CONFIDENT WATERMAN REMAINS ON TRACK WITH HALF YEAR RESULTS

Waterman Group plc, the engineering and environmental consultancy, today announces its interim results for the six months to 31 December 2014.

Highlights from Continuing Operations:	**6 months to 31 December 2014 unaudited**	6 months to 30 June 2014 unaudited (restated)	6 months to 31 December 2013 unaudited (restated)	**Change from the comparative period**
• Revenue - UK	**£36.7m**	£31.3m	£28.5m	**+29%**
- International	**£4.7m**	£4.4m	£4.7m	**nil**
- Group	**£41.4m**	£35.7m	£33.2m	**+25%**
• Earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA)	**£1.7m**	£0.8m	£1.1m	**+55%**
• Profit before tax	**£1.1m**	£0.1m	£0.7m	**+57%**
• Adjusted profit before tax *	**£1.4m**	£0.6m	£0.8m	**+75%**
• Basic earnings/(loss) per share	**2.0p**	(0.7p)	1.3p	**+54%**
• Adjusted earnings per share *	**2.6p**	0.4p	1.6p	**+63%**
• Interim dividend per share	**0.8p**	0.6p	0.4p	**+100%**
• Net funds	**£3.6m**	£1.6m	£1.6m	**+125%**

- Solid order book of £120m driven by strong UK demand.
- Employee numbers have increased by 15% during the last twelve months to service the growth in the UK market.
- ROCE increased to 18.8% (FY 2014 1st Half: 12.6%) as the Group drives towards its target of 20%

*Adjusted for amortisation of acquired intangible assets and exceptional items.

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

" Waterman operates in the Property and Infrastructure markets where our niche position enables us to focus on our loyal clients and recruit high quality talent to service our expanding workload."

" The period has seen Waterman make significant progress towards delivering the strategic targets of tripling annual adjusted profit before tax to £3.3m over the three year period up to June 2016 and generating a return on capital employed of 20%."

" In line with this strategy we have focused our resources on the UK market which is now generating 89% of Group revenue and delivered 29% growth. Overseas, our European operations in Ireland and Poland are experiencing positive and improving trading environments whilst demand in Australia remains stable."

"The Board looks forward to the remainder of the financial year and beyond with confidence."

-ends-

Date: 27 February 2015

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INTERIM MANAGEMENT REPORT

This is my first report on Waterman Group plc since my appointment as Chairman on 5 December 2014.

I am pleased to be able to confirm that during the first two months I have met with the Chief Operating Officers of the Group's two segments, Property and Infrastructure & Environment. I have also met the majority of the Managing Directors of all our businesses. I have found the Group to be well managed with a highly skilled and loyal staff with an inherent drive for success. Waterman's niche position in many of its markets is enabling our teams to capitalise on the opportunities which exist from the longstanding relationships we enjoy with our clients.

Waterman is now in the second year of a three year strategic plan to deliver a significant improvement in the Group's financial performance. The overall performance being delivered by our businesses is in line with our target to triple adjusted annual profits before tax to £3.3m over the three year period to 30 June 2016, with a return on capital employed (ROCE) of 20%. The Board is pleased with the progress made in the period and believes the Group is well-placed to achieve these objectives.

The success to date of this strategy is evidenced by the Group's adjusted profit before tax for the six months to 31 December 2014, which has increased by 180% in the last two years to £1.4m (2012: £0.5m). Over the same period ROCE has improved from 2012: 10.6% to 2014: 18.8%.

On revenue up by 25% to £41.4m (2014: £33.2m), adjusted earnings per share has increased by 63% to 2.6p (2014: 1.6p).

In line with our strategy to deliver increasing returns to our shareholders, the Board has decided to announce a doubling of the interim dividend to 0.8p (2014: 0.4p).

Markets

The Group's market focused strategy is to concentrate primarily on the more established UK market. This accounts for almost 90% of the Group's revenue and where longstanding client relationships will be the main driver for future growth. Our offices in Australia, Ireland and Poland supplement our operations and provide the opportunity for further growth in selective overseas markets.

We continue to experience increasing demand for our services from the Property sector which generates approximately two-thirds of the Group's revenue. Our focus on this area has enabled us to achieve a greater diversity of workload and further cross-selling of our services. This is providing a driver for expansion of the Group as fee income from a single project can double if, for instance, we are commissioned for both the Structural and Building Services design of a development.

Historically, the retail property sector provided up to a quarter of the Group's revenue. We have stated previously that our track record and forward orders in this sector will generate growth from the end of 2015. Consistent with this view, we are already experiencing an increasing number of schemes moving forward to construction, including the recently announced 1million ft^2 extension to the Westgate Centre, Oxford, which is being developed by Land Securities and The Crown Estate.

In the Public Infrastructure sector, we have 374 highways and transportation engineers seconded into 52 Local Authorities throughout the country, an increase of 20% since 30 June 2014. The UK Government recently announced £10.7bn of investment in new highway infrastructure improvement schemes over the next six years and we expect that this will provide significant opportunities for the Group.

Overseas, our offices in Melbourne and Sydney in Australia, continue to experience flat levels of activity from both the private and public sectors. Profitability is improving in our European business, which includes Ireland and Poland, as the economies in these countries recover and the demand for our services increases.

Strategic Initiatives

The Group's withdrawal from overseas offices in Russia and UAE, which the Board believed did not offer an adequate return in the medium term, was completed during the prior financial year and the full P&L impact was taken during that period.

Following the restructuring announced in December 2013, a full review of our UK Civil and Transportation consulting business was undertaken in order to address the issues of this loss making operation. The actions taken during 2014 have resulted in a more streamlined business which is now beginning to demonstrate clearly its increased focus and improving performance, though more remains to be done to achieve acceptable returns.

A new incentive scheme for senior management was approved by shareholders at the Annual General Meeting in December 2014. This Long Term Incentive Plan (LTIP) provides the senior management with an award of shares which vest in part once the share price, which was 52 pence at the time of shareholder approval, achieves certain trigger values above 100 pence for a period of 25 consecutive dealing days during the five year period from 9th December 2014. The LTIP share awards will vest in full if the share price achieves the trigger value of 150 pence for a period of 25 consecutive dealing days.

Full details of the scheme were included in the Chairman's letter to shareholders issued prior to the Annual General Meeting held on 5 December 2014. In addition, further information is included in note 17 of this Interim Results report.

Results

Group revenue was £41.4m (2014: £33.2m), up 25%.

Adjusted* pre tax profit before exceptional items was £1.4m (2014: £0.8m), up 75%.

*Excludes amortisation of acquired intangible assets £nil (2014: £7k) and exceptional items £249k (2014: £113k).

Basic earnings per share were 2.0p (2014: 1.3p).

Adjusted earnings per share before amortisation of acquired intangible assets and exceptional items were 2.6p (2014: 1.6p), up 63%.

As at 31 December 2014, net assets per share were 92p (31 December 2013: 98p) and net funds were £3.6m (31 December 2013: £1.6m, 30 June 2014: £1.6m). Net funds at the period end benefited from early customer receipts around the calendar year end.

Reflecting our disciplined approach to capital allocation and cash management ROCE was 18.8% (2014: 12.6%), up 49%, and working capital days were maintained at 50 days (31 December 2013: 76, 30 June 2014: 50).

The order book was also maintained at £120m (31 December 2013: £105m, 30 June 2014: £120m).

Segment Reviews

Property Segment

Business	H1 FY15		H1 FY14		Increase/(reduction) in profit £'000
	Revenue £'000	Operating profit * £'000	Revenue £'000	Operating profit/(loss) * £'000	
UK Structures	10,246	557	7,158	723	(166)
UK Building Services	5,785	254	3,535	115	139
Australia	3,354	456	3,591	225	231
Europe	1,320	67	1,027	(76)	143
Other International	5	5	29	132	(127)
Total	**20,710**	**1,339**	**15,340**	**1,119**	**220**

*Before amortisation of acquired intangible assets and exceptional items.

The Property segment generated a 35% increase in revenue from £15,350k to £20,710k, with operating profit increasing by 20% from £1,119k to £1,339k.

As anticipated, both the UK Structures and Building Services teams have continued to expand their workloads but this has necessitated an increase in resources and recruitment costs which has impacted profitability in the short term. We are also investing in improved working environments and the latest computer technology to generate greater future efficiencies from our office space and IT hardware.

We have been particularly successful in cross-selling our services and we are securing a greater number of projects where we are commissioned to provide more than one engineering and environmental discipline, for example, the 18,000 m^2 Clarges Estate luxury residential development for British Land in Mayfair, London and the 27,000 m^2 One Angel Court commercial development for Mitsui Fudosan UK and Stanhope in the City of London. The size of the development projects we are winning is also increasing which bodes well for the future. Visibility is also improving. On certain major projects, where currently we are only generating fees for the planning phase, up to 90% of our project fees will be generated in future years as the developments progress through to the tender and construction phases.

Following the restructure of our reporting lines twelve months ago, our overseas businesses in Australia and Europe (Ireland and Poland) are now better integrated with our UK businesses. We have been able to transfer work packages from London to overseas offices where high quality resources are easier to recruit. In addition, the recent currency fluctuations have made this work sharing more commercially attractive.

The markets in Australia have remained fairly flat following recent State Government elections which slowed down the public sector investment programmes in Education, Healthcare and the Judicial system. This investment is needed following the population increases over the last twenty years (a 31% increase from 17.7 million in 1993 to 23.1 million in 2013), so it is anticipated that new commissions will be forthcoming in the next financial year. Our office in Melbourne, where Waterman has a shareholding of 41% with the local directors retaining the remaining shareholding, has had a good start to the year with the design of several healthcare projects being finished to a tight programme during the first three months of the financial year.

Activity at our office in Dublin has been expanding over the last twelve months and is using more cost effective resources in our Warsaw office to support the increase in workload. In addition, we have introduced a Building Services team into the Dublin office so that we can diversify the type of commissions we can successfully support as the commercial and residential developments in and around the city centre move forward to construction.

Infrastructure & Environment Segment

Business	H1 FY15		H1 FY14		Increase in profit/reduction in loss £'000
	Revenue £'000	Operating profit/(loss) * £'000	Revenue £'000	Operating profit/(loss) * £'000	
Civil and Transportation Outsourcing	9,290	326	6,730	285	41
Civil and Transportation Consulting	6,284	(701)	7,085	(902)	201
Sub total of combined Civil and Transportation Outsourcing and Consulting	**15,574**	**(375)**	**13,815**	**(617)**	**242**
Environmental	5,068	423	3,998	349	74
Total	**20,642**	**48**	**17,813**	**(268)**	**316**

*Before amortisation of acquired intangible assets and exceptional items.

We have made significant progress in turning around our Civil and Transportation Consulting business from a loss in the last financial year of £2.9m (H1: £0.9m, H2: £2.0m). By July 2014, annualised cash savings of £1.5m were delivered through the streamlining of management and staff reductions, which have helped to decrease the overlap of our regional resources. However, there are still several historic commissions passing through the business which are currently adversely affecting profitability.

Waterman has a distinctive Civil and Transportation Outsourcing business which trades as Waterman Aspen. Waterman Aspen is different to other consultants in that it specialises in the secondment of permanently employed transportation engineers into Local Authorities and Highways Authorities on short and long term assignments. We have established alliances with other large consultants, such as Atkins and AECOM, which have resulted in long term frameworks being won. These frameworks have grown in scope and our engineers have been in great demand.

Headcount in Waterman Aspen has grown very significantly in recent years, more than doubling in the 2½ years from June 2012 to December 2014.

Period	Employees
30 June 2012	176
30 June 2013	213
30 June 2014	311
31 December 2014	374

Recruitment costs in the first half have been higher than anticipated as we have built up staff numbers to service existing and new clients' requirements. We expect to benefit in the future following the Government's commitment to invest in improving the UK highways infrastructure.

As noted above, more remains to be done to achieve acceptable returns within the combined Civil and Transportation businesses (Outsourcing and Consulting). Our objective is for the combined businesses to deliver a break even or better performance in the second half of the financial year. We expect to win in the near future new Local Authority frameworks which will provide increasing revenue in the second half of the year.

Our Environmental planning and due diligence teams are strengthening their reputation as consultant of choice in London. Waterman has been appointed to provide advice on significant developments such as Battersea Power Station and Brent Cross. An increasing number of large urban regeneration projects are moving forward towards construction and in future years we anticipate an increase in revenue being generated from remediation advice and environmental management during the site works phase.

Dividend

In line with the Group's strategy to increase shareholder returns, the Board has decided to double the dividend to 0.8p per share (2014: 0.4p). The dividend is payable on 17 April 2015 to shareholders on the register on 20 March 2015.

Board

Roger Fidgen retired at the end of the Annual General Meeting on 5 December 2014 after ten years on the Board, including nine years as Chairman.

The Board thanks Roger for his guidance and leadership to the Group throughout his tenure, especially during the difficult times of the recent recession, and wishes him a long and happy retirement.

I was appointed by the Board as a non-executive Director and Chairman of Waterman Group on 5 December 2014. In addition, I was also appointed Chairman of the Nomination Committee and Member of the Audit and Risk Committee and the Remuneration Committee.

Details about my previous experience were outlined in the announcement to the London Stock Exchange on 5 December 2014.

Outlook

As noted above, the Board is focused on delivering the previously published three year strategic targets to June 2016.

Waterman continues to be well positioned to generate profitable growth from the UK. The strength of the UK economy and the confidence of our clients is driving demand for our services with the number and size of commissions increasing year on year. Furthermore, the Group has identified further opportunities which include greater cross-selling of our services, investing to grow our Building Services operations and the potential for margin improvement within our Civil and Transportation businesses. We expect that the looming General Election will have a temporary dampening effect on activity levels during the second half. However, looking further ahead, we anticipate continuing revenue growth throughout the UK, most particularly from retail and residential developments and in the highways infrastructure market.

Overseas, our operations in Ireland and Poland are seeing increasing opportunities, Australia is stable and we are looking to strengthen our presence and the range of services available in the region.

The process of increasing the diversification of the business is ongoing and strategic targets beyond 2016 are currently being developed. Our core UK market segments are experiencing increasing confidence amongst our client base, in turn driving increasing visibility within our project pipeline. As a result, the Board looks forward to the remainder of the current financial year and beyond with confidence.

Michael Baker
Chairman

Nick Taylor
Chief Executive

27 February 2015

Independent review report to Waterman Group Plc

Report on the Half-Yearly Financial Report

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Waterman Group Plc for the six months ended 31 December 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

- The condensed consolidated interim financial statements, which are prepared by Waterman Group Plc, comprise:

- the condensed consolidated Balance Sheet as at 31 December 2014;
- the condensed consolidated Income Statement and Statement of Comprehensive Income for the period then ended;
- the condensed consolidated Cash Flow Statement for the period then ended;
- the condensed consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
27 February 2015
London

Consolidated Income Statement for the six months ended 31 December 2014	Note	**Pre-exceptional items £'000**	**Exceptional items (Note 6) £'000**	**Unaudited Six months to 31 December 2014 £'000**	Pre-exceptional items (restated) £'000	Exceptional items (Note 6) £'000	Unaudited Six months to 30 June 2014 (restated) £'000	Pre-exceptional items (restated) £'000	Exceptional items (Note 6) £'000	Unaudited Six months to 31 December 2013 (restated) £'000
Revenue	4	**41,352**	**-**	**41,352**	35,687	-	35,687	33,153	-	33,153
Employee benefits expense		**(22,673)**	**(249)**	**(22,922)**	(21,326)	(430)	(21,756)	(19,615)	(323)	(19,938)
Other operating charges		**(17,029)**	**-**	**(17,029)**	(13,513)	3	(13,510)	(12,478)	210	(12,268)
Operating expenses		**(39,702)**	**(249)**	**(39,951)**	(34,839)	(427)	(35,266)	(32,093)	(113)	(32,206)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**1,650**	**(249)**	**1,401**	848	(427)	421	1,060	(113)	947
Depreciation of property, plant and equipment	11	**(229)**	**-**	**(229)**	(187)	-	(187)	(209)	-	(209)
Amortisation of other intangible assets	11	**(34)**	**-**	**(34)**	(60)	-	(60)	(7)	-	(7)
Operating profit		**1,387**	**(249)**	**1,138**	601	(427)	174	844	(113)	731
Finance costs		**(53)**	**-**	**(53)**	(56)	-	(56)	(84)	-	(84)
Finance income		**18**	**-**	**18**	24	-	24	21	-	21
Profit before taxation		**1,352**	**(249)**	**1,103**	569	(427)	142	781	(113)	668
Taxation	5	**(332)**	**55**	**(277)**	(154)	99	(55)	(174)	23	(151)
Profit after taxation from Continuing operations		**1,020**	**(194)**	**826**	415	(328)	87	607	(90)	517
Loss for the period from Discontinued operations	7	**-**	**-**	**-**	(1,991)	-	(1,991)	(1,822)	-	(1,822)
Profit / (loss) for the financial period		**1,020**	**(194)**	**826**	(1,576)	(328)	(1,904)	(1,215)	(90)	(1,305)
Profit / (loss) attributable to:										
Owners of the Parent		**793**	**(188)**	**605**	(1,866)	(328)	(2,194)	(1,332)	(90)	(1,422)
Non - Controlling interests		**227**	**(6)**	**221**	290	-	290	117	-	117
		1,020	**(194)**	**826**	(1,576)	(328)	(1,904)	(1,215)	(90)	(1,305)
Earnings / (loss) per share from Continuing operations										
Basic and diluted earnings per share	8			**2.0p**			(0.7p)			1.3p
Earnings / (loss) per share from Continuing and Discontinued operations										
Basic and diluted earnings per share	8			**2.0p**			(7.2p)			(4.6p)

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2014	**Unaudited Six months to 31 December 2014 £'000**	Unaudited Six months to 30 June 2014 £'000	Unaudited Six months to 31 December 2013 £'000
Profit / (loss) for the financial period (see above)	**826**	(1,904)	(1,305)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments	**(467)**	219	(912)
Employee Benefit Trust profit / (loss)	**1**	(5)	12
Change in valuation of own shares held by Employee Benefit Trust	**(1)**	5	(12)
Total of items that may be reclassified subsequently to profit or loss	**(467)**	219	(912)
Other comprehensive profit / (loss) for the period, net of tax:	**(467)**	219	(912)
Total comprehensive profit / (loss) for the period	**359**	(1,685)	(2,217)
Total comprehensive profit / (loss) attributable to:			
Owners of the Parent	**306**	(2,065)	(1,990)
Non - controlling interest	**53**	380	(227)
	359	(1,685)	(2,217)
Total comprehensive profit / (loss) attributable to Owners of the Parent arising from:			
Continuing operations	**306**	(74)	(168)
Discontinued operations	**-**	(1,991)	(1,822)
	306	(2,065)	(1,990)

Consolidated Balance Sheet as at 31 December 2014				
	Notes	**Unaudited As at 31 December 2014 £'000**	Unaudited As at 31 December 2013 £'000	Audited As at 30 June 2014 £'000
ASSETS				
Non - current assets				
Goodwill	10	**15,992**	16,098	16,229
Other intangible assets	11	**118**	117	100
Property, plant and equipment	11	**2,873**	2,498	2,671
Loan and receivables		**10**	10	10
Deferred taxation asset		**1,378**	1,335	1,387
		20,371	20,058	20,397
Current assets				
Trade and other receivables	12	**35,233**	31,121	31,696
Cash at bank		**4,661**	3,983	3,019
		39,894	35,104	34,715
Total assets		**60,265**	55,162	55,112
LIABILITIES				
Current liabilities				
Trade and other payables		**(28,844)**	(20,912)	(23,788)
Financial liabilities - borrowings	13	**(449)**	(1,370)	(603)
Current taxation liability		**(107)**	-	-
		(29,400)	(22,282)	(24,391)
Non - current liabilities				
Financial liabilities - borrowings	13	**(575)**	(1,024)	(801)
Provisions	14	**(2,002)**	(1,678)	(1,549)
		(2,577)	(2,702)	(2,350)
Total liabilities		**(31,977)**	(24,984)	(26,741)
Net assets		**28,288**	30,178	28,371
SHAREHOLDERS' EQUITY				
Share capital	15	**3,076**	3,076	3,076
Share premium reserve		**11,881**	11,881	11,881
Merger reserve	16	**3,144**	3,144	3,144
Revaluation reserve		**598**	598	598
Retained earnings		**8,300**	10,365	8,178
		26,999	29,064	26,877
Non - Controlling interests		**1,289**	1,114	1,494
Total equity		**28,288**	30,178	28,371

Consolidated Cash Flow Statement for the six months ended 31 December 2014				
	Notes	**Unaudited Six months to 31 December 2014 £'000**	Unaudited Six months to 30 June 2014 (restated) £'000	Unaudited Six months to 31 December 2013 (restated) £'000
Cash flows from operating activities				
Continuing operations:				
Cash generated from operations	18a	**3,270**	1,298	2,360
Interest paid		**(53)**	(56)	(84)
Interest received		**18**	24	21
Taxation paid		**(193)**	(147)	(50)
Discontinued operations	7	**(109)**	(470)	(930)
Net cash from operating activities		**2,933**	649	1,317
Cash flows from investing activities				
Continuing operations:				
Purchase of property, plant and equipment (PPE) and other intangible assets		**(492)**	(409)	(312)
Net proceeds from sale of PPE and other intangible assets		**-**	(4)	7
Discontinued operations	7	**-**	(18)	-
Net cash (used in) investing activities		**(492)**	(431)	(305)
Cash flows from financing activities				
Continuing operations:				
Repayment of borrowing		**(220)**	(215)	(213)
Equity dividends paid to owners of the parent		**-**	(213)	-
Equity dividends paid to Non - Controlling Interests		**(258)**	-	(299)
Net cash from (used in) financing activities		**(478)**	(428)	(512)
Net increase / (decrease) in cash, cash equivalents and bank overdrafts		**1,963**	(210)	500
Cash and cash equivalents at start of period		**2,858**	3,048	2,788
Exchange rate (losses) / gains		**(160)**	20	(240)
Cash and cash equivalents at end of period	18b	**4,661**	2,858	3,048

Consolidated Statement of Changes in Equity (Unaudited)
as at 31 December 2014

	Attributable to the Owners of the Parent							
	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Revaluation Reserve £'000	Retained earnings £'000	**Total £'000**	Non - Controlling Interests £'000	**Total equity £'000**
Balance at 1 July 2013	**3,076**	**11,881**	**3,144**	**598**	**12,447**	**31,146**	**1,640**	**32,786**
Currency translation adjustments	-	-	-	-	(568)	**(568)**	(344)	**(912)**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	(12)	**(12)**	-	**(12)**
Employee Benefit Trust Profit	-	-	-	-	12	**12**	-	**12**
Other comprehensive income	-	-	-	-	(568)	**(568)**	(344)	**(912)**
Loss for the financial period	-	-	-	-	(1,422)	**(1,422)**	117	**(1,305)**
Total comprehensive loss	-	-	-	-	(1,990)	**(1,990)**	(227)	**(2,217)**
Dividend	-	-	-	-	(92)	**(92)**	(299)	**(391)**
Balance at 31 December 2013	**3,076**	**11,881**	**3,144**	**598**	**10,365**	**29,064**	**1,114**	**30,178**
Currency translation adjustments	-	-	-	-	129	**129**	90	**219**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	5	**5**	-	**5**
Employee Benefit Trust Loss	-	-	-	-	(5)	**(5)**	-	**(5)**
Other comprehensive income	-	-	-	-	129	**129**	90	**219**
Loss for the financial period	-	-	-	-	(2,194)	**(2,194)**	290	**(1,904)**
Total comprehensive loss	-	-	-	-	(2,065)	**(2,065)**	380	**(1,685)**
Dividend	-	-	-	-	(122)	**(122)**	-	**(122)**
Balance at 30 June 2014	**3,076**	**11,881**	**3,144**	**598**	**8,178**	**26,877**	**1,494**	**28,371**
Currency translation adjustments	-	-	-	-	(299)	**(299)**	(168)	**(467)**
Change in valuation of own shares held by Employee Benefit Trust	-	-	-	-	(1)	**(1)**	-	**(1)**
Employee Benefit Trust profit	-	-	-	-	1	**1**	-	**1**
Other comprehensive income	-	-	-	-	(299)	**(299)**	(168)	**(467)**
Profit for the financial period	-	-	-	-	605	**605**	221	**826**
Total comprehensive income	-	-	-	-	306	**306**	53	**359**
Dividend	-	-	-	-	(184)	**(184)**	(258)	**(442)**
Balance at 31 December 2014	**3,076**	**11,881**	**3,144**	**598**	**8,300**	**26,999**	**1,289**	**28,288**

Notes to Financial Information
for the six months ended 31 December 2014

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 unaudited Half - Yearly Financial Report was approved for issue on 27 February 2015.

This unaudited Half - Yearly Financial Report does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2014 were approved by the Board of Directors on 29 October 2014 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.

This Half - Yearly Financial Report has been reviewed but not audited by the company's independent auditors, PricewaterhouseCoopers LLP.

2. Basis of preparation
This unaudited Half – Yearly Financial Report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union (EU).This Half - Yearly Financial Report should be read in conjunction with the Annual Report and Financial Statement for the year ended 30 June 2014, which has 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.

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:

New standards
IFRS 10, 'Consolidated financial statements' (effective 1 January 2013) (endorsed 1 January 2014)
IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013) (endorsed 1 January 2014)

Amendments
Amendments to IFRS 10,11 and 12 on transition guidance (effective 1 January 2013) (endorsed 1 January 2014)
Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014)
Amendments to IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013) (endorsed 1 January 2014)
Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014)

The unaudited Half - Yearly Financial Report 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 2015. IFRS's 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. There has been no change to the basis of these estimates since the previous year end.

3. Accounting policies

The accounting policies adopted are consistent with those of the Annual Financial Statements for the year ended 30 June 2014, as described in those Annual Financial Statements.

As described in note 4, values for comparative periods have been restated for the closure costs of our Russian operations and for consistency and comparability between reporting periods.

Long Term Incentive Plan 2014 (LTIP)

A new LTIP was introduced in December 2014 following shareholder approval at the AGM. When performance targets are achieved, awards will be settled by the issue of new ordinary shares.

In accordance with IFRS 2, Share-based payments, the cost of share based payments is charged to the income statement over the vesting periods. The cost is based on the fair value of the awards made at the date of grant, adjusted for the number of awards expected to vest. The credit associated with the amounts charged to the income statement is in retained earnings/accumulated losses until the awards are exercised. Where awards are settled by the new issue of shares, any proceeds received in respect of share awards are credited to share capital and share premium.

4. Segmental reporting

The losses incurred by the Discontinued operations are reported separately in the Consolidated Income Statement below Profit after taxation from continuing operations (see note 7).

The segmental information for the comparative period has been restated to include the costs for closure of our Russian operations within the charge for Discontinued operations (see note 7). Continuing operations for the comparative periods are restated onto the same basis as the current period.

From July 2014, the financial information issued to the Board reports on the financial performance of the Property and Infrastructure & Environment ("I&E") business segments.

	Six months ended 31 December 2014			Six months ended 30 June 2014 (restated)			Six months ended 31 December 2013 (restated)		
	Property	I&E	Total	Property	I&E	Total	Property	I&E	Total
Consolidated Income Statement	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue – total	24,150	21,854	46,004	20,314	19,728	40,042	18,596	18,366	36,962
Revenue - internal	(3,440)	(1,212)	(4,652)	(3,092)	(1,263)	(4,355)	(3,256)	(553)	(3,809)
Revenue	20,710	20,642	41,352	17,222	18,465	35,687	15,340	17,813	33,153
EBITDA before exceptional items	1,474	176	1,650	2,102	(1,254)	848	1,224	(164)	1,060
Depreciation and amortisation on computer software	(135)	(128)	(263)	(124)	(123)	(247)	(105)	(104)	(209)
Operating profit / (loss) pre exceptional items and amortisation on acquired intangible assets	1,339	48	1,387	1,978	(1,377)	601	1,119	(268)	851
Amortisation on acquired intangible assets	-	-	-	-	-	-	(7)	-	(7)
Exceptional items	(43)	(206)	(249)	(58)	(369)	(427)	37	(150)	(113)
Operating profit / (loss) post exceptional items	1,296	(158)	1,138	1,920	(1,746)	174	1,149	(418)	731
Net finance costs (incl. exceptional item)			(35)			(32)			(63)
Profit / (loss) before taxation			1,103			142			668
Taxation			(277)			(55)			(151)
Profit / (loss) after taxation			826			87			517
Loss for the period from Discontinued operations			-			(1,991)			(1,822)
Profit / (loss) for the financial period			826			(1,904)			(1,305)
Profit attributable to non-controlling interests			221			290			117
Profit / loss attributable to the owners of the parent			605			(2,194)			(1,422)

A segmental analysis of net finance costs has not been disclosed as the directors are of the opinion that its components cannot be meaningfully analysed across regions and classes of business.

Other segmental information

Six months ended 31 December 2014	Structures	Building services	Australia	Europe	Other International	Total Property	Civil and Transportation consulting	Civil and Transportation outsourcing	Environment	Total I&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue – total	13,175	6,190	3,354	1,426	5	24,150	6,632	9,804	5,418	21,854
Revenue - internal	(2,929)	(405)	-	(106)	-	(3,440)	(348)	(514)	(350)	(1,212)
Revenue	10,246	5,785	3,354	1,320	5	20,710	6,284	9,290	5,068	20,642
EBITDA before exceptional items	621	288	476	82	7	1,474	(664)	377	463	176
Depreciation and amortisation on computer software	(64)	(34)	(20)	(15)	(2)	(135)	(37)	(51)	(40)	(128)
Operating profit / (loss) pre exceptional items and amortisation on acquired intangible assets	557	254	456	67	5	1,339	(701)	326	423	48
Amortisation on acquired intangible assets	-	-	-	-	-	-	-	-	-	-
Exceptional items	(2)	(1)	(40)	-	-	(43)	(197)	-	(9)	(206)
Operating profit / (loss) post exceptional items	555	253	416	67	5	1,296	(898)	326	414	(158)

Six months ended 30 June 2014 (restated)	Structures	Building services	Australia	Europe	Other International	Total Property	Civil and Transportation consulting	Civil and Transportation outsourcing	Environment	Total I&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue – total	10,986	4,789	3,307	1,237	(5)	20,314	6,715	8,397	4,616	19,728
Revenue - internal	(2,761)	(193)	(14)	(116)	(8)	(3,092)	(460)	(527)	(276)	(1,263)
Revenue	8,225	4,596	3,293	1,121	(13)	17,222	6,255	7,870	4,340	18,465
EBITDA before exceptional items	883	558	548	76	37	2,102	(1,943)	341	348	(1,254)
Depreciation and amortisation on computer software	(50)	(30)	(27)	(15)	(2)	(124)	(42)	(45)	(36)	(123)
Operating profit / (loss) pre exceptional items and amortisation on acquired intangible assets	833	528	521	61	35	1,978	(1,985)	296	312	(1,377)
Amortisation on acquired intangible assets	-	-	-	-	-	-	-	-	-	-
Exceptional items	(25)	(11)	(35)	13	-	(58)	(221)	(3)	(145)	(369)
Operating profit / (loss) post exceptional items	808	517	486	74	35	1,920	(2,206)	293	167	(1,746)

Six months ended 31 December 2013 (restated)	Structures	Building services	Australia	Europe	Other International	Total Property	Civil and Transportation consulting	Civil and Transportation outsourcing	Environment	Total I&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue – total	10,133	3,673	3,593	1,094	103	18,596	7,248	6,885	4,233	18,366
Revenue - internal	(2,975)	(138)	(2)	(67)	(74)	(3,256)	(163)	(155)	(235)	(553)
Revenue	7,158	3,535	3,591	1,027	29	15,340	7,085	6,730	3,998	17,813
EBITDA before exceptional items	764	136	256	(67)	135	1,224	(861)	316	381	(164)
Depreciation and amortisation on computer software	(41)	(21)	(31)	(9)	(3)	(105)	(41)	(34)	(29)	(104)
Operating profit / (loss) pre exceptional items and amortisation on acquired intangible assets	723	115	225	(76)	132	1,119	(902)	285	349	(268)
Amortisation on acquired intangible assets	-	(7)	-	-	-	(7)	-	-	-	-
Exceptional items	(9)	(3)	-	49	-	37	(146)	(1)	(3)	(150)
Operating profit / (loss) post exceptional items	714	105	225	(27)	132	1,149	(1,048)	284	346	(418)

5. Taxation

The taxation charge, pre-exceptional items, for the 6 months to 31 December 2014 is calculated at 25% of the profit before tax, being the estimated effective rate for the full year (2013: 25%). The estimated total pre-exceptional tax charge of £332,000 is all related to current tax as current year tax losses are group relieved in the period. After including exceptional items, the effective tax rate for the period is 25% (2013: 26%).

The effective tax rate for the period is higher than the UK corporation tax rate for the period of 20.75% due to the mix of profits between the different Group companies and jurisdictions in which they operate.

6. Exceptional Items

	notes	**Six months ended 31 December 2014 £'000**	Six months ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000
Employee benefits expense				
Other restructuring costs	(a)	**249**	430	323
Other operating charges				
Work in progress and trade receivables provisions	(b)	**-**	(3)	(210)
		249	427	113
Taxation		**(55)**	(99)	(23)
Total exceptional items		**194**	328	90

a) **Other restructuring costs**: Principally comprises restructuring costs incurred by our Civil and Transportation consulting business and our Sydney operation (2013: costs resulting from the restructuring of the Board).

b) **Work in progress and trade receivables provisions**: No charge incurred. (2013: doubtful debts written of in prior periods as Exceptional items were written back following payment in the period).

7. Discontinued operations

No operations have been discontinued during the period.

In July 2013, the Board decided to discontinue trading in the United Arab Emirates (UAE). In January 2014, the Board decided to discontinue trading in Russia. By 30 June 2014, all revenue generating operations in the UAE and Russia had ceased and the operations were classified as discontinued.

The Consolidated Income Statement and Consolidated Cash Flow Statement report Continuing operations and Discontinued operations separately. Prior year figures have been restated to include the closure costs for our Russian operations in the six months ended 31 December 2013. The results for the Discontinued operations, which have been included in the Consolidated Income Statement were as follows:

	Six months ended 31 December 2014 £'000	Six months ended 30 June 2014 (restated) £'000	Six months ended 31 December 2013 (restated) £'000
Revenue	**-**	(640)	1,163
Expenses	**-**	(1,351)	(2,985)
Loss before tax	**-**	(1,991)	(1,822)
Taxation	**-**	-	-
Loss after tax from Discontinued operations	**-**	(1,991)	(1,822)

In the six months to 31 December 2014, a net cash outflow of £109,000 resulted from the Discontinued operations in the UAE and Russia which were reported in the previous financial year (2013: £930,000 restated).

8. Earnings per share

The basic earnings per share has been calculated on the profit or loss attributable to shareholders of the Parent Company and based on the weighted average of 30,719,574 shares in issue during the period and ranking for dividend (30 June 2014: 30,647,574 and 31 December 2013: 30,635,074).

The diluted earnings per share from Continuing and Discontinued operations is the same as there were no dilutive share options in issue as at 31 December 2014.

	Six months ended 31 December 2014 £'000	Weighted average number of shares (thousands)	Per share amount (pence)	Six months ended 30 June 2014 £'000	Weighted average number of shares (thousands)	Per share amount (pence)	Six months ended 31 December 2013 £'000	Weighted average number of shares (thousands)	Per share amount (pence)
Basic profit / (loss) per share:									
Profit / (loss) attributable to owners of the parent	605	30,720	**2.0**	(2,194)	30,647	(7.2)	(1,422)	30,635	(4.6)
Effect of dilutive share schemes	-	-	-	-	-	-	-	-	-
Diluted profit / (loss) per share	605	30,720	**2.0**	(2,194)	30,647	(7.2)	(1,422)	30,635	(4.6)

The adjusted earnings per share from Continuing operations before amortisation of acquired intangible assets and exceptional items is 2.6p (30 June 2014: 0.4p and 31 December 2013: 1.6p).

Earnings / (loss) from Continuing operations	**Six months ended 31 December 2014 £'000**	Six months ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000
Profit / (loss) attributable to the Owners of the Parent	**605**	(203)	400
Exceptional items after taxation	**188**	328	90
Amortisation of acquired intangibles after taxation	**-**	-	5
Earnings for the purposes of adjusted EPS	**793**	125	495
Basic and diluted EPS	**2.0p**	(0.7p)	1.3p
Adjusted basic and diluted EPS	**2.6p**	0.4p	1.6p

The adjusted earnings / (loss) per share from Continuing and Discontinued operations before amortisation of acquired intangible assets and exceptional items is 2.6p (30 June 2014: 6.1p loss and 31 December 2013: 4.3p loss).

Earnings / (loss) from Continuing and Discontinued operations	**Six months ended 31 December 2014 £'000**	Six months ended 30 June 2014 £'000	Six months ended 31 December 2013 £'000
Earnings / loss attributable to the Owners of the Parent	**605**	(2,194)	(1,422)
Exceptional items after taxation	**188**	328	90
Amortisation of acquired intangibles after tax	**-**	-	5
Earnings / loss for the purposes of adjusted EPS	**793**	(1,866)	(1,327)
Basic and diluted EPS	**2.0p**	(7.2p)	(4.6p)
Adjusted basic and diluted EPS	**2.6p**	(6.1p)	(4.3p)

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9. Dividends

The directors propose an interim dividend of 0.8p per share (30 June 2014: 0.6p and 31 December 2013: 0.4p).

The shares will become ex-dividend on 19 March 2015 and the dividend will be paid on 17 April 2015 to shareholders on the register at the close of business on 20 March 2015.

The final dividend for the year ended 30 June 2014 of 0.6p per share was paid on 9 January 2015 to shareholders on the register at 12 December 2014.

	Unaudited Six months ended 31 December 2014 £'000	Unaudited Six months ended 30 June 2014 £'000	Unaudited Six months ended 31 December 2013 £'000
Dividends charged to equity in the period	**184**	122	92
Dividend per ordinary share paid in period	**0.0p**	0.7p	0.0p
Dividend per ordinary share proposed in period	**0.8p**	0.6p	0.4p

10. Goodwill

	31 December 2014 £'000	31 December 2013 £'000
Cost at 1 July	**16,723**	17,207
Exchange rate adjustments	**(237)**	(514)
Goodwill written off in respect of Discontinued operations (see below)	**-**	(101)
At 31 December	**16,486**	16,592
Impairment at 1 July and 31 December	**(494)**	(494)
Net book amount	**15,992**	16,098

An impairment charge of £101,000 was incurred in the prior year to write off the goodwill balance following the discontinuance of operations in the United Arab Emirates.

11. Capital expenditure

	PPE and Other intangible assets 31 December 2014 £'000	PPE and Other intangible assets 31 December 2013 £'000
Opening net book amount at 1 July	**2,771**	2,581
Additions	**492**	312
Disposals	**-**	(3)
Exchange rate adjustments	**(9)**	(26)
Depreciation in respect of Discontinued operations	**-**	(28)
Depreciation and amortisation	**(263)**	(221)
Closing net book amount at 31 December	**2,991**	2,615

12. Trade receivables

As of 31 December 2014, trade receivables, net of provisions were £19.8m (30 June 2014: £18.5m and 31 December 2013: £17.8m) of which £10.2m (30 June 2014: £12.4m and 31 December 2013: £12.2m) 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.

13. Financial liabilities - borrowings

	31 December 2014 £'000	31 December 2013 £'000
Current		
Drawdown on invoice discounting facility	**-**	935
Bank loans	**449**	435
	449	1,370
Non - current		
Bank loans	**575**	1,024
Total	**1,024**	2,394

At 31 December 2014, the Group has a term loan of £1.0m (31 December 2013: £1.5m) which is subject to three financial covenants which are tested half - yearly (Note 20).

14. Provisions

	Liability Insurance £'000	Property provisions £'000	**2014 £'000**	Liability Insurance £'000	Property provisions £'000	2013 £'000
1 July	1,465	84	**1,549**	1,367	178	1,545
Charged to the Consolidated Income Statement	500	-	**500**	250	-	250
Utilised	-	(26)	**(26)**	(24)	(64)	(88)
Released to the Consolidated Income Statement	-	-	**-**	-	-	-
Exchange rate adjustments	(21)	-	**(21)**	(29)	-	(29)
Discount	-	-	**-**	-	-	-
31 December	1,944	58	**2,002**	1,564	114	1,678

The provisions represent the Board's best estimate of costs to be incurred in respect of potential liability insurance claims and property provisions.

15. 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.

31 December 2014 and 31 December 2013	Issued and Fully Paid	
	Number '000	£'000
At 1 July and at 31 December	30,759	3,076

16. 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 (2013: £1,133,000) relating to the write off of purchased goodwill prior to the transition to IFRS.

17. Share based payments

17.1 Long Term Incentive Plan (LTIP)

At the AGM held on 5 December 2014, shareholders approved the creation of a new LTIP for executive directors and key employees which are to be settled in equity. Under the terms of the LTIP, the right to acquire ordinary shares at no cost will be based on the company's share price as follows:

Share price target	% of award vesting Executive directors and COO's	% of award vesting Other employees
100p	25%	50%
115p	40%	65%
125p	50%	75%
140p	80%	90%
150p	100%	100%

The performance conditions may be measured at any time over the five years from the date of grant but awards will not vest until at least three years after the date of grant. A summary of the awards during the period is as follows:

Award date	9 December 2014
Scheme maturity	10 years
Maximum term	5 years
Awards outstanding at 31 December 2014	3,000,000
Awards exercisable at 31 December 2014	Nil

The Group used a Monte Carlo valuation model to value its LTIP shares using the market price at the date of grant.

17.2 Share incentive Plan (SIP)

On 4 December 2014, the Board approved the creation of a new Share Incentive Plan for the benefit of all qualifying employees. The aim of the SIP is to reward employees for past performance and to incentivise future performance. Awards will be settled from shares already in issue.

On 19 December 2014, an award of 200 free shares per person was made to qualifying employees. The shares will be held in trust until the awards vest or an employee leaves the Group's employment.

18. Notes to the Consolidated Cash Flow Statement

a) Reconciliation of profit for the financial period to cash generated from operations

	Unaudited Six months to 31 December 2014 £'000	Unaudited Six months to 30 June 2014 £'000	Unaudited Six months to 31 December 2013 £'000
Profit for the financial period from Continuing operations	**826**	87	517
Taxation	**277**	55	151
Interest payable	**53**	56	84
Interest receivable	**(18)**	(24)	(21)
Amortisation of other intangible assets	**34**	23	44
Depreciation	**229**	224	172
(Profit) on disposal of PPE and other intangible assets	**(4)**	-	(4)
Changes in working capital			
(Increase) / decrease in Trade and other receivables	**(2,842)**	(1,709)	19
Increase in Trade and other payables	**4,242**	2,678	1,243
Increase / (decrease) in Provisions	**473**	(92)	155
Cash generated from Continuing operations	**3,270**	1,298	2,360

b) Analysis of net funds						
	31 December 2013 £'000	30 June 2014 £'000	Cash flow £'000	Other non - cash changes £'000	Exchange movements £'000	**31 December 2014 £'000**
Cash at bank	3,983	3,019	1,802	-	(160)	**4,661**
Drawdown on invoice discounting facility	(935)	(161)	161	-	-	**-**
Cash and cash equivalents	3,048	2,858	1,963	-	(160)	**4,661**
Current						
Bank loans	(435)	(442)	220	(227)	-	**(449)**
Non - current						
Bank loans	(1,024)	(801)	-	226	-	**(575)**
Net funds	1,589	1,615	2,183	(1)	(160)	**3,637**

At 31 December 2014, £1.9m (2013: £1.5m) of the cash and cash equivalents were held in subsidiaries not wholly owned by the Group of which £0.8m (2013: £0.6m) was attributable to the non-controlling interests.

19. 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 2014 that could have a material effect on the financial position or performance of Waterman Group plc in the six month period ended 31 December 2014.

20. 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 Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Statement and Notes.

The directors have prepared a cash flow forecast and a forecast for covenant compliance to June 2016. 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. The Group is reliant on the ability of customers to pay debts and on the timing of projects coming on line. In adverse trading 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 and relationships 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 in the future.

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. For this reason, they continue to adopt the going concern basis in preparing the Interim Report and Financial Statement.

21. Principal risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain broadly the same as at 30 June 2014. These risks and uncertainties are expected to be unchanged for the next six months and are disclosed and described within the Corporate Governance Report of the Waterman Group plc Annual Report and Financial Statement 2014.

22. 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 2014 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 unaudited set of Financial Statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Interim 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 2014. On 5 December 2015 Mr R S Fidgen resigned from the Board and was immediately replaced by Mr M P Baker.

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
27 February 2015