December 2015	year ended 31 December 2014
Profit for the year	6,842	33,347
Exchange differences*	(9,181)	(4,602)
Actuarial gains and losses on re-measurement of defined benefit pension liability	234	(601)
Tax on re-measurement of defined benefit pension liability	(63)	112
Total recognised comprehensive (loss)/income for the year attributable to equity holders of the parent	(2,168)	28,256

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

Consolidated balance sheet

£000's	*Notes*	as at 31 December 2015	as at 31 December 2014
Assets			
Non-current assets:			
Intangible assets		416,658	404,996
Property, plant and equipment		26,504	27,371
Deferred tax asset		4,281	4,043
		447,443	436,410
Current assets:			
Trade and other receivables		157,430	170,905
Cash at bank		17,801	17,521
		175,231	188,426
Liabilities			
Current liabilities:			
Borrowings		525	542
Deferred consideration	*10*	20,383	17,170
Trade and other payables		112,309	101,825
Corporation tax liabilities		4,014	2,213
Provisions		1,161	1,206
		138,392	122,956
Net current assets		36,839	65,470
Non-current liabilities:			
Borrowings		96,055	90,159
Deferred consideration	*10*	9,890	9,540
Other payables		2,162	2,734
Deferred tax liability		10,043	12,874
Provisions		1,642	1,896
		119,792	117,203
Net assets		364,490	384,677
Equity			
Share capital		6,667	6,640
Share premium		112,026	110,100
Other reserves	*7*	1,149	11,551
Retained earnings		244,648	256,386
Total shareholders' equity		364,490	384,677

Consolidated cash flow statement

£000's	*Notes*	year ended 31 December 2015	year ended 31 December 2014
Adjusted cash generated from operations	8	92,628	70,772
Deferred consideration treated as remuneration		-	(3,635)
Cash generated from operations		92,628	67,137
Interest paid		(6,021)	(3,771)
Interest received		182	112
Income taxes paid		(11,737)	(19,503)
Net cash from operating activities		75,052	43,975
Cash flows from investing activities:			
Purchases of subsidiaries net of cash acquired		(35,354)	(36,959)
Deferred consideration		(16,568)	(19,722)
Purchase of property, plant and equipment		(7,963)	(7,698)
Proceeds from sale of property, plant and equipment		465	471
Net cash used in investing activities		(59,420)	(63,908)
Cash flows from financing activities:			
Proceeds from issue of share capital		-	1
Proceeds from bank borrowings		4,831	36,406
Payment of finance lease liabilities		(66)	(645)
Dividends paid		(19,973)	(17,379)
Payment of pre-acquisition dividend		(169)	-
Net cash used in financing activities		(15,377)	18,383
Net increase/(decrease) in cash and cash equivalents		255	(1,550)
Cash and cash equivalents at beginning of year		17,046	17,791
Effect of exchange rate fluctuations		21	805
Cash and cash equivalents at end of year		17,322	17,046
Cash and cash equivalents comprise:			
Cash at bank	8	17,801	17,521
Bank overdraft	8	(479)	(475)
Cash and cash equivalents at end of year		17,322	17,046

Consolidated statement of changes in equity

£000's	Share capital	Share premium	Retained earnings	Other reserves	Total equity
At 1 January 2014	6,619	108,307	239,460	17,652	372,038
Total comprehensive income	-	-	32,858	(4,602)	28,256
Issue of new ordinary shares	21	1,793	(228)	(1,499)	87
Share based payment expense	-	-	2,027	-	2,027
Tax recognised directly in equity	-	-	(352)	-	(352)
Dividends paid	-	-	(17,379)	-	(17,379)
At 31 December 2014	6,640	110,100	256,386	11,551	384,677
Total comprehensive loss	-	-	7,013	(9,181)	(2,168)
Issue of new ordinary shares	27	1,926	(730)	(1,221)	2
Share based payment expense	-	-	1,889	-	1,889
Tax recognised directly in equity	-	-	63	-	63
Dividends paid	-	-	(19,973)	-	(19,973)
At 31 December 2015	6,667	112,026	244,648	1,149	364,490

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 31 December 2015 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 IAS19 (2014) "Employee Benefits" and IAS27 (2014) "Separate Financial Statements". Their adoption has not had a material impact on the disclosures or amounts reported in these accounts. Otherwise, the Group has prepared these accounts on the same basis as the 2014 Report and Accounts.

2. Business segments

The segment results for the year ended 31 December 2014 were restated following the transfer of the Norwegian businesses into the BNE Europe segment from the Energy segment, as noted in the Interim Management Statement issued on 30 April 2015.

The business segments of the Group are as follows:

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

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

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

Certain central costs are not allocated to the segments because they predominantly relate to the stewardship of the Group. They include the costs of the main board and the Group finance and marketing functions and related IT costs. These costs are included in the category "unallocated expenses".

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

Segment results for the year ended 31 December 2015

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

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

Segment results for the year ended 31 December 2014 as restated

£000's	Fees	Expenses	Intersegment revenue	External revenue
BNE – Europe	186,288	22,274	(817)	207,745
BNE - North America	41,322	5,916	(639)	46,599
Energy	175,504	28,953	(680)	203,777
AAP	103,615	10,557	(167)	114,005
Group eliminations	(1,770)	(533)	2,303	-
Total	504,959	67,167	-	572,126

£000's	Underlying profit	Reorganisation costs	Segment profit
BNE – Europe	25,170	(253)	24,917
BNE - North America	9,112	-	9,112
Energy	35,131	(167)	34,964
AAP	9,639	(1,419)	8,220
Total	79,052	(1,839)	77,213

Group reconciliation

£000's	2015	2014
Revenue	566,972	572,126
Recharged expenses	(60,862)	(67,167)
Fees	506,110	504,959
Underlying profit	65,961	79,052
Reorganisation costs	(2,028)	(1,839)
Segment profit	63,933	77,213
Unallocated expenses	(7,088)	(6,969)
Operating profit before amortisation and impairment of acquired intangibles and transaction related costs	56,845	70,244
Amortisation and impairment of acquired intangibles and transaction related costs	(41,940)	(19,842)
Operating profit	14,905	50,402
Finance costs	(5,050)	(4,130)
Profit before tax	9,855	46,272

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

	Revenue		Fees	
£000's	2015	2014	2015	2014
UK	231,094	247,516	198,876	212,045
Australia	106,167	106,786	97,317	96,909
USA	102,290	91,783	93,180	83,987
Norway	48,587	30,082	47,255	29,543
Netherlands	28,955	31,600	24,231	27,190
Ireland	23,766	24,518	20,186	20,502
Canada	18,516	31,413	17,637	26,922
Other	7,597	8,428	7,428	7,861
Total	566,972	572,126	506,110	504,959

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

£000's	year ended 31 Dec 2015	year ended 31 Dec 2014
Amortisation of acquired intangibles	20,491	17,605
Impairment of acquired intangibles	20,040	-
Contingent deferred consideration treated as remuneration	-	1,077
Adjustments to consideration payable	249	-
Transaction costs	1,160	1,160
Total	41,940	19,842

The impairment of intangible assets in 2015 arose in the following segments as a result of reduced prospects of businesses with exposure to the oil and gas sector:

	£000's
Energy	16,612
BNE:North America	2,927
AAP	501
Total	20,040

4. Net financing costs

£000's	year ended 31 Dec 2015	year ended 31 Dec 2014
Finance costs:		
Interest on loans, overdraft and finance leases	(4,146)	(3,107)
Interest on deferred consideration	(1,086)	(1,135)
	(5,232)	(4,242)
Finance income:		
Deposit interest receivable	182	112
Net financing costs	(5,050)	(4,130)

5. **Income taxes**

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

£000's	year ended 31 Dec 2015	year ended 31 Dec 2014
Current tax:		
UK corporation tax	1,656	5,359
Overseas tax	11,300	11,564
Adjustments in respect of prior years	(364)	230
	12,592	17,153
Deferred tax:		
Origination and reversal of timing differences	(9,332)	(3,276)
Effect of change in tax rate	(826)	-
Adjustments in respect of prior years	579	(952)
	(9,579)	(4,228)
Tax expense to income for the year	3,013	12,925

Analysis of tax expense/(credit) not included in income for the year:

Deferred tax expense/(credit) in other comprehensive income	63	(112)
Deferred tax charge/(credit) in equity for the year	(63)	352

The UK rate of corporate tax was reduced from 21% to 20% from 1 April 2015. The UK tax expense for the Group's UK companies is 20.25% (2014: 21.5%) representing the weighted average annual corporate tax rate for the full financial year. The actual tax expense for 2015 is different from 20.25% (2014: 21.5%) of profit before tax for the reasons set out in the table below:

£000's	2015	2014
Profit before tax	9,855	46,272
Tax at the UK effective rate of 20.25% (2014: 21.5%)	1,996	9,948
Effect of overseas tax rates	1,370	3,534
Acquisition consideration treated as remuneration not deductible for tax purposes	-	247
Expenses not deductible for tax purposes	1,156	673
Non taxable income	(768)	(755)
Effect of change in tax rates	(769)	-
Adjustments in respect of prior years	28	(722)
Total tax expense for the year	3,013	12,925

The effective tax rate for the year on profit before tax is 30.6% (2014: 27.9%). The effective tax rate for the year on profit before tax, amortisation and impairment of acquired intangibles and transaction related costs is 29.6% (2014: 26.9%) as shown in the table below:

£000's	2015	2014
Total tax expense in Income Statement	3,013	12,925
Add back:		
Tax on amortisation and impairment of acquired intangibles and transaction related costs	12,304	4,838
Adjusted tax charge on the profit for the year	15,317	17,763
PBTA	51,795	66,114
Adjusted effective tax rate	29.6%	26.9%

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 2015	year ended 31 Dec 2014
Profit attributable to ordinary shareholders	6,842	33,347
Weighted average number of ordinary shares for the purposes of basic earnings per share	220,166	219,399
Effect of employee share schemes	1,269	1,135
Diluted weighted average number of ordinary shares	221,435	220,534
Basic earnings per share (pence)	3.11	15.20
Diluted earnings per share (pence)	3.09	15.12

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

£000's	year ended 31 Dec 2015	year ended 31 Dec 2014
Profit attributable to ordinary shareholders	6,842	33,347
Amortisation and impairment of acquired intangibles and transaction related costs (note 3)	41,940	19,842
Tax on amortisation and impairment of acquired intangibles and transaction related costs	(12,304)	(4,838)
Adjusted profit attributable to ordinary shareholders	36,478	48,351
Adjusted basic earnings per share (pence)	16.57	22.04
Adjusted diluted earnings per share (pence)	16.47	21.92

7. **Other reserves**

£000's	Merger reserve	Employee trust	Translation reserve	Total
At 1 January 2014	21,256	(9,277)	5,673	17,652
Exchange differences	-	-	(4,602)	(4,602)
Issue of new shares	-	(1,499)	-	(1,499)
At 31 December 2014	21,256	(10,776)	1,071	11,551
Exchange differences	-	-	(9,181)	(9,181)
Issue of new shares	-	(1,221)	-	(1,221)
At 31 December 2015	21,256	(11,997)	(8,110)	1,149

8. Notes to the consolidated cash flow statement

£000's	year ended 31 Dec 2015	year ended 31 Dec 2014
Operating profit	14,905	50,402
Adjustments for:		
Depreciation	8,101	8,458
Impairment of acquired intangibles	20,040	-
Amortisation of acquired intangibles	20,491	17,605
Contingent consideration treated as remuneration	-	1,077
Consideration fair value adjustments	249	-
Share based payment expense	1,889	2,027
Loss/(profit) on sale of property, plant and equipment	151	(249)
	65,826	79,320
Decrease in trade and other receivables	29,320	2,956
Decrease in trade and other payables	(2,518)	(11,504)
Adjusted cash generated from operations	92,628	70,772

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 2015:

£000's	At 31 Dec 2014	Cash flow	Acquisitions	Foreign exchange	At 31 Dec 2015
Cash at bank	17,521	(4,281)	4,553	8	17,801
Overdrafts	(475)	(17)	-	13	(479)
Cash and cash equivalents	17,046	(4,298)	4,553	21	17,322
Bank loans	(90,076)	(4,831)	-	(1,111)	(96,018)
Finance lease creditor	(150)	66	-	1	(83)
Net borrowings	(73,180)	(9,063)	4,553	(1,089)	(78,779)

The cash balance at 31 December 2015 includes £3,640,000 (2014: £4,139,000) that is restricted in its use, either as security or client deposits.

9. Acquisitions

During 2015 the Group completed four 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
Klotz Associates Inc.	13/2/15	USA	100%	Water and transportation consultancy
Metier Holding AS	29/4/15	Norway	100%	Project management & training services
Iris Environmental	14/10/15	USA	100%	Environmental due diligence
Everything Infrastructure Group Pty Ltd	28/10/15	Australia	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, the fair value of consideration and the resulting goodwill are as follows:

£000	Klotz	Metier	Iris	EIG	Total
Intangible assets:					
Order book	1,767	1,122	-	800	3,689
Customer relations	3,423	4,945	2,495	3,127	13,990
Trade names	611	1,193	176	367	2,347
Software	-	1,362	-	-	1,362
PPE	63	449	53	148	713
Cash	1,354	817	1,355	1,027	4,553
Other assets	4,643	9,293	1,406	2,229	17,571
Other liabilities	(5,340)	(12,372)	(2,069)	(3,698)	(23,479)
Net assets acquired	6,521	6,809	3,416	4,000	20,746
Satisfied by:					
Initial cash consideration	11,106	14,384	5,277	9,140	39,907
Fair value of deferred consideration	4,490	7,795	3,369	5,765	21,419
Total consideration	15,596	22,179	8,646	14,905	61,326
Goodwill	9,075	15,370	5,230	10,905	40,580

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 £11,374,000. The breakdown between gross receivables and amounts estimated irrecoverable was as follows:

£000's	Gross receivables	Estimated irrecoverable	Fair value of assets acquired
Klotz	2,532	(99)	2,433
Metier	6,232	(116)	6,116
Iris	883	(126)	757
EIG	2,114	(46)	2,068
	11,761	(387)	11,374

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 £15,947,000. 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 £1,160,000 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	Fees	Adjusted Operating Profit*	Operating Profit
Klotz	BNE: NA	17,493	17,439	3,035	822
Metier	BNE: Europe	23,102	22,580	1,950	(81)
Iris	BNE: NA	1,447	1,392	296	129
EIG	AAP	2,659	2,429	503	257
		44,701	43,840	5,784	1,127

* Adjusted operating profit is operating profit before amortisation of acquired intangibles and transaction related expenses.

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 £598,418,000 and £15,274,000 respectively.

A reconciliation of the goodwill movement in 2015 in respect of acquisitions made in 2014 and 2015 is given in the table below.

£000s	Goodwill at 1/1/15	Additions through acquisition	Adjustments to prior year estimates	Foreign exchange movement	Goodwill at 31/12/15
Whelans	741	-	55	(50)	746
Clear	3,240	-	(67)	-	3,173
GaiaTech	11,975	-	-	694	12,669
CgMs	7,623	-	(152)	-	7,471
Delphi	439	-	12	(48)	403
Point	8,946	-	244	(560)	8,630
Klotz	-	9,075	-	297	9,372
Metier	-	15,370	-	(1,708)	13,662
Iris	-	5,230	-	216	5,446
EIG	-	10,905	-	526	11,431

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

No negative goodwill was recognised in 2014 or 2015.

10. **Deferred consideration**

£000s	As at 31 December 2015	As at 31 December 2014
Amount due within one year	20,383	17,170
Amount due between one and two years	9,708	9,540
Amount due between two and five years	182	-
Total deferred consideration	30,273	26,710

11. **Events after the balance sheet date**

There were no events arising after the balance sheet date requiring adjustment to the year end results or disclosure.

12.

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 December 2015 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 2014 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).

13.

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 21st March 2016 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.

14.

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 macro-economic events occurring beyond our control, such as the effects of a collapsed oil price and the volume of work available to our Energy business, 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 and risks related to health, safety and the environment.

Responsibility statement of the Directors in respect of the Report and Accounts 2015

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 shareholders to assess the Company's performance, business model and strategy.