For immediate release **3 September 2020**

RPS Group plc

('RPS' or the 'Group')

Interim Results

'Diversified global offering
provides resilience to COVID-19 and a platform for long term sustainable growth'

RPS, a leading multi-sector global professional services firm, today announces its Interim Results for the six months ended 30 June 2020 ('H1 2020').

	H1 2020	H1 2019 restated (2)	H1 2019 at constant currency(1)	% change	% change constant currency
Alternative performance measures (1)					
Fee Revenue (£m) (2)	**232.4**	266.0	261.4	(13%)	(11%)
Adjusted operating profit (£m) (2)	**7.7**	22.0	21.6	(65%)	(64%)
Adjusted profit before tax (£m) (2)	**4.3**	19.0	18.7	(77%)	(77%)
Adjusted earnings per share (diluted) (p) (2)	**2.03**	6.38	6.25	(68%)	(68%)
Cash and debt measures					
Conversion of profit into cash	**346%**	50%			
Net bank borrowings (£m)	**57.8**	101.3	102.0	(43)%	(43)%
Statutory measures					
Revenue (£m)	**272.4**	309.7	304.9	(12%)	(11%)
Statutory (loss)/profit before tax (£m)	**(34.1)**	13.1	12.9	(360%)	(364%)
Statutory (loss)/earnings per share (diluted) (p)	**(14.06)**	4.35	4.28	(423%)	(429%)
Dividend per share (p)	**-**	2.42	2.42	(100%)	(100%)

Financial highlights

- After a promising start to the year, trading was impacted by COVID-19 and Fee Revenue and adjusted operating profit ended down on the previous year
- RPS remained profitable on an adjusted profit basis due to cost reductions
- The statutory loss is after £35.4 million of exceptional items, of which £31.2m are non-cash relating to impairment of goodwill and other assets largely as a result of COVID-19
- Strong cash performance on the back of disciplined billing and cash collections and COVID-19 related tax deferrals, delivering a cash conversion of 346% (H1 2019: 50%); last twelve months cash conversion 203% (June 2019: 98%)
- Significantly lower net bank borrowings reduced the net debt to EBITDA ratio to 1.7x from 2.0x at 30 June 2019 and 31 December 2019
- No interim dividend proposed (H1 2019: 2.42 pence per share)

Business headlines

- Responded quickly to COVID-19 and took prudent and proactive steps to reduce costs and contain cash outflows while still matching capacity to market activity and retaining our operating capability
- The diversity of RPS' sectors and services and exposure to government and quasi-government organisations provided resilience to COVID-19 impact
- Government exposed business streams in Australia, Ireland, Northern Ireland and the US delivered growth in Fee Revenue and/or Adjusted Operating Profit
- Action taken to reduce costs in private sector exposed business streams impacted by COVID-19 lock downs and travel restrictions

- Adapted service offerings and utilised technology to manage COVID-19 impact and capitalise on longer term opportunities as we emerge from the pandemic
- Improving Q3 2020 Contracted Order Book (COB) and relaxation of lock down restrictions will have a positive impact on performance in H2 2020

Post period end headlines
- Trading across the Group in July 2020 was in line with expectations. Net bank borrowings reduced further to £53.4 million at 31 July 2020
- COB is improving with key wins including a major rail infrastructure advisory project in Australia and new water projects in Services UK
- RPS also separately announces today a proposed Placing and Subscription of shares, which together will not exceed 19.99% of the Group's existing share capital, as well as proposed amendments to its banking facilities which are conditional on the equity raise
- The revised banking facilities, amendments to its covenants and equity placing, will provide RPS with the flexibility to continue to appropriately match capacity to the longer-term market opportunities. Maintaining key capability will position the Group to capitalise on future growth opportunities

Commenting on the Interim Results, John Douglas, Chief Executive, said
"Q1 2020 started well. We continued to make solid progress against our strategic priorities in building a resilient, sustainable business with significant upside. In March we acted quickly and decisively to counter the impact of the COVID-19 pandemic. As a result, we had a strong H1 cash performance and have significant headroom on our debt facilities.

"Looking ahead, our businesses serving government and quasi-government organisations have strong order books. Those servicing the private sector are well positioned to recover as lockdown and travel restrictions ease. We will continue to demonstrate the resilience of our business and take advantage of opportunities as they arise.

"With a strong cash position and significant available debt facilities, RPS is well placed to deal with the challenges that the continuing effect of COVID-19 will bring. The diverse nature of RPS, coupled with our expertise and global reach, positions us well for any recovery in our end markets. We remain focused on building a business that can deliver mid-single digit rates of organic growth and a double-digit operating margin in the medium term and are confident about our ability to do so."

(1) Alternative Performance Measures are used consistently throughout this announcement: these include adjusted profit before tax, fee Revenue, items prefaced 'adjusted' such as adjusted EPS, segment profit, underlying profit, adjusted operating profit, amounts labelled 'at constant currency', EBITDAS, conversion of profit into cash, net bank borrowings, leverage. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 2.
(2) Fee Revenue, adjusted operating profit and adjusted profit before tax have been restated – see note 3 for further information

An analyst presentation will be held via video webcast at 9.30am. To participate please contact Buchanan for details. After which, a recording of the presentation will be available on our website.

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Founded in 1970, RPS is a leading global professional services firm of 5,000 consultants and service providers. Having operated in 125 countries across six continents RPS defines, designs and manages projects that create shared value for a complex, urbanising and resource scarce world.

RPS delivers a broad range of services in six sectors: property, energy, transport, water, defence and government services and resources. Services provided across RPS' six sectors cover twelve service clusters: project and programme management, design and development, water services, environment, advisory and management consulting, exploration and development, planning and approvals, health, safety and risk, oceans and coastal, laboratories, training and communications, creative & digital services.

RPS stands out for its clients by using its deep expertise to solve problems that matter, making them easy to understand. Making complex easy.

RPS' London Stock Exchange ticker is RPS.L. For further information, please visit www.rpsgroup.com

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS Group plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Response to COVID-19

Safety
During the COVID-19 pandemic, RPS' priority has been the welfare of colleagues and clients. It continues to monitor government guidance in all the countries in which it operates to ensure the safety of colleagues around the world, as it continues to satisfy ongoing client demand for its services.

Throughout the pandemic, RPS has continued to operate safely, supporting client projects and onsite activities in accordance with Government guidance, public health advice and its own internal processes.

With Government restrictions easing in some regions, there has been a gradual increase in the level of carefully managed reoccupation of its offices. RPS' Health & Safety teams have worked collaboratively with senior leaders to establish and implement robust measures for remobilisation, including risk assessments for its offices and client site work, and return to work protocols.

Cost saving and cash management
RPS took prudent steps to reduce costs and contain the cash outflow. These included:

- cancelling the 2019 final dividend
- suspending planned work on the ERP system
- deferring 2020 salary increases and 2019 senior leadership bonuses
- temporary reductions in pay or hours or placing employees on furlough
- ceasing all non-essential capex and discretionary operating expenditure
- accessing government grants and other financial support mechanisms where available

Proposed equity placing and subscription and amendments to banking facilities

Separately, RPS has today announced the launch of a Placing and Subscription to issue New Shares, as well as proposed amendments of our Revolving Credit Facility (RCF) and US private placement notes, which are subject to final documentation and completion of the equity placing. The revised banking facilities, amendments to its covenants and equity placing, will provide RPS flexibility to continue to appropriately match capacity to the longer-term market opportunities. Maintaining key capability will position the Group to capitalise on future growth opportunities.

Strategic progress

The Group continues to make strategic progress on its priorities of people, clients, and connectivity. During the period:

- continued with our people strategy with a focus on performance and development
- connectivity and cross selling improved
- in Energy, the refocusing of the business into renewables continued
- the North American strategy review was completed, and we move forward with a reinvigorated business
- recent acquisitions performed well

Trading summary

The Group's performance in H1 2020 was impacted by the COVID-19 pandemic. After a promising start in Q1, COVID-19 impacted from late March and in Q2 2020 Fee Revenue reduced by 18% at constant currency. The decline in fees resulted in a reduced Adjusted Profit Before Tax (PBT) for the six months to 30 June 2020 of £4.3 million, (H1 2019: £19.0 million, £18.7 million at constant currency), on Fee Revenue of £232.4 million (H1 2019: £266.0 million, £261.4 million at constant currency). The Group generated a loss before tax of £34.1 million (H1 2019: profit £13.1 million, £12.9 million at constant currency), after exceptional items of £35.4 million (H1 2019: £0.9 million).

The effective tax rate for the period on Adjusted PBT is estimated to be (7.0%) (H1 2019: 24.2%). Adjusted diluted earnings per share (EPS) was 2.03p (H1 2019: 6.38p, 6.25p at constant currency). Statutory diluted loss per share was 14.06p (H1 2019: EPS 4.35p, 4.28p at constant currency). The impact of retranslating H1 2019 results at H1 2020 rates was a reduction of £4.6 million on Fee Revenue and a reduction of £0.3 million on adjusted profit before tax.

Fee Revenue

	H1 2020	H1 2019	H1 2019 at constant currency
Energy	**41.6**	47.5	47.5
Consulting - UK and Ireland	**55.6**	63.9	64.1
Services - UK and Netherlands	**41.1**	50.9	51.1
Norway	**28.5**	36.2	32.6
North America	**20.5**	23.4	24.1
Australia Asia Pacific	**45.1**	44.1	42.0
Fee Revenue	**232.4**	266.0	261.4

Q1 2020 started well with good growth in Energy, North America and Australia Asia Pacific. As expected, the level of activity in Water Services was lower in Q1 2020 ahead of the new AMP cycle, and early impacts of COVID-19 were experienced by our Consulting UK and Ireland and Norway segments. In Q2 2020 COVID-19 impacted Fee Revenue in all segments, in line with management's COVID-19 impact modelling undertaken in March 2020. With RPS generating over 55% of Fee Revenue from government or quasi-government organisations, this has provided resilience to the impact of COVID-19 and enabled Australia Asia Pacific to continue to deliver Fee Revenue growth in Q2 2020.

Adjusted operating profit

£m	**H1 2020**	H1 2019	H1 2019 at constant currency
Energy	**2.3**	4.5	4.5
Consulting - UK and Ireland	**2.9**	7.1	7.1
Services - UK and Netherlands	**1.8**	6.1	6.1
Norway	**2.1**	3.7	3.3
North America	**1.2**	1.9	2.0
Australia Asia Pacific	**3.5**	2.6	2.5
Total segment profit	**13.8**	25.9	25.5
Unallocated costs	**(6.1)**	(3.9)	(3.9)
Adjusted operating profit	**7.7**	22.0	21.6

Actions taken in response to COVID-19 reduced segment costs by 7% in the period, versus an 11% lower Fee Revenue at constant currency. Segment profit margin was 5.9% (H1 2019 at constant currency: 9.8%). Unallocated costs are higher this year as a result of continued investment in the strategic initiatives of People and Connectivity and an accrual of the retirement package for the Group Finance Director. The investment in People and Connectivity includes investment in an online performance development tool, operating costs of the new ERP system and strategic hires within the technology team.

Exceptional items

Exceptional items of £35.4 million have been recognised in the period (H1 2019: £0.9 million), of which £31.2 million are non-cash. The exceptional items are detailed in note 7 and include:

- goodwill impairment charge of £25.9 million after revising our view on the assumptions used for impairment modelling given the market uncertainty caused by the COVID-19 pandemic
- restructuring costs of £3.8 million as a result of the cost mitigating actions taken in light of the impact of COVID-19 on the Group
- ERP stabilisation activities of £1.5 million and an impairment of the ERP of £2.9 million in respect of those parts of the system which have needed to be redeveloped or are no longer part of the global design for future implementations
- further legal fees of £1.3 million investigating potential issues regarding the administration of US government contracts and/or projects.

In H1 2019, the Group invested £0.9 million in a global rebranding of RPS. This project was completed in 2019 and no further costs have been incurred in 2020.

Borrowings and cash flow

Net bank borrowings were £57.8 million (30 June 2019: £101.3 million; 31 December 2019: £94.1 million).

Net cash inflow from operating activities was £48.6 million (H1 2019: £6.8 million). Our conversion of profit into operating cash flow was 346% (H1 2019: 50%) while for the last twelve months it was 203% (12 months ended June 2019: 98%). This reflects unwinding working capital, disciplined billing and cash collection, the impact of COVID-19 government support mechanisms (tax deferrals £8.1 million and €1.5m support from the Dutch government which will be repaid in H2 2020) and tight cost control measures. Lock up days at 30 June 2020 were 68 days (30 June 2019: 67 days, December 2019: 69 days).

Net cash used in investing activities was £7.2 million (H1 2019: £18.4 million) including deferred consideration of £2.4 million in respect of the Corview acquisition (H1 2019: £8.6 million). In light of COVID-19 all non-essential capex ceased hence the purchase of property, plant, equipment and intangible assets reduced from £9.9 million in 2019 to £5.1 million. This includes investment in ERP of £2.2 million (H1 2019: £2.1 million). The amount paid in respect of dividends was £nil (H1 2019: £11.4 million).

Deferred consideration outstanding at 30 June 2020 was £6.5 million (30 June 2019: £7.7 million; 31 December 2019: £8.7 million).

Our leverage (as defined in note 2) calculated in accordance with our bank's financial covenants was 1.7x at the period end (30 June 2019: 2.0x; 31 December 2019: 2.0x). The June 2020 covenant test period was waived as part of the April 2020 facility amendments.

Net finance costs were £3.4 million (H1 2019: £3.0 million), which includes £1.0 million (H1 2019: £0.9 million) interest relating to IFRS 16 leases.

Dividend

In protecting the Group's financial position at the start of the COVID-19 pandemic the Board made the decision to cancel the final dividend in respect of 2019, preserving £4.5 million of cash. Due to the ongoing impact of COVID-19 on the Group's profit and restrictions within the short term £60 million RCF liquidity facility, the Board is not proposing a 2020 interim dividend (H1 2019: 2.42p). Its intention is to re-establish dividend distributions as soon as prudently possible, balancing this against the opportunities that remain to RPS to invest for further growth.

Segment review

Energy

	H1 2020	H1 2019	H1 2019 at constant currency
Fee Revenue (£m)	**41.6**	47.5	47.5
Segment profit (£m)	**2.3**	4.5	4.5
Margin (%)	**5.5**	9.5	9.5

Energy started the year with a strong performance in the Operations business and, although activity in Technical Advisory was muted, Fee Revenue in Q1 2020 grew by 8%. In Q2 2020 our Energy Operations and Training businesses were significantly affected by COVID-19 due to the global travel restrictions resulting in segment Fee Revenue down 31% at constant currency. However, our flexible associate-based employee model has enabled us to reduce costs within the Operations business as Fee Revenue has reduced. In addition, we restructured our Technical Advisory business in June 2020, providing the segment with increased flexibility and resilience to offset revenue fluctuations from H2 2020 onwards.

Against a COVID-19-driven backdrop of reduced demand for hydrocarbons and the consequent impact on the oil price, we continued to increase our exposure to renewables, thereby reducing the segment's dependence on oil. The focus on renewables and offshore wind has been supported in-house with existing expertise, where the skills are easily transferrable.

The oil price is showing signs of stabilising during Q3 2020 and into Q4 2020. The Operations and Training businesses will continue to be impacted while COVID-19 travel restrictions remain in place.

Consulting - UK and Ireland

	H1 2020	H1 2019	H1 2019 at constant currency
Fee Revenue (£m)	**55.6**	63.9	64.1
Segment profit (£m)	**2.9**	7.1	7.1
Margin (%)	**5.2**	11.1	11.1

Ireland and Northern Ireland delivered good performances, both of which benefitted from high public sector exposure. The remainder of the segment has greater exposure to private sector work and the property sector. Since March performance here has been significantly affected by COVID-19.

RPS is developing innovative services to operate during the pandemic, and to help our clients emerge from COVID-19. This will put us in a stronger position for any 'new normal'. In H2 2020, public sector work is expected to remain strong. With a developing private sector workload, the Q3 COB has increased by between 5% and 10% compared to Q2 2020. The focus in H2 2020 will be on core strengths of Residential Property (including Affordable and Modular), Health, Logistics, and Datacentres.

Services - UK and the Netherlands

	H1 2020	H1 2019	H1 2019 at constant currency

Fee Revenue (£m)	**41.1**	50.9	51.1
Segment profit (£m)	**1.8**	6.1	6.1
Margin (%)	**4.4**	12.0	11.9

As expected, the level of activity in the Water Services business in Q1 2020 was low ahead of the new AMP cycle. In Q2 2020 key worker status was applied to several contracts in the Water Services business, minimising the impact of COVID-19. RPS is well positioned to win work as the new AMP cycle progresses in H2 2020 and the Q3 2020 COB for Water Services exceeds that for Q2 2020 by nearly 10%. Health and Laboratories and Netherlands have experienced some short-term impact of COVID-19, caused by the impact of lock-down and travel restrictions on our markets and specific client contracts. We expect these markets to improve in H2-2020 as restrictions are eased and people return to work.

Norway

	H1 2020	H1 2019	H1 2019 at constant currency
Fee Revenue (£m)	**28.5**	36.2	32.6
Segment profit (£m)	**2.1**	3.7	3.3
Margin (%)	**7.4**	10.2	10.1

Notwithstanding the pressure on the economy due to COVID-19 and its exposure to oil, the business delivered a solid performance in H1 2020, retaining its leading market position within Project and Program Management in Norway. Whilst revenue from private sector clients was lower, it was partially offset by an increasing exposure to the public sector where investment levels are good and stable. The Norwegian economy's recovery from COVID-19 has started and the segment is well placed to benefit from this recovery.

North America

	H1 2020	H1 2019	H1 2019 at constant currency
Fee Revenue (£m)	**20.5**	23.4	24.1
Segment profit (£m)	**1.2**	1.9	2.0
Margin (%)	**5.9**	8.1	8.3

The segment had an encouraging start with a good all-round performance in Q1 2020, during which Fee Revenue was up 3% at constant currency. Q2 2020 was affected by the pandemic with trading mixed. Infrastructure and Ocean Science businesses benefited from high public sector exposure and performed well in the period, delivering growth on H1 2019. In the Environmental Risk business, subdued private equity activity impacted overall Fee Revenue. A strong and growing order book in Ocean Science (up over 25% on June 2019) and Infrastructure should support full year growth, provided recruitment and retention risks remain in check. A streamlined Environmental Risk business is poised to recover with the US private equity market in H2 2020, with the Q3 2020 COB up over 5% on Q2 2020.

Australia Asia Pacific

	H1 2020	H1 2019	H1 2019 at constant currency
Fee Revenue (£m)	**45.1**	44.1	42.0
Segment profit (£m)	**3.5**	2.6	2.5
Margin (%)	**7.8**	5.9	6.0

The significant exposure of the segment to the public sector (c.80%), as well as the early implementation of several cost saving measures, enabled the segment to deliver solid growth on the prior year. H1 2020 Fee Revenue increased by 7% at constant currency and profitability increased.

Defence and transport infrastructure were strong, and the Group is well placed to benefit from the ongoing increase in government spending in both sectors. Although the COVID-19 pandemic has affected the Australian residential property sector, we expect this market to start to recover in H2 2020 as a result of government stimulus. The Q3 2020 COB is strong in the Project and Program Management business on the back of strong defence wins and is up nearly 20% on June 2019. In Advisory and Management Consulting, the order book is expected to improve in Q3 2020 with outcomes on several large bids due in the quarter.

Current trading and Group Outlook

Q1 2020 started well as we continued to make solid progress against our strategic priorities in building a resilient, sustainable business with significant upside. In March we acted quickly and decisively to counter the impact of the COVID-19 pandemic. As a result, we had a strong H1 cash performance and have significant headroom on our debt facilities.

Looking ahead, our businesses serving government and quasi-government organisations have strong order books. Those servicing the private sector are well positioned to recover when lockdown and travel restrictions ease. The disruption of COVID-19 will continue into the second half of the year but we believe that we will see some recovery. While the pace of recovery is uncertain, we will continue to demonstrate the resilience of our business by managing the uncertainty and taking advantage of opportunities as they arise.

With a strong cash position and significant available debt facilities, RPS is well placed to deal with the challenges that the continuing effect of COVID-19 will bring, although as the working capital benefits of H1 unwind and as the Group returns to growth, it will start to absorb working capital. The diverse nature of RPS, coupled with our expertise and global reach, positions us well for any recovery in our end markets. We remain focused on building a business that can deliver mid-single digit rates of organic growth and a double-digit operating margin in the medium term and are confident about our ability to do so.

The Group expects to update the market at its Q3 2020 trading update in late October/early November.

Board of Directors
RPS Group plc
3 September 2020

Condensed consolidated income statement (unaudited)

£m	Notes	**Six months ended 30 June 2020**	Restated[1] Six months ended 30 June 2019	Restated[1] Year ended 31 December 2019
Revenue	5	**272.4**	309.7	612.6
Less passthrough costs	5	**(40.0)**	(43.7)	(84.4)
Fee Revenue	5	**232.4**	266.0	528.2
Adjusted operating profit	5	**7.7**	22.0	43.4
Amortisation of acquired intangibles and transaction-related costs	6	**(3.0)**	(5.0)	(9.1)
Exceptional items	7	**(35.4)**	(0.9)	(23.4)
Operating (loss)/profit	5	**(30.7)**	16.1	10.9
Finance costs		**(3.5)**	(3.1)	(6.2)
Finance income		**0.1**	0.1	0.2
Adjusted profit before tax	2	**4.3**	19.0	37.4
(Loss)/profit before tax		**(34.1)**	13.1	4.9
Tax credit/(expense)	8	**2.2**	(3.3)	(6.1)
(Loss)/profit for the period attributable to equity holders of the parent		**(31.9)**	9.8	(1.2)
Basic (loss)/earnings per share (pence)	9	**(14.20)**	4.39	(0.55)
Diluted (loss)/earnings per share (pence)	9	**(14.06)**	4.35	(0.54)
Adjusted basic earnings per share (pence)	9	**2.05**	6.44	12.43
Adjusted diluted earnings per share (pence)	9	**2.03**	6.38	12.31

[1] See note 3

Condensed consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
(Loss)/profit for the period	**(31.9)**	9.8	(1.2)
Exchange differences*	**12.5**	0.7	(12.3)
Actuarial losses on remeasurement of defined benefit pension scheme	**-**	-	(0.1)
Total other comprehensive income/(expense)	**12.5**	0.7	(12.4)
Total recognised comprehensive (expense)/income for the period attributable to equity holders of the parent	**(19.4)**	10.5	(13.6)

*may be reclassified subsequently to profit or loss in accordance with IFRS

Condensed consolidated balance sheet (unaudited)

£m	Notes	**As at 30 June 2020**	**As at 30 June 2019**	As at 31 December 2019
Assets				
Non-current assets:				
Intangible assets	**10**	**356.8**	399.4	378.7
Property, plant and equipment	**11**	**31.4**	38.4	32.3
Right-of-use assets		**44.2**	41.7	44.8
Deferred tax asset		**8.1**	3.5	3.8
		440.5	483.0	459.6
Current assets:				
Trade and other receivables	**12**	**142.5**	173.8	157.1
Corporation tax receivable		**4.8**	-	0.9
Cash and cash equivalents		**16.7**	20.3	17.7
		164.0	194.1	175.7
Liabilities				
Current liabilities:				
Borrowings	**14**	**-**	-	1.3
Deferred consideration		**3.1**	2.6	3.1
Lease liabilities		**10.5**	8.9	10.0
Trade and other payables	**13**	**126.0**	109.6	104.9
Corporation tax		**2.5**	3.3	-
Provisions		**2.0**	1.6	0.9
		144.1	126.0	120.2
Net current assets		**19.9**	68.1	55.5
Non-current liabilities:				
Borrowings	**14**	**74.5**	121.6	110.5
Deferred consideration		**3.4**	5.1	5.6
Lease liabilities		**41.0**	37.7	39.8
Other payables		**1.5**	1.3	1.5
Deferred tax		**6.6**	6.1	6.3
Provisions		**2.7**	2.6	2.9
		129.7	174.4	166.6
Net assets		**330.7**	376.7	348.5
Equity				
Share capital	**15**	**6.9**	6.8	6.8
Share premium		**123.6**	121.0	121.9
Retained earnings		**164.4**	211.2	195.7
Merger reserve		**21.2**	21.2	21.2
Employee trust		**(10.9)**	(9.5)	(10.1)
Translation reserve		**25.5**	26.0	13.0
Total shareholders' equity		**330.7**	376.7	348.5

Condensed consolidated cash flow statement (unaudited)

£m	Notes	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Net cash from operating activities	**17**	**48.6**	6.8	37.6
Cash flows from investing activities:				
Purchases of subsidiaries net of cash acquired		**-**	(8.6)	(10.1)
Deferred consideration		**(2.4)**	(0.1)	(0.1)
Purchase of property, plant and equipment		**(2.8)**	(9.9)	(13.3)
Purchase of intangible assets		**(2.3)**	-	(7.8)
Proceeds from sale of property, plant and equipment		**0.3**	0.2	0.4
Net cash used in investing activities		**(7.2)**	(18.4)	(30.9)
Cash flows from financing activities:				
(Decrease)/increase in bank borrowings		**(37.7)**	32.9	23.5
Payment of lease liabilities		**(5.0)**	(4.0)	(9.2)
Bank arrangement fees		**(0.4)**	-	(0.7)
Dividends paid	**16**	**-**	(11.4)	(16.9)
Net cash used in financing activities		**(43.1)**	17.5	(3.3)
Net (reduction)/increase in cash and cash equivalents		**(1.7)**	5.9	3.4
Cash and cash equivalents at beginning of period		**16.4**	15.4	15.4
Effect of exchange rate fluctuations		**2.0**	(1.0)	(2.4)
Cash and cash equivalents at end of period		**16.7**	20.3	16.4
Cash and cash equivalents comprise:				
Cash at bank		**16.7**	20.3	17.7
Bank overdraft		**-**	-	(1.3)
Cash and cash equivalents at end of period		**16.7**	20.3	16.4

Condensed consolidated statement of changes in equity (unaudited)

£m	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2020	6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the period	-	-	(31.9)	-	-	-	(31.9)
Other comprehensive income	-	-	-	-	-	12.5	12.5
Total comprehensive income for the period	-	-		-	-	12.5	12.5
Issue of new ordinary shares	0.1	1.7	(0.7)	-	(1.1)	-	-
Share-based payment expense	-	-	1.6	-	-	-	1.6
Transfer on release of shares	-	-	(0.3)	-	0.3	-	-
At 30 June 2020	6.9	123.6	164.4	21.2	(10.9)	25.5	330.7
At 1 January 2019	6.8	120.4	212.4	21.2	(9.8)	25.3	376.3
Profit for the period	-	-	9.8	-	-	-	9.8
Other comprehensive income	-	-	-	-	-	0.7	0.7
Total comprehensive income for the period	-	-	9.8	-	-	0.7	10.5
Issue of new ordinary shares	-	0.6	(0.5)	-	(0.1)	-	-
Share-based payment expense	-	-	1.3	-	-	-	1.3
Transfer on release of shares	-	-	(0.4)	-	0.4	-	-
Dividends	-	-	(11.4)	-	-	-	(11.4)
At 30 June 2019	6.8	121.0	211.2	21.2	(9.5)	26.0	376.7

Notes to the condensed consolidated financial statements

1. Basis of preparation

RPS Group Plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the 'Group'). The condensed consolidated interim financial statements are presented in pounds sterling and have been rounded to the nearest £0.1 million.

The Group has changed its accounting policy for non-IFRS revenue measures with effect from 1 January 2020 and has restated the comparative information presented in the condensed interim financial statements. The impact of the change is described more fully in note 3.

Otherwise the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2019. They are in accordance with IAS 34 as adopted by the European Union. They are unaudited but have been reviewed by the Company's auditor. The results for the year ended 31 December 2019 and the balance sheet as at that date are abridged from the Company's Report and Accounts 2019 which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

In assessing the going concern basis for the interim report and financial statements, the Directors considered a range of scenarios to estimate the potential impact of COVID-19 on the Group's activities and our responses over the next 12 months.

At 30 June 2020 the net bank borrowings were £57.8 million, down from £94.1 million as at 31 December 2019. In April 2020 we agreed a further £60 million revolving credit facility ('B facility') for a period of 12 months with the existing lenders and this was in addition to the existing £100 million revolving credit facility ('A facility'). At the balance sheet date, the B facility was undrawn and the total headroom on both facilities was £142.3 million. The US loan notes of £57.6 million are repayable in September 2021 and all scenario modelling assumes these will be refinanced on similar terms.

COVID-19 has impacted our segments and markets in different ways as detailed in the interim report. The key judgement is the likely time period before the remaining COVID-19 restrictions are lifted in each of our markets or if further restrictions are implemented later in the assessment period. For each of our segments we have considered different recovery scenarios. In each scenario we have assumed that deferred tax payments are unwound in accordance with local requirements and that where we have taken advantage of job retention schemes all staff return to work on a phased basis as those schemes finish. Approximately £10 million of tax payments were deferred and circa 500 staff in the UK were furloughed as at 30 June 2020. We have also modelled the impact of a deterioration in working capital through an increase in lock up days. In some scenarios we have considered the impact of mitigations in the modelling that reduce costs and increase profitability over the lookout period.

Under each scenario we have modelled the headroom available on our revolving credit facilities and calculated the covenants (leverage and interest cover) at each test date. The covenant calculations required as at 31 December 2020 and 31 March 2021 were amended as part of the additional financing in April 2020. Leverage is calculated as the ratio of adjusted net bank borrowings to annualised EBITDAS and must not exceed 3.25x at December 2020 and 3.0x at the 2021 test dates above. Interest cover is the ratio of annualised EBITAS to annualised net finance costs and must be at least 4.0x at all test dates.

Leverage and interest cover covenant tests are within the permitted limits at all test dates in the base case and are within the covenant limits in all scenarios when mitigating actions are taken into account. These actions could include further salary reductions, reduced bonus payments and redundancies.

After fully considering the current uncertain economic environment and the forecasting and modelling performed, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least 12 months from the date of signing this report and that it is therefore appropriate to adopt the going concern basis in preparing the Group's interim financial statements.

It is noted that the Group has today announced the launch of a Placing and Subscription to issue New Shares, as well as proposed amendments of our Revolving Credit Facility (RCF) and US private placement notes. These have not been accounted for in reaching the conclusion on going concern as the banking amendments are subject to final documentation and completion of the equity placing and the outcome of the Placing will not be known until after announcement of the H1 2020 results. The revised banking facilities, amendments to its covenants and equity placing, will provide RPS flexibility to continue to appropriately match capacity to the longer-term market opportunities. Maintaining key capability will position the Group to capitalise on future growth opportunities.

2. Alternative performance measures

Throughout this document the Group presents various non-GAAP performance measures ('alternative performance measures'). The measures presented are those adopted by the Chief Operating Decision Maker and analysts who follow us in assessing the performance of the business.

<u>Group profit and earnings measures</u>

<u>Adjusted operating profit and adjusted profit before tax</u>

Adjusted profit before tax is used by the Board to monitor and measure the trading performance of the Group. It excludes certain items which the Board believes distort the trading performance of the Group. These items are either acquisition and disposal related, non-cash items, or they are exceptional in nature.

Delivering the Group's strategy includes investment in selected acquisitions that enhance the depth and breadth of services that the Group offers in the territories in which it operates. In addition, from time to time the Group chooses to exit a particular market or service offering because it is not offering the desired returns. By excluding acquisition and disposal related items from adjusted profit before tax, the Board has a clearer view of the performance of the Group and is able to make better operational decisions to support its strategy.

Accordingly, transaction-related costs including costs of acquisition and disposal, losses on the closure of businesses and amortisation of intangible assets are excluded from the Group's preferred performance measure. Similarly, exceptional items are excluded as they are not reflective of the Group's trading performance in the period.

Items are treated consistently year-on-year, and these adjustments are also consistent with the way that performance is measured under the Group's incentive plans and its banking covenants.

Adjusted operating profit is a derivative of adjusted profit before tax. A reconciliation is shown below.

	£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019
	(Loss)/profit before tax	**(34.1)**	13.1
Add:	Amortisation of acquired intangibles and transaction-related costs (note 6)	**3.0**	5.0
	Exceptional items (note 7)	**35.4**	0.9
	Adjusted profit before tax	**4.3**	19.0
Add:	Net finance costs	**3.4**	3.0
	Adjusted operating profit	**7.7**	22.0

Adjusted profit attributable to ordinary shareholders and adjusted earnings per share

It follows that the Group uses adjusted profit attributable to ordinary shareholders (after tax) as the input to its adjusted EPS measures (note 9). Again, this profit measure excludes amortisation of acquired intangibles, transaction-related costs and exceptional items, but is an after tax measure. The Board considers adjusted EPS to be more reflective of the Group's trading performance in the period.

	£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019
	(Loss)/profit attributable to equity holders of the parent	**(31.9)**	9.8
Add:	Amortisation of acquired intangibles and transaction-related costs	**3.0**	5.0
	Exceptional items	**35.4**	0.9
Deduct:	Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**(1.9)**	(1.3)
	Adjusted profit attributable to equity holders of the parent	**4.6**	14.4

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the prior year's results have been retranslated using current year exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results. The difference between the reported numbers and the constant currency numbers is the 'constant currency effect'.

£m	Six months ended 30 June 2019	Constant currency effect	Six months ended 30 June 2019 at constant currency
Revenue	309.7	(4.8)	304.9
Fee Revenue	266.0	(4.6)	261.4
Adjusted profit before tax	19.0	(0.3)	18.7
Profit before tax	13.1	(0.2)	12.9

Segment profit and underlying profit

Segment profit is presented in our segmental disclosures. This excludes the effects of financing and amortisation which are metrics outside of the control of segment management. It also excludes unallocated expenses. Segment profit is then adjusted by excluding reorganisation costs to give underlying profit for the segment. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 5.

Reorganisation costs

This classification comprises costs and income arising as a consequence of reorganisation such as redundancy costs, profit or loss on disposal of plant, property and equipment and the costs of consolidating office space.

Unallocated expenses

Certain central costs are not allocated to the segments because they predominantly relate to the stewardship of the Group. They include the costs of the main board and the Group finance, marketing and people functions and related IT costs.

Revenue measures

The Group disaggregates revenue into Fee Revenue and passthrough costs. This provides insight into the performance of the business and our productive output. This is reconciled on the face of the income statement. Fee Revenue by segment is reconciled in note 5.

Fee Revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs. Passthrough costs represent costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence. The definition of Fee Revenue changed with effect from 1 January 2020, see note 3 for further details of the restatement.

Cash flow measures

EBITDAS and EBITAS

EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation and transaction-related costs and share scheme costs. This generates a cash-based operating profit figure which is the input into the cash flow statement. A reconciliation between operating profit and EBITDAS is given in note 17. EBITAS is an equivalent measure, but is after depreciation costs.

Conversion of profit into cash

A measure of the Group's cash generation is the conversion of profit into cash. This is the cash generated from operations divided by EBITDAS expressed as a percentage. This metric is used as a measure against which the Group's long and short-term performance incentive schemes are judged and reflects how much of the Group's profit has been collected as cash in the period.

Net bank borrowings

Net bank borrowings is the total of cash and cash equivalents and interest bearing bank loans. This measure gives the external indebtedness of the Group and is an input into the leverage calculations. This is reconciled in note 14.

Leverage
Leverage is the ratio of net bank borrowings (adjusted to include bonds, indemnities and guarantees and to exclude restricted cash) plus deferred consideration to annualised EBITDAS and is one of the financial covenants included in our bank facilities.

Tax measures

We report one adjusted tax measure, which is the tax rate on adjusted profit before tax ('adjusted effective tax rate'). This is the tax charge applicable to adjusted profit before tax expressed as a percentage of adjusted profit before tax and is set out in note 8.

3. Changes in definition of alternative performance measures and restatements of comparatives

The Group has changed its definition for non-IFRS revenue measures with effect from 1 January 2020 as follows:

- Definition of fee income amended
- New category of revenue called passthrough costs introduced
- Recharged expenses no longer reported

There is no impact on profit or cash flow as a result of these changes in any reporting period. The changes in definition ensure alignment with the global ERP design.

The benefit from this change in definition are that it reduces judgement when determining what is Fee Revenue, provides a better indication of the underlying growth in revenue, gives improved information of resource requirements and allows for a better reflection of productivity and profitability.

The revised definition of Fee Revenue and the definition of passthrough costs are as follows:

Fee Revenue
Fee Revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs.

Passthrough costs
Passthrough costs is a category of revenue representing costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.
The effects of the change in definitions are that the revenue from recharging the cost of subcontractors will be treated as passthrough costs and will not be included in Fee Revenue and the profit earned on recharging subcontractor costs and other incidental costs will be reported in Fee Revenue.

The Alternative Performance Measures relating to revenue measures have been restated for the six months ended 30 June 2019 and the year ended 31 December 2019 (note 5). Further details on these restatements are included in the appendix to the Group's RNS announcement made on 22 April 2020.

Rebranding costs incurred in the six months ended 30 June 2019 has been reclassified from adjusted operating profit to exceptional items as per the presentation in the income statement for the year ended 31 December 2019. Adjusted operating profit, adjusted profit before tax and adjusted earnings per share for the six months ended 30 June 2019 have been restated for this reclassification.

4. Responsibility Statement

The Directors confirm that, to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 and that this Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

On behalf of the Board:

John Douglas	**Judith Cottrell**
Chief Executive	**Group Finance Director**
3 September 2020	3 September 2020

5. Business segments

Segment information is presented in the financial statements in respect of the Group's business segments, as reported to the Chief Operating Decision Maker. The business segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments of the Group are as follows:

- Energy
- Consulting – UK and Ireland
- Services – UK and Netherlands
- Norway
- North America
- AAP

Segment results for the six months ended 30 June 2020:

£m	Fee Revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	41.6	7.1	(0.5)	48.2
Consulting – UK and Ireland	55.6	12.4	(0.5)	67.5
Services – UK and Netherlands	41.1	6.6	(0.7)	47.0
Norway	28.5	0.6	-	29.1
North America	20.5	5.3	(0.4)	25.4
AAP	45.1	10.1	-	55.2
Group eliminations	-	(2.1)	2.1	-
Total	232.4	40.0	-	272.4

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	2.3	-	2.3
Consulting – UK and Ireland	2.9	-	2.9
Services – UK and Netherlands	1.8	-	1.8
Norway	2.1	-	2.1
North America	1.2	-	1.2
AAP	3.5	-	3.5
Total	13.8	-	13.8

Segment results for the six months ended 30 June 2019 (restated):

£m	Fee Revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	47.5	8.7	(0.4)	55.8
Consulting – UK and Ireland	63.9	14.6	(0.8)	77.7
Services – UK and Netherlands	50.9	7.3	(1.1)	57.1
Norway	36.2	0.4	(0.1)	36.5
North America	23.4	6.8	(0.1)	30.1
AAP	44.1	8.5	(0.1)	52.5
Group eliminations	-	(2.6)	2.6	-
Total	266.0	43.7	-	309.7

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	4.5	-	4.5
Consulting – UK and Ireland	7.1	-	7.1
Services – UK and Netherlands	6.1	-	6.1
Norway	3.7	-	3.7
North America	2.0	(0.1)	1.9
AAP	3.1	(0.5)	2.6
Total	26.5	(0.6)	25.9

Segment results for the year ended 31 December 2019 (restated):

£m	Fee Revenue	Passthrough costs	Intersegment revenue	External revenue
Energy	104.3	16.8	(1.0)	120.1
Consulting – UK and Ireland	126.2	29.2	(1.3)	154.1
Services – UK and Netherlands	96.6	14.5	(1.7)	109.4
Norway	64.7	0.8	(0.2)	65.3
North America	46.1	13.3	(0.5)	58.9
AAP	90.3	14.7	(0.2)	104.8
Group eliminations	-	(4.9)	4.9	-
Total	528.2	84.4	-	612.6

£m	Underlying profit	Reorganisation costs	Segment profit
Energy	11.1	-	11.1
Consulting – UK and Ireland	15.1	-	15.1
Services – UK and Netherlands	10.8	-	10.8
Norway	6.1	(0.1)	6.0
North America	3.4	(0.1)	3.3
AAP	7.0	(0.6)	6.4
Total	53.5	(0.8)	52.7

Group reconciliation

£m	**Six months ended 30 June 2020**	Restated Six months ended 30 June 2019	Restated Year ended 31 December 2019
Revenue	**272.4**	309.7	612.6
Less passthrough costs	**(40.0)**	(43.7)	(84.4)
Fee Revenue	**232.4**	266.0	528.2
Underlying profit	**13.8**	26.5	53.5
Reorganisation costs	**-**	(0.6)	(0.8)
Segment profit	**13.8**	25.9	52.7
Unallocated expenses	**(6.1)**	(3.9)	(9.3)
Adjusted operating profit	**7.7**	22.0	43.4
Amortisation of acquired intangibles and transaction-related costs	**(3.0)**	(5.0)	(9.1)
Exceptional items	**(35.4)**	(0.9)	(23.4)
Operating (loss)/profit	**(30.7)**	16.1	10.9
Net finance costs	**(3.4)**	(3.0)	(6.0)
(Loss)/profit before tax	**(34.1)**	13.1	4.9

Total segment assets were as follows:

£m	**As at 30 June 2020**	As at 30 June 2019	As at 31 December 2019
Energy	**76.7**	65.4	81.7
Consulting – UK and Ireland	**164.7**	192.1	184.4
Services – UK and Netherlands	**103.6**	109.1	107.6
Norway	**48.0**	62.2	53.9
North America	**57.2**	67.8	66.7
AAP	**118.5**	165.1	114.0
Unallocated	**35.8**	15.4	27.0
Total	**604.5**	677.1	635.3

6. Amortisation of acquired intangibles and transaction-related costs

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Amortisation of acquired intangibles	**3.0**	4.6	8.6
Transaction-related costs	**-**	0.4	0.5
Total	**3.0**	5.0	9.1

7. Exceptional items

£m	**Six months ended 30 June 2020**	Restated Six months ended 30 June 2019	Year ended 31 December 2019
Impairment of goodwill	**25.9**	-	19.8
Legal fees	**1.3**	-	1.4
ERP implementation costs	**1.5**	-	1.2
Impairment of ERP	**2.9**	-	-
Restructuring costs	**3.8**	-	-
Rebranding costs	**-**	0.9	1.0
Total	**35.4**	0.9	23.4

The Group has recognised a goodwill impairment charge of £25.9 million (six months ended 30 June 2019: £nil) relating to the impairment of the Consulting and North America CGU groups. The market uncertainty caused by the COVID-19 pandemic has meant that we have revised in our short term assumptions in the impairment modelling. See note 10 for further details.

Further legal fees of £1.3 million were incurred investigating potential issues regarding the administration of US government contracts and/or projects and the investigation is ongoing (note 19).

The new ERP was implemented in the Netherlands and part of Australia towards the end of 2019 and stabilisation activities proceeded throughout the first half of 2020. Further costs of £1.5 million were incurred in the current year on support through the initial go live period (six months ended 30 June 2019: £nil). Substantial rewrites of key elements of the system were required post go live as part of the stabilisation activities. The Group has recognised an impairment charge of £2.9 million in respect of those parts of the system which have needed to be redeveloped or are no longer part of the global design for future implementations.

Restructuring costs of £3.8 million have been incurred as a result of the impact of COVID-19 on the Group. These costs comprise the impairment of right-of-use assets for properties that have been vacated and the redundancy costs incurred when matching our resource base to market demand.

In the prior year, the Group undertook a global rebranding of RPS which included a new logo, colour scheme, office signage and a new website. This project was completed in 2019 and no further costs have been incurred in 2020.

8. Income taxes

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for each taxing jurisdiction for the full year. These rates have been applied to the pre-tax profits for each jurisdiction for the six months ended 30 June 2020. The Group has separately calculated the tax rates applicable to amortisation of intangibles and transaction-related costs and exceptional items for the period. Tax rate changes that were substantively enacted at the balance sheet date have been factored into the calculation of the effective tax rates.

Analysis of the tax expense in the income statement for the period:

£m	**Six months ended 30 June 2020**	Restated Six months ended 30 June 2019	Year ended 31 December 2019
Current tax expense	**1.6**	4.1	7.3
Deferred tax credit	**(3.8)**	(0.8)	(1.2)
Total tax (credit)/expense in the income statement	**(2.2)**	3.3	6.1
Add back:			
Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**1.9**	1.3	3.4
Adjusted tax (credit)/charge on adjusted profit for the period	**(0.3)**	4.6	9.5
Tax rate on (loss)/profit before tax	**6.5%**	25.1%	125.4%
Tax rate on adjusted profit before tax	**(7.0%)**	24.2%	25.4%

9. Earnings per share

The calculations of earnings per share are based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period as shown below:

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
(Loss)/profit attributable to ordinary shareholders	**(31.9)**	9.8	(1.2)
000's			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**224,682**	223,653	223,958
Effect of employee share schemes	**2,176**	2,118	2,264
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**226,858**	225,771	226,222
Basic (loss)/earnings per share (pence)	**(14.20)**	4.39	(0.55)
Diluted (loss)/earnings per share (pence)	**(14.06)**	4.35	(0.54)

The calculations of adjusted earnings per share were based on the number of shares as above, and are shown in the table below:

£m	**Six months ended 30 June 2020**	Restated Six months ended 30 June 2019	Year ended 31 December 2019
(Loss)/profit attributable to ordinary shareholders	**(31.9)**	9.8	(1.2)
Amortisation of acquired intangibles and transaction-related costs	**3.0**	5.0	9.1
Exceptional items	**35.4**	0.9	23.4
Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**(1.9)**	(1.3)	(3.4)
Adjusted profit attributable to ordinary shareholders	**4.6**	14.4	27.9
Adjusted basic earnings per share (pence)	**2.05**	6.44	12.43
Adjusted diluted earnings per share (pence)	**2.03**	6.38	12.31

10. Intangible assets

During the six months ended 30 June 2020 the Group capitalised internally generated software with a cost of £1.4 million (six months ended 30 June 2019: £9.2 million).

An impairment charge of £2.9 million (six months ended 30 June 2019: £nil) has been recorded against the net book value of the Group's global ERP system which is recorded as an internally generated software asset (note 7).

Goodwill
The Group tests annually for impairment or when there are any impairment triggers. Due to the impact of COVID-19 on the performance of the Group in the first half of the year a full impairment review has been performed as at 31 May 2020.

The determination of whether or not goodwill is impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated. Those value in use calculations include estimates about the future financial performance of the CGUs based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. A more cautious view has been taken in our short-term forecasts and assumptions due to the COVID-19 uncertainty and the resulting disruption in our markets and the wider economy. The cash flow projections in the four financial years following the forecast year reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19.

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period.

Discount rate applied
The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the reporting period and the risks specific to the CGU. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital (WACC). The inputs to this calculation are a combination of market, industry and company-specific data.

Pre-tax discount rates	**30 June 2020**	31 December 2019
Consulting (UK & Ireland)	**12.3%**	10.7%
Services (UK)	**12.8%**	11.2%
Services (Netherlands)	**14.4%**	12.4%
Norway	**12.3%**	10.8%
North America	**13.1%**	11.0%
AAP	**15.3%**	12.9%
Energy	**14.0%**	14.2%

Growth rates
The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2021/2022 to 2024/2025 and includes higher growth rates in the first couple of years as the economies and markets in which we operate recover from the current COVID-19 related downturn.

The long-term growth rate applied to the perpetuity calculations was between -2.0% and 2.5% per annum and is unchanged from the rates used in the 31 December 2019 goodwill impairment testing. These rates reflect the average long-term growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of the businesses.

Summary of results
The Group has recognised an impairment charge of £17.4 million and £8.5 million against the goodwill allocated to the Consulting (UK & Ireland) CGU and North America CGU groups respectively. Our forecasts for these businesses for the remainder of the year and into 2021 are more cautious than those used in the year end impairment review modelling due to impact of COVID-19 on the performance of these two CGUs in the first half of the year.

All other CGUs were tested for impairment and no impairment charges were identified.

Sensitivity of results to changes in estimates

The Group's CGU groups all have headroom except for Consulting (UK & Ireland) and North America which both have no headroom. In the AAP and Energy CGU groups there is significant headroom but in certain downside scenarios impairment charges could be generated. Aside from these CGUs, the Group does not consider the changes in estimates that would result in material adjustment to the carrying amounts of assets and liabilities as at 30 June 2020 to be reasonably possible.

The valuation of goodwill allocated to the four CGU groups noted above is most sensitive to the achievement of the 2020/2021 forecast and the medium-term growth rates assumed for the following four years. Whilst we are able to manage staff costs, direct costs and overheads, the revenue projections are inherently uncertain due to the short-term nature of our order books and the current fragile market conditions in some of our sectors.

Consequently, further underperformance against the forecast and medium-term growth rates is possible which could lead to an additional reduction in the carrying value of the CGUs. It is also reasonably possible that these forecasts are exceeded if market conditions allow.

Halving the medium-term growth rate in the first year and a reduction of three percentage points in the medium-term growth rate thereafter would generate additional impairment charges of up to £14.3 million in North America and £29.4 million in Consulting (UK & Ireland) if market conditions were to worsen significantly. It would also lead to an impairment charge of £22.9 million in AAP and £19.5 million in Energy. This scenario is possible but extreme and we consider this outcome to be unlikely.

The carrying amount of goodwill has been allocated as follows:

£m	**30 June 2020**	31 December 2019
Consulting (UK & Ireland)	**97.1**	112.2
Services (UK)	**50.1**	50.1
Services (Netherlands)	**10.2**	9.8
Norway	**30.4**	31.2
North America	**34.9**	40.5
AAP	**74.5**	70.9
Energy	**37.2**	37.0
Total	**334.4**	351.7

11. Property, plant and equipment

During the six months ended 30 June 2020 the Group acquired assets with a cost of £2.8 million (six months ended 30 June 2019: £11.0 million). Assets with a net book value of £0.2 million were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: £0.1 million).

12. Trade and other receivables

£m	**As at 30 June 2020**	As at 30 June 2019	As at 31 December 2019
Trade receivables	**82.0**	106.9	95.8
Contract assets	**45.3**	50.7	45.7
Prepayments	**9.8**	9.8	10.9
Other receivables	**5.4**	6.4	4.7
Total	**142.5**	173.8	157.1

13. Trade and other payables

£m	**As at 30 June 2020**	As at 30 June 2019	As at 31 December 2019
Trade payables	**21.9**	25.6	26.4
Accruals	**45.8**	38.0	37.0
Contract liabilities	**24.0**	25.0	21.1
Creditors for taxation and social security	**27.9**	15.9	15.8
Other payables	**6.4**	5.1	4.6
Total	**126.0**	109.6	104.9

14. Borrowings

£m	**As at 30 June 2020**	As at 30 June 2019	As at 31 December 2019
Bank loans	**17.7**	64.9	55.4
US loan notes	**57.6**	56.8	55.8
Bank overdraft	**-**	-	1.3
Bank borrowings	**75.3**	121.7	112.5
Lease liabilities	**51.5**	46.6	49.8
Arrangement fees	**(0.8)**	(0.1)	(0.7)
Total	**126.0**	168.2	161.6

£m	**As at 30 June 2020**	As at 30 June 2019	As at 31 December 2019
The bank loan, notes and overdraft are repayable as follows:			
Due for settlement within 12 months	**-**	-	1.3
Due between 1 and 2 years	**57.6**	56.8	55.8
In third to fifth year inclusive	**17.7**	64.9	55.4
Total	**75.3**	121.7	112.5

The principal features of the Group's borrowings are as follows:

i) An uncommitted £3.0 million bank overdraft facility, repayable on demand.

ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 1.5 million repayable on demand.

iii) The Group has one principal bank facility: a multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc, expiring in 2022 (the 'A Facility'). Term loans drawn under this facility carry interest fixed for the term of the loan equal to LIBOR (or the currency equivalent) plus a margin determined by reference to the leverage of the Group.

There were loans drawn totalling £17.7 million at 30 June 2020 (30 June 2019: £64.9 million).

In April 2020 the Group agreed a further £60.0 million revolving credit facility for a period of 12 months with the existing lenders, Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc (the 'B Facility'). This facility was undrawn at 30 June 2020. At the same time the Group also agreed new financial covenant tests for the RCF and US private placement notes as at 31 December 2020 and 31 March 2021.

The A and B Facilities are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

The principal bank facility includes an accordion feature whereby the Group may request an additional facility up to £60.0 million, subject to lender approval which can be requested once the B Facility has expired.

iv) In September 2014 the Group issued seven year non-amortising US private placement notes of $34.1 million and £30.0 million with fixed interest chargeable at 3.84% and 3.98% respectively, that are repayable in September 2021. Following the amendment to the Group's facilities made in April 2020, the interest payable on the notes has increased by 75bps for the duration of the B Facility. The notes are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

15. Share capital

	2020 Number 000's	**2020 £m**	2019 Number 000's	2019 £m
Authorised:				
Ordinary shares of 3p each at 30 June	**240,000**	**7.2**	240,000	7.2
Issued and fully paid:				
Ordinary shares of 3p each at 1 January	**227,139**	**6.8**	226,105	6.8
Issued under employee share schemes	**1,788**	**0.1**	414	-
At 30 June	**228,927**	**6.9**	226,519	6.8

16. Dividends

The following dividends were recognised as distributions to equity holders in the period:

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Final dividend for 2019: nil	**-**	-	-
Interim dividend for 2019: 2.42p per share	**-**	-	5.5
Final dividend for 2018: 5.08p per share	**-**	11.4	11.4
	-	11.4	16.9

17. Note to the condensed consolidated cash flow statement

£m	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Operating (loss)/profit	**(30.7)**	16.1	10.9
Adjustments for:			
Depreciation	**10.1**	8.9	19.2
Amortisation of intangibles	**0.4**	-	0.1
Amortisation of acquired intangibles	**3.0**	4.6	8.6
Impairment of goodwill	**25.9**	-	19.8
Impairment of internally generated software	**2.9**	-	-
Impairment of right-of-use assets and property, plant and equipment	**1.9**	-	-
Non-cash movement on provisions	**0.5**	-	-
Share-based payment expense	**1.6**	1.3	2.7
Profit on sale of property, plant and equipment	**-**	(0.1)	(0.1)
EBITDAS	**15.6**	30.8	61.2
Decrease/(increase) in trade and other receivables	**20.2**	(5.9)	6.4
Increase/(decrease) in trade and other payables	**18.2**	(9.5)	(12.7)
Cash generated from operations	**54.0**	15.4	54.9
Interest paid	**(2.7)**	(2.7)	(5.9)
Interest received	**0.1**	0.1	0.2
Income taxes paid	**(2.8)**	(6.0)	(11.6)
Net cash from operating activities	**48.6**	6.8	37.6

The table below provides an analysis of net bank borrowings, comprising cash and cash equivalents, interest bearing bank loans and leases during the six months ended 30 June 2020.

£m	At 1 January 2020	Cash flow	Prepaid arrangement fees	Lease accounting adjustments[1]	Foreign exchange	At 30 June 2020
Cash at bank	17.7	(3.0)	-	-	2.0	16.7
Overdrafts	(1.3)	1.3	-	-	-	-
Cash and cash equivalents	16.4	(1.7)	-	-	2.0	16.7
Bank loans and notes	(110.5)	37.7	0.2	-	(1.9)	(74.5)
Net bank borrowings	(94.1)	36.0	0.2	-	0.1	(57.8)
Lease liability	(49.8)	5.0	-	(5.4)	(1.3)	(51.5)
Net borrowings	(143.9)	41.0	0.2	(5.4)	(1.2)	(109.3)

[1] Includes lease additions, remeasurements and disposals

£m	At 1 January 2019	Cash flow	Prepaid arrangement fees	Foreign exchange	At 30 June 2019
Cash at bank	18.0	3.3	-	(1.0)	20.3
Overdrafts	(2.6)	2.6	-	-	-
Cash and cash equivalents	15.4	5.9	-	(1.0)	20.3
Bank loans and notes	(89.3)	(32.9)	(0.2)	0.8	(121.6)
Net bank borrowings	(73.9)	(27.0)	(0.2)	(0.2)	(101.3)
Lease liability	(49.2)	4.0	-	(1.4)	(46.6)
Net borrowings	(123.1)	(23.0)	(0.2)	(1.6)	(147.9)

The cash balance includes £0.9 million (30 June 2019: £1.9 million) that is restricted in its use.

18. Events after the balance sheet date

There have been no events arising after the balance sheet date requiring adjustment to the results or disclosure.

19. Contingencies

From time to time the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required. The Board is currently satisfied that the Group has sufficient provisions at the balance sheet date to meet all likely uninsured liabilities.

As previously announced, RPS has notified the US government of potential issues regarding its administration of government contracts and/or projects. We are continuing to identify the implications, if any, of the conduct under review. The impact, if any, is unknown. During the six months ended 30 June 2020 a further £1.3 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 7). Related to this matter are certain employment claims made against RPS, the outcome of which are also unknown.

20. Principal risks and uncertainties

COVID-19 has significantly impacted the economic environment of the countries and markets in which the Group operates. Our exposure to a wide range of markets (including public and private sector) and geographies serves to mitigate the risk. Swift action has been taken to match the productive capacity of fee earning staff to the anticipated workload and staff have been furloughed, had salary reductions or hours reduced. Other cost saving measures have been implemented across the Group to reduce overheads.

In April 2020, the Group amended the terms of its banking facilities to relax covenants as a result of subdued trading. In addition, a 12 month, £60 million revolving credit facility was agreed with the Group's principal banking partners. Our current forecasts indicate significant headroom on our facilities and this facility gives us additional flexibility. This has mitigated the potential liquidity risk associated with COVID-19.

Health and safety has been a priority for the Group during the COVID-19 pandemic and we continue to monitor government guidance in all countries in which we operate. Throughout the pandemic the Group has operated safely, supporting client projects and onsite activities in accordance with government guidance, public health advice and our own internal processes.

The lockdowns in many territories in which we operate have led to increased cybersecurity risks. Working practices have changed substantially with a large proportion of our employees remote working and this has meant that cybersecurity attacks such as phishing have increased. However, the Group's policies, procedures and security measures were quickly adapted to respond to the changing IT environment. The Group has also rolled out an IT security training programme. These risks have consequently been mitigated.

The Group's internal audit function has undertaken a review of the control environment operating while our staff are working from home to give assurance that our internal controls remain adequate.

All other principal risks and uncertainties faced by the Group have not changed significantly since the 2019 Report and Accounts was published. These risks, together with a description of the approach to mitigate them, are set out on pages 42 to 44 of the 2019 Report and Accounts (available on the Group's website at www.rpsgroup.com).

21. Related party transactions

There are no significant changes to the nature and treatment of related party transactions for the period to those reported in the 2019 Report and Accounts.

22. Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS Group Plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are numerous factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The continuing uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed. Statements in respect of the Group's performance in the year to date are based upon unaudited management accounts for the period January to June 2020. Nothing in this announcement should be construed as a profit forecast.

23. Publication

A copy of this announcement will be posted on the Company's website at www.rpsgroup.com.

INDEPENDENT REVIEW REPORT TO RPS GROUP PLC

We have been engaged by RPS Group Plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed consolidated income statement and statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 23. 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 set of financial statements.

This report is made solely to the Company 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 Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report 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.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report 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 report based on our review.

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 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 report for the six months ended 30 June 2020 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 Conduct Authority.

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
3 September 2020