WATERMAN GROUP PLC

Interim Results Announcement for the Six Months to 31 December 2011

SOLID PERFORMANCE AS DIVERSIFICATION STRATEGY MAKES PROGRESS

Waterman Group plc, the international engineering and environmental consultancy, today announces its interim results for the six months to 31 December 2011.

Financial Highlights	Note	HY12 unaudited	HY11 unaudited
• Revenue		**£36.0m**	£36.5m
• Earnings before interest, tax, depreciation and amortisation	1	**£4.0m**	£1.4m
• Profit before tax and amortisation of acquired intangible assets	1	**£3.0m**	£0.5m
• Amortisation of acquired intangible assets		**(£0.2m)**	(£0.3m)
• Profit before tax	1	**£2.8m**	£0.2m
• Profit before tax, exceptional items and amortisation of intangible assets		**£0.5m**	£0.5m
• Net funds/(debt)		**£3.5m**	(£8.9m)
• Net asset value per share		**118p**	111p
• Interim dividend per share		**0.1p**	0.1p

Note

1. The pre tax profits include an exceptional profit of £2.5m (2011: £8k charge).

Commenting on the results, Nick Taylor, Chief Executive said:-

" We are pleased to have achieved these results in a market which continues to be challenging. The Company has continued to win important contracts and we have secured 90% of our forecast revenue for this financial year."

" Positive progress has been made on our strategic investments in new and existing markets."

" The company has enhanced its financial position with no net debt following the sale and leaseback of its head office in London. In conclusion, the Company is in good health and we look forward to the future with confidence."

-ends-

Date: 28 February 2012

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Waterman

INTERIM MANAGEMENT REPORT

Trading conditions for Waterman Group in the first half of the financial year have generally been in line with our expectations. The uncertainty in the Eurozone has impacted on our UK revenue, however our overseas operations have experienced a balancing increase in revenue, particularly in Australia.

We continue to take actions to reduce Group overheads and vacate under-utilised office accommodation as leases expire. Although the main benefits from these cost reductions will materialise in future years we believe that these steps position the Group appropriately and will enable Waterman to capitalise on any opportunities as they arise.

We have reduced our employee numbers by 4% over the last six months to 1007 with an associated one off charge of £0.46m being absorbed within our declared profit for the six months to 31 December 2011. As described below, this largely reflects the strategic decision to reduce exposure to our Civil and Transportation businesses in response to subdued activity and margin pressure.

The sale and leaseback of Pickfords Wharf, Waterman's head office in London, in November last year has enhanced our financial position, de-gearing the business and leaving the Group with net funds of £3.5m at 31st December 2011.

It is pleasing to report that we have won a number of important contracts in recent months including two new hospitals in Victoria, Australia; additional projects for The Crown Estate in St. James's London; a Partnering Term Contract to provide engineering and consultancy services to the London Borough of Bexley for four years; and a three year framework with HS1 to provide consultancy services on the infrastructure associated with the High Speed Rail Link from St. Pancras to the Channel tunnel.

Results

In the six months to December 2011, Waterman Group achieved revenue of £36.0m (2010: £36.5m). The adjusted pre tax profit is £3.0m (2010: £0.5m) and this includes an exceptional profit of £2.5m (2010: £8k charge). The exceptional profit is generated from the sale and leaseback in November 2011 of the London head office occupied by the Group less other property, PPE and restructuring costs. The adjusted pre tax profit before exceptional items is £0.5m (2010: £0.5m). The adjusted pre tax profit excludes £0.2m (2010: £0.3m) for amortisation of acquired intangible assets.

Waterman continues to trade at a substantial discount to its net and tangible net asset value. As at 31 December 2011 total net assets per share were 118p (2010: 111p) and tangible net assets per share were 60p (2010: 53p).

The interim dividend will be 0.1p per share (2010: 0.1p).

Strategy

We have continued to make progress on our strategy to diversify our operations. In Australia, we have recruited two new directors who are targeted to generate growth in the telecommunications, ICT and defence markets. In Scotland, we continue to expand our expertise and resources in the wind turbine, traditional power generation and transmission markets. These are sectors where we predict there will be significant growth that will lead to plenty of opportunities.

Our Civil and Transportation businesses in the UK have been amalgamated to form a more focused and sustainable operation with concentrated centres of excellence. Following our success on the Bexley term contract and HS1 framework, we are currently tendering further local authority frameworks to provide long term consistent workload to our teams in the infrastructure sector.

In conjunction with the above initiatives, we have reinforced our position in our core property markets which provide 65% of our revenue. We have invested in the training of our employees in the use of Building Information Modelling (BIM) thereby meeting the UK Government's requirements that designers on all public sector projects must be 3D BIM compliant by 2016. Our expertise in the use of this technology will enable Waterman to compete effectively for future government projects.

Business Review

UK

The UK business provides 68% of Group revenue, with two thirds of this coming from the private property sector. The Eurozone issues have delayed some of our projects moving to construction in the current period as the uncertainty over property finance and tenant demand has persisted. Our planning team which is involved in the preparation of environmental impact assessments, has been very busy, particularly on London projects, throughout the period. As the economy improves we anticipate that more projects will move into detailed design and construction.

The retail sector has provided many opportunities for our due diligence and masterplanning teams as assets are sold. We have acted for several clients who were acquiring retail property portfolios and this has resulted in follow on commissions associated with the refurbishment of the existing town centre developments.

In partnership with PwC, Waterman has jointly published a guidance paper on Responsible Investment on behalf of the British Venture Capital Association. Waterman has also recently launched a new Sustainability Group, "Future 360", to focus on improving the sustainability performance of projects.

As one of the key areas of focus in our strategy to broaden the business, it is pleasing to report that our Power and Energy teams continue to make progress in the renewable sectors. We have acted as lead consultant on the planning applications for over 150 separate single rural wind turbines. This experience should result in further commissions in this expanding sector.

The Civil and Transportation markets have remained subdued, however we welcome the Chancellor's Autumn statement regarding future investment in transportation and education. Margins remain low in the highways sector and we have responded by reducing our exposure to this area and adopting a more selective approach to future contracts. In October 2011, our civils team were appointed by the London Borough of Bexley under a Partnering Term contract to provide engineering and consultancy services for the next four years.

Recent project appointments include the conversion of Hampden Park stadium in Glasgow for the 2014 Commonwealth Games. Following the successful completion of Quadrant 3, a 40,000m^2 project in Regent Street, London, we have been appointed to design five further major developments for The Crown Estate in Regent Street and St. James's. This area of London is still very buoyant with good tenant demand for high quality space. In Vauxhall, London we have continued to support the planning applications for five significant new developments including the US Embassy.

Overseas

Our overseas operations consist of four resource hubs which cover Australia, CIS, Europe and the Middle East.

We have progressed with the detailed design of retail, commercial and residential projects in Russia and Kazakhstan where construction has commenced on site.

In Europe, we are involved in the planning and scheme design of a range of projects and it is anticipated that further commissions for the construction phase will be forthcoming in the future.

In the Middle East, the period saw the planned reduction of site staff on the 460,000m^2 Al Muneera development at Al Raha Beach in the UAE which has recently reached completion after four years in construction. We continue to provide facilities management services on the Yas Marina Formula 1 race track and on the Injazat Data Centre which Waterman previously designed. This data centre is the only Tier IV facility in the Middle East and we provide operational and maintenance support on this complex.

In Australia progress has been good. Following a period of delay in government investment in the healthcare sector the Group is pleased to report that it has been appointed on the design of several additional new hospitals. These projects include the Victorian Eye and Ear Hospital and the Albury Wodonga Cancer Centre which are both in the state of Victoria.

As part of the Australian government's commitment to install a high speed broadband connection to 93% of homes, we have surveyed over 100 telephone exchanges to report on the necessary works to accommodate the new fibre optic cabling and distribution network. This work has involved staff from each of our three offices in Sydney, Melbourne and Brisbane and further commissions are now being received to upgrade many of the telephone exchanges.

Property

On 17th November 2011 the Group completed the sale and leaseback of Waterman's freehold property, Pickfords Wharf, Clink Street, London for the sum of £11.9m. Full details of the disposal were previously announced to shareholders on 18th October 2011 and the transaction was approved at the shareholders General Meeting on 10th November 2011.

Dividend

The adjusted earnings per share before amortisation of acquired intangible assets and exceptional items are 0.52p (2010: 0.48p).

The Board has decided to pay a maintained interim dividend of 0.1p per share (2010: 0.1p) payable on 4th April 2012 to shareholders on the register on 9th March 2012.

Looking forward, the Board's intention is to restore a conventional one third/two thirds split between interim and final dividend payments, and to set dividend payments at a level which they judge to be sustainable in the context of group profits and the renewed financial strength of the business. The Board will recommend the level of the final dividend payment having regard to these criteria.

Outlook

Although it is clear that financial uncertainty persists in the global economy, as reflected in the modest rate of recovery in many markets, the Board believes that Waterman is well positioned to capitalise on the opportunities that any recovery will bring.

Waterman has secured approximately 90% of forecast revenue for the current financial year which is a similar level to twelve months ago, and demonstrates the Group's underlying resilience. Waterman has continued to win work in its core property markets rebuilding its future order book. Taken together with the planned diversification into new and expanding markets such as power, renewable energy, utilities, data and telecommunications these key sectors provide a greater breadth to our business.

Our operations in the UK and Australia generate 84% of our revenue. Whilst both these markets remain competitive, it is pleasing to note that we continue to win our market share of new opportunities.

The Board looks to the future with confidence. Waterman retains its strong brand, and our loyal and experienced employees are our key asset. The strength of our client relationships will continue to assist us in securing work in the future as the economy and tenant demand recovers.

On behalf of the Board, I would like to express our appreciation to all our clients and staff for their continued support.

Roger Fidgen
Chairman
28 February 2012

Independent Review Report to Waterman Group plc
for the six months ended 31 December 2011

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial information for the six months ended 31 December 2011, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity and Notes to Financial Information. We have read the other information contained in the half-yearly financial information and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial information based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial information for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
WC2N 6RH
28 February 2012

Consolidated Income Statement for the six months ended 31 December 2011			
	Notes	**Unaudited Six months to 31 December 2011 £'000**	Unaudited Six months to 31 December 2010 Restated £'000
Revenue-continuing operations	4	**36,017**	36,530
Employee benefits expense		**(21,981)**	(24,119)
Other operating charges pre exceptional items		**(12,859)**	(11,027)
Exceptional items	6	**2,857**	(8)
Other operating charges post exceptional items		**(10,002)**	(11,035)
Operating expenses		**(31,983)**	(35,154)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**4,034**	1,376
Depreciation of property, plant and equipment pre exceptional items		**(419)**	(578)
Exceptional items	6	**(54)**	-
Depreciation of property, plant and equipment post exceptional items		**(473)**	(578)
Amortisation of other intangible assets		**(300)**	(387)
Operating profit pre exceptional items		**458**	419
Exceptional items		**2,803**	(8)
Operating profit post exceptional items	4	**3,261**	411
Interest payable pre exceptional items		**(244)**	(232)
Exceptional items	6	**(284)**	-
Interest payable post exceptional items		**(528)**	(232)
Interest receivable		**50**	29
Profit before taxation		**2,783**	208
Taxation	5	**(232)**	(67)
Profit for the financial period from continuing operations (see below)		**2,551**	141
Profit / (loss) attributable to – Owners of the parent		**2,247**	(42)
Profit attributable to – Non-controlling interest		**304**	183
		2,551	141
Basic earnings / (loss) per share	7	**7.4p**	(0.1p)
Diluted earnings / (loss) per share	7	**7.4p**	(0.1p)
Dividend paid per share	8	**0.0p**	0.0p
Dividend proposed per share	8	**0.1p**	0.1p
Consolidated Statement of Comprehensive Income for the six months ended 31 December 2011			
Profit for the period (see above)		**2,551**	141
Other comprehensive (expense) / income :			
Currency translation adjustments		**(13)**	941
Employee Benefit Trust (EBT) Profit		**11**	15
Change in valuation of own shares held by EBT		**(11)**	28
Other comprehensive (expense) / income for the period (net of tax):		**(13)**	984
Total comprehensive income for the period		**2,538**	1,125
Total comprehensive income attributable to – Owners of the parent		**2,076**	449
Total comprehensive income attributable to – Non controlling interest		**462**	676

Consolidated Balance Sheet
as at 31 December 2011

	Notes	**Unaudited As at 31 December 2011 £'000**	Unaudited As at 31 December 2010 Restated £'000	Audited As at 30 June 2011 £'000
ASSETS				
Non-current assets				
Goodwill		**17,174**	17,154	17,193
Other intangible assets	9	**705**	1,302	968
Property, plant and equipment	9	**2,449**	10,369	10,239
Loan and receivables		**10**	10	10
Deferred taxation asset		**1,184**	305	846
		21,522	29,140	29,256
Current assets				
Trade and other receivables	10	**34,636**	36,959	35,866
Cash and cash equivalents		**5,845**	1,657	1,411
		40,481	38,616	37,277
Total assets		**62,003**	67,756	66,533
LIABILITIES				
Current liabilities				
Trade and other payables		**(20,430)**	(19,310)	(19,538)
Financial liabilities - borrowings	11	**(426)**	(1,237)	(1,265)
Current taxation liability		**(281)**	-	-
		(21,137)	(20,547)	(20,803)
Non-current liabilities				
Financial liabilities - borrowings	11	**(1,904)**	(9,365)	(8,764)
Provisions	12	**(2,670)**	(3,487)	(2,647)
Deferred taxation liability		**-**	(91)	-
		(4,574)	(12,943)	(11,411)
Total liabilities		**(25,711)**	(33,490)	(32,214)
Net assets		**36,292**	34,266	34,319
SHAREHOLDERS' EQUITY				
Share capital	13	**3,076**	3,076	3,076
Share premium reserve		**11,881**	11,881	11,881
Merger reserve	14	**3,144**	3,144	3,144
Revaluation reserve		**586**	584	600
Retained earnings		**14,912**	12,982	12,852
		33,599	31,667	31,553
Non-controlling interest		**2,693**	2,599	2,766
Total equity		**36,292**	34,266	34,319

Consolidated Cash Flow Statement for the six months ended 31 December 2011				
	Notes	**Unaudited Six months to 31 December 2011 £'000**		Unaudited Six months to 31 December 2010 £'000
Cash flows from operating activities				
Cash generated from / (used in) operations	15a	**1,833**		(1,777)
Interest paid		**(526)**		(229)
Interest received		**50**		29
Taxation paid		**(70)**		(261)
Net cash from / (used in) operating activities		**1,287**		(2,238)
Cash flows from investing activities				
Purchase of property, plant and equipment (PPE) and other intangible assets		**(149)**		(89)
Net proceeds from sale of PPE and other intangible assets		**11,525**		-
Net cash from / (used in) investing activities		**11,376**		(89)
Cash flows from financing activities				
Repayment of borrowing		**(7,675)**		(691)
Repayments on finance leases		**(23)**		(25)
Equity dividends paid-to owners of the parent		**-**		-
-to non-controlling interest		**(535)**		(383)
Net cash used in financing activities		**(8,233)**		(1,099)
Net increase / (decrease) in cash, cash equivalents and overdrafts		**4,430**		(3,426)
Effect of exchange rate changes		**4**		175
Net increase / (decrease) in cash, cash equivalents and overdrafts	15b	**4,434**		(3,251)

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
as at 31 December 2011

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Revaluation reserve £'000	Profit and loss reserve £'000	**Total shareholders' equity £'000**	Minority Interest £'000	**Total equity £'000**
Balance at 1 July 2010	**3,076**	**11,881**	**3,144**	**584**	**12,806**	**31,491**	**2,306**	**33,797**
Currency translation adjustments	-	-	-	-	448	**448**	493	**941**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	28	**28**	-	**28**
Employee Benefit Trust Profit	-	-	-	-	15	**15**	-	**15**
Net income recognised directly in equity	-	-	-	-	491	**491**	493	**984**
(Loss) / profit for the financial period	-	-	-	-	(42)	**(42)**	183	**141**
Dividend	-	-	-	-	(273)	**(273)**	(383)	**(656)**
Balance at 31 December 2010	**3,076**	**11,881**	**3,144**	**584**	**12,982**	**31,667**	**2,599**	**34,266**
Currency translation adjustments	-	-	-	-	(263)	**(263)**	30	**(233)**
Change in UK tax rate on deferred taxation	-	-	-	16	-	**16**	-	**16**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	19	**19**	-	**19**
Employee Benefit Trust Loss	-	-	-	-	(18)	**(18)**	-	**(18)**
Net (expense) / income recognised directly in equity	-	-	-	16	(262)	**(246)**	30	**(216)**
Profit for the financial period	-	-	-	-	162	**162**	136	**298**
Dividend	-	-	-	-	(30)	**(30)**	1	**(29)**
Balance at 30 June 2011	**3,076**	**11,881**	**3,144**	**600**	**12,852**	**31,553**	**2,766**	**34,319**
Currency translation adjustments	-	-	-	-	(171)	**(171)**	158	**(13)**
Reserve transfer on disposal of Land and freehold property *	-	-	-	(19)	19	**-**	-	**-**
Deferred tax transfer on disposal of Land and freehold property *	-	-	-	5	(5)	**-**	-	**-**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	(11)	**(11)**	-	**(11)**
Employee Benefit Trust Profit	-	-	-	-	11	**11**	-	**11**
Net expense recognised directly in equity	-	-	-	(14)	(157)	**(171)**	158	**(13)**
Profit for the financial period	-	-	-	-	2,247	**2,247**	304	**2,551**
Dividend	-	-	-	-	(30)	**(30)**	(535)	**(565)**
Balance at 31 December 2011	**3,076**	**11,881**	**3,144**	**586**	**14,912**	**33,599**	**2,693**	**36,292**

* Further detail on the disposal of Land and freehold property are disclosed in notes 6 and 9 to the consolidated financial information respectively.

Notes to Financial Information
for the six months ended 31 December 2011

1. General information

The company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Pickfords Wharf, Clink Street, London SE1 9DG. The company has its listing on the London Stock Exchange. This condensed consolidated half-yearly financial information was approved for issue on 28 February 2012.

These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2011 were approved by the Board of Directors on 17 October 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation

This condensed unaudited consolidated financial information for the half year ended 31 December 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU).The half year condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU with the exception of the following standards which have been adopted in this half year report:

- Annual improvements 2010 (Amendments, effective 01 July 2011)

The following standards, amendments to standards and interpretations are effective in the current financial year but have had no material impact on the Group's consolidated financial information:

- IFRS 1 Amendment on hyperinflation and fixed dates (effective 01 July 2011)
- IFRS 7 Financial instruments: Disclosures (Amendment, effective 01 July 2011)
- IAS 24 Related party disclosures (Amendment, effective 01 July 2011)
- IFRIC 14 Prepayments of a minimum funding requirement (Amendment, effective 01 July 2011)

At the date of authorisation of these financial statements, the following amendment to a standard was in issue but not yet effective and has not been adopted early by the Group:

- IFRS 1 Amendment on hyperinflation and fixed dates (effective 01 July 2011)

The condensed unaudited consolidated half yearly financial information has been prepared in accordance with IFRS as adopted by the EU, and those parts of the Companies Act 2006 related to reporting under IFRS that the directors expect to be applicable as at 30 June 2012. IFRS are subject to amendment or interpretation by the International Accounting Standards Board and there is an ongoing process of review and endorsement by the EU. For these reasons, it is possible that the information presented in this report may be subject to change.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2011, as described in those annual financial statements.

4. Segmental information

Six months ended 31 December 2011 Consolidated Income Statement	Building services £ '000	Civil and transportation £ '000	Energy, environment and design £ '000	Structures £ '000	International multi-disciplinary £ '000	Total £'000
Revenue - total	3,309	13,550	3,562	6,408	12,642	39,471
Revenue- internal	(119)	(748)	(369)	(1,102)	(1,116)	(3,454)
Revenue	**3,190**	**12,802**	**3,193**	**5,306**	**11,526**	**36,017**
EBITDA pre exceptional items	**131**	**(121)**	**90**	**420**	**657**	**1,177**
Depreciation	(25)	(98)	(26)	(35)	(235)	(419)
Amortisation	(23)	(157)	(9)	(8)	(103)	(300)
Operating profit / (loss) pre exceptional items	**83**	**(376)**	**55**	**377**	**319**	**458**
Exceptional items (note 6-b to e)	(220)	(518)	(85)	(86)	(406)	(1,315)
Operating (loss) / profit post exceptional items excluding profit on sale of PPE	(137)	(894)	(30)	291	(87)	(857)
Exceptional profit on sale of PPE (note 6a)						4,118
Operating profit post exceptional items						**3,261**
Net finance costs pre exceptional items						(194)
Exceptional finance costs (note 6f)						(284)
Profit before taxation						**2,783**
Taxation						(232)
Profit attributable to minority interests						304
Profit attributable to equity shareholders						**2,247**
*Adjusted operating profit / (loss)	101	(239)	55	377	396	690

Six months ended 31 December 2010 Consolidated Income Statement	Building services £ '000	Civil and transportation £ '000	Energy, environment and design £ '000	Structures £ '000	International multi-disciplinary £ '000	Total £'000
Revenue - total	4,294	14,570	3,525	6,252	10,399	39,040
Revenue - internal	(156)	(399)	(268)	(724)	(963)	(2,510)
Revenue	**4,138**	**14,171**	**3,257**	**5,528**	**9,436**	**36,530**
EBITDA pre exceptional items	**306**	**186**	**147**	**529**	**216**	**1,384**
Depreciation	(39)	(150)	(35)	(47)	(307)	(578)
Amortisation	(38)	(212)	(17)	(11)	(109)	(387)
Operating profit / (loss) pre exceptional items	**229**	**(176)**	**95**	**471**	**(200)**	**419**
Exceptional items	(30)	(288)	(53)	(62)	425	(8)
Operating profit / (loss) post exceptional items	199	(464)	42	409	225	411
Net finance costs						(203)
Profit before taxation						**208**
Taxation						(67)
Profit attributable to non-controlling interest						(183)
Loss attributable to the owners of the parent						**(42)**
*Adjusted operating profit / (loss)	247	(16)	95	471	(125)	672

4. Segmental information (continued)

* Adjusted operating profit is reported after adding back the amortisation charge on acquired intangible assets of £232,000 (31 December 2010 : £253,000).

5. Taxation

The estimated effective tax rate for the 6 months to 31 December 2011 is 8% (31 December 2010: 32%). The effective rate for the period has decreased due to the availability of tax losses.

6. Exceptional Items

	31 December 2011 £'000	31 December 2010 £'000
Other operating charges		
Profit on sale and leaseback of Land and freehold property	**(4,118)**	-
Property provisions and accruals	**604**	(184)
Work in progress and trade receivables provisions	**201**	(165)
Impairment of PPE	**-**	80
Other restructuring costs	**456**	277
	(2,857)	8
Depreciation		
Depreciation of PPE	**54**	-
Interest payable		
Mortgage early repayment charge	**284**	-
Total exceptional items	**(2,519)**	8

a) **Profit on sale and leaseback of Land and freehold property**: On 17 November 2011, the Group disposed of its head office, Pickfords Wharf, through a sale and leaseback agreement. The property was sold for £11,914,000. A pre-tax profit of £4,118,000 was recognised on the sale, after transaction costs of £406,000.

b) **Property provisions and accruals**: At 31 December 2011, a provision of £604,000 was made as an exceptional cost in respect of leasehold charges and dilapidation costs on vacated properties or on onerous lease space. The leasehold charges are primarily made up of rent, rates and service charges payable by the Group over the remaining lease term.

c) **Work in progress and trade receivables provisions**: At 31 December 2011, a provision of £201,000 was made against work in progress and trade receivable balances in Ireland, as a result of the closure of the Irish branch of our Civil and transportation business.

d) **Restructuring costs**: Relates mainly to redundancy costs resulting from restructuring within our Building services, Civil and transportation and Emirates businesses.

e) **Depreciation of PPE**: An additional depreciation charge of £54,000 relates to the accelerated depreciation on PPE within the vacated office space.

f) **Mortgage early repayment charge**: As a result of the sale of Pickfords Wharf, the mortgage on the property was repaid in full. An early repayment charge of £284,000 was incurred as a result of the repayment.

7. Earnings per share

The basic earnings per share has been calculated on the profit attributable to shareholders and based on the weighted average of 30,552,824 shares in issue during the period and ranking for dividend (31 December 2010: 30,499,157).

The fully diluted earnings per share also takes account of unexercised options potentially convertible into new ordinary shares and shares conditionally awarded in accordance with the Long Term Incentive Plan. The calculation is based on a weighted average of 30,552,824 shares during the period (31 December 2010: 30,516, 401).

8. Dividends

The directors propose an interim dividend of 0.1p per share (31 December 2010: 0.1p per share). The shares become ex-dividend on 7 March 2012 and the dividend will be paid on 4 April 2012 to those shareholders on the register at the close of business on 9 March 2012.

The final dividend for the year ended 30 June 2011 was paid on 10 January 2012 to all members on the shareholders register at 9 December 2011.

	Unaudited Six months to 31 December 2011 £'000	Unaudited Six months to 31 December 2010 £'000
Dividends charged to shareholders' equity in the period	**30**	273
Dividend per ordinary share paid in period	**0.0p**	0.0p

9. Capital expenditure

	PPE and Other intangible assets 31 December 2011 £'000	PPE and Other intangible assets 31 December 2010 £'000
Opening net book amount at 1 July	**11,207**	12,536
Additions	**149**	89
Disposals	**(7,410)**	13
Exchange rate adjustments	**(19)**	78
Depreciation, amortisation and impairment	**(773)**	(1,045)
Closing net book amount at 31 December	**3,154**	11,671

Disposals during the period include £7.39m relating to the sale of Pickfords Wharf (see note 6).

10. Trade and other receivables

As of 31 December 2011, trade receivables, net of provisions were £18.8m (31 December 2010: £20.0m and 30 June 2011: £20.0m) of which £10.8m (31 December 2010: £13.2m and 30 June 2011: £9.1m) were more than 30 days old but not impaired. These relate to a number of independent UK and overseas customers for whom there is no recent history of default.

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11. Financial liabilities-borrowings

	31 December 2011 £'000	31 December 2010 £'000	30 June 2011 £'000
Current			
Bank loans	**408**	1,211	1,226
Finance leases	**18**	26	39
	426	1,237	1,265
Non-current			
Bank loans	**1,876**	9,302	8,733
Finance leases	**28**	63	31
	1,904	9,365	8,764
Total	**2,330**	10,602	10,029

At 31 December 2011, the Group has a term loan of £2.3m (31 December 2010: £6.7m and 30 June 2011: £6.2m) which is subject to three financial covenants which are tested half yearly.

Movements in financial liabilities-borrowings are analysed as follows:

	31 December 2011	31 December 2010
	£'000	£'000
Opening amount as at 1 July	**10,029**	11,283
Repayment of borrowing	**(7,696)**	(713)
Exchange rate adjustments	**(3)**	32
Closing amount as at 31 December	**2,330**	10,602

As a result of the sale and leaseback of Pickfords Wharf (see note 6) the Group repaid the £3.7m mortgage on the property and £3.5m of term loans.

12. Provisions

	Liability Insurance £'000	Property provisions £'000	**2011 £'000**	Liability Insurance £'000	Property provisions £'000	2010 £'000
01 July	2,414	233	**2,647**	2,863	1,392	4,255
Charged to the consolidated income statement	380	478	**858**	289	226	515
Utilised	(390)	(89)	**(479)**	(25)	(534)	(559)
Released to the consolidated income statement	(199)	-	**(199)**	(397)	(410)	(807)
Exchange rate adjustments	(173)	-	**(173)**	45	53	98
Discount	16	-	**16**	(15)	-	(15)
31 December	2,048	622	**2,670**	2,760	727	3,487

13. Share capital

The share capital of the company comprises ordinary shares of 10p each. No new shares were issued during the current or comparative period.

Six months ended 31 December 2011 and Six months ended 31 December 2010	**Issued and Fully Paid**	
	Number '000	£'000
At 1 July and at 31 December	30,756	3,076

14. Merger reserve

The merger reserve represents the value received in excess of nominal value for shares issued pursuant to business combinations where company law prohibits the recording of a premium. Included within the profit and loss reserve balance brought forward is an amount of £1,133,000 (2010: £1,133,000) relating to the write off of purchased goodwill prior to the introduction of FRS 10.

15. Notes to the Consolidated Cash Flow Statement

	Unaudited Six months to 31 December 2011 £'000	Unaudited Six months to 31 December 2010 £'000
Profit for the financial period	**2,551**	141
Taxation	**232**	67
Interest payable	**528**	232
Interest receivable	**(50)**	(29)
Amortisation of other intangible assets	**300**	387
Depreciation	**473**	578
Impairment of PPE	**-**	80
Profit on disposal of PPE and other intangible assets	**(4,118)**	(1)
Changes in working capital		
Decrease in Trade and other receivables	**1,028**	2,033
Increase / (decrease) in Trade and other payables	**767**	(4,210)
Increase / (decrease) in Provisions	**122**	(1,055)
Cash generated from /(used in) operations	**1,833**	(1,777)

b) Analysis of net funds / (debt)

	31 December 2010 £'000	30 June 2011 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	**31 December 2011 £'000**
Cash balances	1,657	1,411	4,430	-	4	**5,845**
Cash and cash equivalents	1,657	1,411	4,430	-	4	**5,845**
Current						
Bank loans	(1,211)	(1,226)	818	-	-	**(408)**
Finance leases	(26)	(39)	23	(5)	3	**(18)**
Non-current						
Bank loans	(9,302)	(8,733)	6,857	-	-	**(1,876)**
Finance leases	(63)	(31)	-	3	-	**(28)**
	(10,602)	(10,029)	7,698	(2)	3	**(2,330)**
Net (debt) / funds	(8,945)	(8,618)	12,128	(2)	7	**3,515**

16. Related party transactions

There have been no significant changes in the related party transactions described in the Waterman Group plc financial statements for the year ended 30 June 2011 that could have a material effect on the financial position or performance of Waterman Group plc in the six month period ended 31 December 2011.

17. Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Management Report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and notes.

The directors have prepared a cash flow forecast and a forecast for covenant compliance to June 2013. The financial covenants allow for a sensible tolerance in trading performance in relation to the forecasts. The directors are confident that the underlying forecasts are reasonable. In the current economic climate the group is reliant on the ability of customers to pay debts and on the timing of projects coming on line. In adverse circumstances the board has a number of mitigating actions it could take to ensure covenant compliance.

In addition the group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report and financial statements.

18. Principal risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain broadly the same as at 30 June 2011. These risks and uncertainties are expected to be unchanged for the next six months and are disclosed within the Financial Review of the Waterman Group plc Annual Report and Financial Statement 2011.

19. Further information

Copies of the Interim Report are available from the company's registered office at Pickfords Wharf, Clink Street, London SE1 9DG. In addition, electronic copies of the Interim Report and the 30 June 2011 financial statements can be viewed on the Group's website www.watermangroup.com.

The directors are responsible for the maintenance and integrity of the Group's website on the internet. However, information is accessible in many different countries where legislation governing the preparation and dissemination of financial information may differ to that applicable to the United Kingdom.

Statement of Directors' Responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Waterman Group plc are listed in the Waterman Group plc Annual Report and Financial Statement 2011. There have been no changes of directors since the Annual Report. A list of current directors is maintained on the Waterman Group website www.watermangroup.com.

By order of the Board
Graham R Hiscocks
Company Secretary
28 February 2012