**For immediate release** **25 July 2011**

# WSP GROUP PLC

## Half Year Results Announcement
## For the six months ended 30 June 2011

## Sound performance and maintained interim dividend

WSP Group plc, a leading international business supplying specialist and integrated services to the built and natural environment, reports its half year results for the six months to 30 June 2011.

| **Financial highlights** | Footnote | **2011** | 2010 | Headline Change | CER Change |
|---|---|---|---|---|---|
| • Revenue | 1 | **£362.2m** | £354.4m | 2% | - |
| • Operating profit before exceptional items | 1 | **£15.2m** | £18.3m | (17)% | (21)% |
| • Exceptional items | 2 | **£5.1m** | - | | |
| • Operating profit | | **£10.1m** | £18.3m | | |
| • Profit before tax and exceptional items | | **£14.0m** | £17.0m | | |
| • Profit before tax | | **£8.9m** | £17.0m | | |
| • Diluted earnings per share before exceptional items | | **15.2p** | 17.7p | | |
| • Diluted earnings per share | | **8.6p** | 17.7p | | |
| • Net debt at 30 June | | **£76.2m** | £70.9m | | |
| • Interim Dividend per share | | **5.0p** | 5.0p | | |

Footnote:

1. Growth rates are shown on a headline basis and on a constant exchange rate ("CER") basis calculated by translating 2010 results at 2011 exchange rates. Throughout this announcement the CER basis is used unless otherwise stated.

2. Exceptional items are those that the directors consider are of such unusual size or nature that they are required to be disclosed to allow the user of the financial statements to understand the underlying performance of the Group. Exceptional items in 2011 comprise provision against asset exposure and reorganisation costs incurred in Libya.

**Commenting on the results and outlook, Chris Cole, Chief Executive, said:**

"We entered 2011 anticipating that our markets and trading patterns would be similar to those experienced in 2010. With the exception of the further significant tightening seen in the UK public sector this broadly remains the case.

The Group's strategy of diversification across regions and sectors is providing a platform of resilience and opportunity. Despite the current uncertainty in the UK market our traditional bias towards the private sector will serve us well as this sector progresses. We remain encouraged by the economic outlook in Sweden which supports our significant operations, and elsewhere around the world our market standing, experience and financial strength will support our performance and position us well for the future as markets improve."

**Analysts' Presentation**

A briefing for analysts will be held today at 9.30 a.m. at the offices of WSP Group plc, 70 Chancery Lane, London, WC2A 1AF.

**For further information please contact:**

| | | |
|---|---|---|
| **Chris Cole** | **Chief Executive** | **020 7314 5121** |
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## Half Year Management Report

The Group has produced a sound financial performance in the six months to 30 June 2011 in markets which, with the exception of further tightening in the UK public sector, are similar to those experienced in 2010. Our strategy of diversification across sectors and geographies continues to underpin this performance and, in particular, the strength of our substantial Swedish business has helped to offset weakness in certain other markets.

The weakness seen in the UK public sector has necessitated further restructuring and we have incurred costs of £2m in the period (2010: £nil). Our workforce at 30 June 2011 stands at 8,500, compared with 8,900 employees at 31 December 2010.

The Group remains well financed closing the half year with net debt of £76.2m. Our order book remains relatively stable at £892m at 30 June 2011 (December 2010: £908m). This is reflective of a business environment where clients in some markets continue to be wary of making long-term commitments and instead tend to award work on a shorter-term incremental basis.

### Trading Performance*

The Group's revenue increased to £362.2m, an increase of 2% from the first half of 2010. At constant exchange rates revenues were flat year on year. After absorbing restructuring costs of £2.0m (2010: £nil) in the period, operating profit fell to £15.2m resulting in an operating margin of 4.2%. Profit before tax and exceptional items amounted to £14.0m (2010: £17.0m) which includes an increased contribution of £1.2m (2010: £1.0m) from our principal associated company, Multiconsult in Norway, and similar net finance costs compared to 2010. The effective tax rate on profits has remained consistent with that experienced in the full year 2010 at 31.6% and adjusted diluted earnings per share decreased to 15.2p from 17.7p.

| **Headline Results before Exceptional Items** | **Six months to 30 June 2011** | Six months to 30 June 2010 | Headline Change | CER Change |
|---|---|---|---|---|
| **Revenue** | **£m** | £m | **%** | **%** |
| Property | **171.9** | 158.1 | 9% | 7% |
| Transport & Infrastructure | **100.5** | 109.0 | (8)% | (11)% |
| Environment & Energy | **43.8** | 40.8 | 7% | 5% |
| Management & Industrial | **46.0** | 46.5 | (1)% | (5)% |
| | **362.2** | 354.4 | 2% | - |
| **Profit** | | | | |
| Property | **8.3** | 7.8 | | |
| Transport & Infrastructure | **2.8** | 5.8 | | |
| Environment & Energy | **1.6** | 2.0 | | |
| Management & Industrial | **2.5** | 2.7 | | |
| **Group Operating Profit** | **15.2** | 18.3 | | |
| Associates, net of tax | **1.2** | 1.0 | | |
| **Profit before interest and tax** | **16.4** | 19.3 | | |
| Net finance costs | **(2.4)** | (2.3) | | |
| **Profit before tax** | **14.0** | 17.0 | | |
| Tax | **(4.1)** | (5.3) | | |
| **Profit after tax** | **9.9** | 11.7 | | |
| **Adjusted basic eps** | **15.2p** | 18.1p | | |
| **Adjusted diluted eps** | **15.2p** | 17.7p | | |

*Unless otherwise stated performance is stated before exceptional items.

| **Statutory Results** | **Six months to 30 June 2011 £m** | Six months to 30 June 2010 £m |
|---|---|---|
| Profit after tax before exceptional items | **9.9** | 11.7 |
| Exceptional items (after tax) | **(4.2)** | - |
| **Profit for the financial period** | **5.7** | 11.7 |
| | | |
| **Basic eps** | **8.6p** | 18.1p |
| **Diluted eps** | **8.6p** | 17.7p |

An exceptional charge of £5.1m (£4.2m after tax) was incurred in the period (2010: £nil) representing a full provision against the Group's asset exposure and reorganisation costs in Libya.

Net debt at 30 June 2011 amounted to £76.2m. As expected, this is an increase from the £59.0m reported at December 2010 principally as a consequence of the natural seasonality in the business. The Group has a £150m committed credit line to 2013 and continues to operate comfortably within its banking covenants.

## Dividend

The Board is pleased to announce a maintained interim dividend of 5.0p net per ordinary share. This will be payable on 7 October 2011 to shareholders on the register at close of business on 9 September 2011.

## Divisional Business Review

### Property

The Property division generated revenues of £171.9m in the first half year, an increase of 7% from 2010 at constant exchange rates. Operating profits improved to £8.3m in 2011 from £7.8m in 2010 after absorbing £1.0m of restructuring costs (2010: £nil). Operating margins remained steady at 4.8% although have improved on an underlying basis before restructuring costs to 5.4%.

| **Property** | **Six months to 30 June 2011** | | | Six months to 30 June 2010 | | | Revenue Change | |
|---|---|---|---|---|---|---|---|---|
| | **Revenue** | **Profit/ (loss)** | **Profit Margin** | Revenue | Profit/ (loss) | Profit Margin | Headline | CER |
| | **£m** | **£m** | **%** | £m | £m | % | **%** | **%** |
| United Kingdom | **42.4** | **1.6** | **3.8%** | 40.1 | 1.3 | 3.2% | 6% | 6% |
| Mainland Europe | **59.3** | **4.4** | **7.4%** | 46.0 | 3.3 | 7.2% | 29% | 21% |
| United States of America | **28.6** | **2.2** | **7.7%** | 32.5 | 2.8 | 8.6% | (12)% | (7)% |
| Africa, India & the Middle East | **18.9** | **(0.6)** | **(3.2)%** | 21.4 | 0.5 | 2.3% | (12)% | (10)% |
| Far East & Australia | **22.7** | **0.7** | **3.1%** | 18.1 | (0.1) | (0.6)% | 25% | 20% |
| | **171.9** | **8.3** | **4.8%** | 158.1 | 7.8 | 4.9% | 9% | 7% |

The UK private property sector is gradually recovering albeit with a bias towards London and the South East. Recent major project wins in London include the commission by Heron International to provide full multidisciplinary services for Heron Plaza, and our appointment as Employer's Representative for the prestigious Leadenhall Building for the Leadenhall Development Company Limited, a joint venture between British Land and Oxford Properties. Elsewhere we are strengthening our presence in the banking sector with a number of new projects for BarCap, HSBC Bank and continuing work for Lloyds Banking Group as one of their framework partners. We are also engaged on major planning schemes for Hammerson, Land Securities, European Land and the Earls Court scheme for Capital & Counties, all excellent prospects. Our successful relationship continues with a number of high street and supermarket retailers including M&S, Primark, Sainsbury's, Waitrose and Tesco. Despite a subdued public buildings sector, the health market is providing opportunities in the UK and overseas. Our work on New South Glasgow Hospitals PFI is progressing well and we are pleased to report our recent multidisciplinary appointment for a £740m (6.3 billion Danish Kroner) super-hospital, Odense University Hospital, in southern Denmark.

Sweden continues to benefit from a strong and growing economy, resulting in full order books and record staff utilisation for our property business. In Stockholm work continues on the 30,000 seat Stockholm Arena, now under construction, and we recently won a commission for the expansion and refurbishment of the central food market, Hötorgshallen. Outside the capital, new projects include a 40,000 sq m shopping mall in Tanumshede close to the Norwegian border and a new University Hospital for Linköping. Germany's expanding economy and low interest rates are stimulating private sector investment in residential and commercial construction. WSP CBP is currently involved in significant projects for clients such as Audi, Metro, Swiss Life and the Bielefeld University of Applied Science.

The US property market has generally not realised the anticipated level of recovery in 2011. In the private sector there is some increase in activity in high-rise residential and commercial, leading to new projects for our US businesses, predominantly in New York, Washington and San Francisco. These include the modernisation of the Waldorf Astoria and a new luxury residential tower at the Riverside South development in Manhattan, and 8 Washington, a luxury residential development in San Francisco. Our long associations with international architects have assured a flow of overseas contracts, particularly in Asia, including a number of luxury residential and hotel developments in India, projects for the Shanghai International Financial District and Aviation Plaza in Chengdu, China, and a new mixed-use development of three towers on a retail podium in Kuala Lumpur City Centre. In Iraq we have been appointed to the 30,000 seat Al-Menaa Stadium following the completion of our first sports complex in Basrah.

In a stabilising Middle East property market, WSP's continuing focus on Abu Dhabi and Qatar is bringing new work such as the new 10,000 seat ADNEC Arena, and an 18-storey headquarters for National Holding. In Africa, after a disappointing start to the year, the private sector is slowly recovering, with new appointments for WSP on a number of commercial, retail and mixed developments in and around Johannesburg, where most activity is concentrated.

While the Australian commercial sector, particularly new build, remains subdued, the government continues to invest in healthcare, resulting in some new projects for WSP in Brisbane and Sydney. We are also providing engineering and sustainability services for the first stage of the AS$100m redevelopment of the Melbourne Olympic Park and we have secured two commercial office projects for Brookfield Properties in Melbourne and Perth, resulting from an increased focus on global clients. We continue to perform well in the favourable market conditions of South East Asia, particularly in China including Hong Kong, in Bangkok and in Vietnam. Most of our projects are high-end commercial and residential developments throughout the region and we recently secured the multidisciplinary engineering on the Shenzhen Gemdale Project in China, a 4.4 million sq. m. commercial and residential development that includes a 350 m tower.

### Transport & Infrastructure

This division trades predominantly in the public sector and has seen a decline year on year with revenues falling 8% to £100.5m in 2011 from £109.0m in 2010. At constant exchange rates this represents an 11% reduction in revenues. Profits reduced to £2.8m from £5.8m in 2010, after absorbing £0.9m of restructuring costs in 2011 (2010: £nil).

| **Transport & Infrastructure** | **Six months to 30 June 2011** | | | Six months to 30 June 2010 | | | Revenue Change | |
|---|---|---|---|---|---|---|---|---|
| | **Revenue** | **Profit/ (loss)** | **Profit Margin** | Revenue | Profit/ (loss) | Profit Margin | Headline | CER |
| | **£m** | **£m** | **%** | £m | £m | % | **%** | **%** |
| United Kingdom | **38.1** | **-** | **-** | 44.8 | 2.1 | 4.7% | (15)% | (15)% |
| Mainland Europe | **46.6** | **2.3** | **4.9%** | 46.7 | 3.6 | 7.7% | - | (8)% |
| United States of America | **8.0** | **-** | **-** | 9.9 | 0.4 | 4.0% | (19)% | (14)% |
| Africa, India & the Middle East | **6.9** | **0.3** | **4.3%** | 7.0 | (0.4) | (5.7)% | (1)% | (1)% |
| Far East & Australia | **0.9** | **0.2** | **22.2%** | 0.6 | 0.1 | 16.7% | 50% | 50% |
| | **100.5** | **2.8** | **2.8%** | 109.0 | 5.8 | 5.3% | (8)% | (11)% |

The UK roads sector accounts for a significant proportion of our transportation business and government cuts in this sector has had a major impact on the performance of our business. We have been selected for Lots 1 & 2 of the Highways Agency preferred supplier framework, although budget constraints have seen minimal workflow to date. We also successfully bid for a place on the Highlands & Islands Councils Term Commission Framework which covers a large area in the north of Scotland. We continue to diversify into more active parts of the UK transport and infrastructure sector, and we are now reaping the benefits of concerted efforts to develop our rail business with some significant project wins that reinforce our growing presence in this market. Building on the success of our on-going work on two major London stations, London Bridge and Bond Street Crossrail, we are delighted to have been appointed as lead designer for the design and build package for the £150m Paddington Crossrail project working for the joint venture of Costain and Skanska. In addition we have been awarded the multidisciplinary design contract for the c. £20m Nottingham Hub project to regenerate Nottingham Station together with Vinci Construction and Pascall + Watson Architects. In aviation, ongoing work at Heathrow airport includes a recent multidisciplinary appointment by Ferrovial to carry out refurbishment works of the Terminal 3 baggage hall. Our efforts in the energy supply sector have been rewarded with a substantial appointment with EDF on Hinkley Point.

In Europe our performance in the first half reflected some modest slowdown following last year's re-organisation of the Swedish Road and Rail authority and a weaker market in Finland. We now see better prospects for the second half of the year, recently winning an assignment for the widening into four lanes of a stretch of the E45 highway at Torpa on the west coast of Sweden. In addition to our extensive work on the Stockholm City Line, which is now entering the critical tunnelling phase, we have been appointed for a number of projects on the Roslag Line expansion to increase the capacity of the southern commuter train line into Stockholm. We were also appointed for a major upgrade of the water treatment plant in the municipality of Vilhemina in northern Sweden. As part of a consortium, WSP's international development business has recently been awarded a framework agreement by SIDA (Swedish International Development Cooperation Agency) to provide transport, energy, water and urban development services for all SIDA's missions. Our cooperation with our associated company in Norway, Multiconsult, continues to be fruitful, with recent appointments including the design for 18km of highway on the E6 between Frya and Vinstra in Norway. In Germany we are due to provide engineering services to the New Frankfurt Airport Terminal.

In the USA spending in the transportation & infrastructure market is being impacted by both Federal and State budget deficits and delays in implementing new funding programmes. This led to a slow first quarter for WSP SELLS, our US transportation business. In the second quarter delayed projects started and utilisation returned to expected levels, in addition to new awards of a number of road and bridge inspections. These include a two-year contract for the Bridge Management of North Carolina DOT; a two-year contract for the biennial inspection of the 1000m Throgs Neck Suspension Bridge connecting the Bronx and Queens boroughs in New York City; and a three-year construction inspection contract to revitalise the 94th Street in Rockaway Queens for New York City Department of Design & Construction.

Following the 2010 World Cup the public sector environment in South Africa remains challenging. WSP was recently appointed as project manager on two sections of the National Long Distance Network, a new fibre optic transport network in South Africa, working for a partnership of three communications network providers, MTN, Vodafone and Neotel.

**Environment & Energy**

The business has seen an increase in revenue to £43.8m compared to £40.8m in 2010, an increase of 5% at constant exchange rates. Profits fell slightly to £1.6m reflecting some margin pressure and additional investment in key management.

| **Environment & Energy** | **Six months to 30 June 2011** | | | Six months to 30 June 2010 | | | Revenue Change | |
|---|---|---|---|---|---|---|---|---|
| | **Revenue** | **Profit/ (loss)** | **Profit Margin** | Revenue | Profit/ (loss) | Profit Margin | Headline | CER |
| | **£m** | **£m** | **%** | £m | £m | % | **%** | **%** |
| United Kingdom | **12.6** | **0.2** | **1.6%** | 12.5 | 0.3 | 2.4% | 1% | 1% |
| Mainland Europe | **13.1** | **0.8** | **6.1%** | 11.5 | 0.7 | 6.1% | 14% | 4% |
| United States of America | **9.7** | **0.6** | **6.2%** | 9.7 | 0.8 | 8.2% | - | 6% |
| Africa, India & the Middle East | **2.8** | **0.3** | **10.7%** | 2.6 | 0.4 | 15.4% | 8% | 8% |
| Far East & Australia | **5.6** | **(0.3)** | **(5.4)%** | 4.5 | (0.2) | (4.4)% | 24% | 16% |
| | **43.8** | **1.6** | **3.7%** | 40.8 | 2.0 | 4.9% | 7% | 5% |

Markets for our Environment and Energy business have proved relatively stable. Our results for the first half of 2011 reflect the costs associated with restructuring our organisation into a more diverse client-focused business, including a number of senior staff appointments. These investments have been made in response to a significant shift in our client base away from property, towards the more buoyant sectors of utilities, power, oil and gas, and mining. In 2010 we launched our specialist Future Energy division to increase our share of the future energy and renewables market. We are beginning to benefit from this investment with a healthy pipeline of orders, particularly for Environmental Impact Assessments. New work has been forthcoming from clients including Scottish Power, P4P Energy, Scottish and Southern Energy and Burcote Wind.

Our project wins for 2011 illustrate the wide range of our global service offering. In our core activity of contaminated land and remediation, our commission to investigate site contamination and develop procedures to manage the excavations for the $435m construction of the new HQ for the US Coast Guard in Washington DC has been extended to hazardous awareness training for the whole construction team and analytical assessments of materials encountered during the next phase of construction. New projects in the utilities sector include partnering with United Utilities to help them deliver Health & Safety services as part of an on-going asset management programme. In energy we have been appointed for an investigation of environmental impacts for the onshore grid re-enforcement to accommodate the output from Forewind's proposed offshore wind farm at Dogger

Bank. In our corporate strategy consultancy we see increased demand for projects to reduce carbon emissions through 'cloud computing', recently undertaking a study for salesforce.com and designing two user-friendly web tools to help the company communicate the benefits of its cloud platform to customers.

### Management & Industrial

This division has seen a reasonably steady performance with a modest revenue decline at headline exchange rates to £46.0m and a similar modest reduction in operating profits to £2.5m giving an operating margin of 5.4%.

| Management & Industrial | Six months to 30 June 2011 | | | Six months to 30 June 2010 | | | Revenue Growth | |
|---|---|---|---|---|---|---|---|---|
| | **Revenue** | **Profit** | **Profit Margin** | Revenue | Profit | Profit Margin | Headline | CER |
| | **£m** | **£m** | **%** | £m | £m | % | % | % |
| United Kingdom | **12.2** | **-** | **-** | 14.4 | 0.7 | 4.9% | (15)% | (15)% |
| Mainland Europe | **28.8** | **2.3** | **8.0%** | 26.7 | 1.6 | 6.0% | 8% | 2% |
| Africa, India & the Middle East | **2.3** | **0.2** | **8.7%** | 2.6 | 0.3 | 11.5% | (12)% | (15)% |
| Far East & Australia | **2.7** | **-** | **-** | 2.8 | 0.1 | 3.6% | (4)% | (4)% |
| | **46.0** | **2.5** | **5.4%** | 46.5 | 2.7 | 5.8% | (1)% | (5)% |

In the UK, advisory services in health and education are challenging following government cutbacks but our infrastructure and project finance teams remain busy with due diligence for the banks and advising on the secondary PFI market. Industrial clients are once again looking to review and extend their facilities, leading to increased commissions in this area. We have been engaged by a major chemical manufacturer to begin designs for capacity expansion on its site in the UK. Effective 30 June 2011 we disposed of our small UK donor aid business for consideration of £2.3m, equivalent to its net asset value.

The European market remains more buoyant, with our strong project management divisions making good progress and industrial clients beginning to re-invest as they recover from the downturn. In Sweden, in addition to extensive work in the property sector, we are now gaining project management assignments in transportation following the awards of two appointments by Stockholm Public Transport (SL). We are advising on the procurement of contracts for the maintenance and operations of the entire SL system; and managing the construction of a SEK 600m underground depot. Continuing to benefit from long term relationships with the Swedish paper industry, we recently won a contract for major improvements to Stora Enso's paperboard works at Skoghall Mill. Mining is also picking up in Sweden, with a new appointment for engineering services at the Kaunisvaara mine in the north of Sweden, adding to continued involvement with two of Sweden's largest mining companies, Boliden and LKAB. Our German business, WSP CBP, continues to deliver project management as a key service offering to clients throughout Germany, including the extension and refurbishment of the Robert Koch hospital in Gehrden; two refurbishment projects for offices in Cologne and Hamburg for Allianz; new offices for Siemens in Bavaria and Frankfurt and a new HQ for Swiss Life in Garching, Bavaria. We are also managing the construction of the new Berlin International Airport, one of Europe's largest airport developments.

### People

Our worldwide staff numbers have reduced by about 4% over the first six months of 2011 from 8,900 employees to 8,500 employees. This reduction has largely been seen in the UK and reflects both the slowdown experienced across our public sector activities in this market together with the impact of the disposal of our donor aid business in the period.

We remain committed to the development of our workforce which is our greatest asset. Our investments in graduate intake, WSP University, talent management programme and global Taskforces have continued to ensure that, whilst balancing resource needs, we are investing in the Group's future. As always, but particularly in these economic times, our thanks and gratitude are conveyed to all our employees for their hard work and commitment in ensuring that we are properly positioned for today and the future.

We are pleased to have announced the appointment of Ian Barlow as a Non-Executive Director and Chairman of the Board with effect from 1 September 2011. David Turner, who has served on the Board for 14 years and as Chairman for 8 years, will then retire. Our sincere thanks go to David for his many years of service to WSP.

**Outlook**

We entered 2011 anticipating that our markets and trading patterns would be similar to those experienced in 2010. With the exception of the further significant tightening seen in the UK public sector this broadly remains the case.

The outlook for our UK public sector work, particularly Roads and Education, is uncertain and accordingly we believe we are now taking the appropriate further restructuring actions whilst we continue to diversify our activities with increasing success into the regulated sectors of Rail and Water. Our experience and reputation in the private sector is providing increasing work and opportunities and we remain well positioned as this sector recovers.

We have a market leading position in Sweden where the economy grew strongly in 2010 and is forecast to do the same in 2011. We are seeing strong momentum both in the Property and Industrial sectors in Sweden and a public sector where investment remains significant and secure. This positive momentum is also being seen in our businesses in Norway and Germany although activity in Finland remains subdued.

Whilst more recently showing signs of increased activity, the US private sector market remains broadly similar to last year and our businesses continue to perform resiliently and are well placed to benefit from improving trading conditions. Our US public sector transport operations have recovered following the reported slow start to the year. Whilst the level of US public sector infrastructure spend remains uncertain there continues to be recognition of the significant future investment needs and we are well positioned for this activity.

Across the rest of the world, we expect our businesses in the Far East and Australia to continue to perform well in good economies. Whilst we saw a notable slowdown in activity in Africa following the 2010 World Cup, we are now seeing signs of activity increasing although in the short term we remain cautious in this market. We are seeing stability return to our business in the Middle East and we are cautiously bidding and reviewing major project opportunities, particularly in Qatar and Abu Dhabi, to complement our existing workload.

Environment & Energy, whilst generally following the Group’s regional and sector trading trends, is increasingly diversifying its activities into other sectors including Renewable Energy and Oil & Gas and we believe this investment will provide both increased resilience and improved performance going forward.

The Group’s strategy of diversification across regions and sectors is providing a platform of resilience and opportunity. Despite the current uncertainty in the UK market our traditional bias towards the private sector will serve us well as this sector progresses. We remain encouraged by the economic outlook in Sweden which supports our significant operations, and elsewhere around the world our market standing, experience and financial strength will support our performance and position us well for the future as markets improve.

**Principal Risks and Uncertainties**

As with all businesses, WSP Group is affected by certain risks and uncertainties not wholly within our control which could have a material effect upon the Group's long-term performance and could cause actual results to differ materially from forecast and historic results. The principal risks and uncertainties facing the Group, and the mitigating factors to address these risks and uncertainties, have not changed significantly from those set out on pages 34 and 35 of the 2010 Annual Report and Accounts.

The nature of these risks and uncertainties, which is not expected to change significantly during the remainder of the year, relate to market volatility or downturn, competition, resource utilisation, cash management, staff retention, client satisfaction, reputation, litigation, business interruption and information systems.

**Responsibility Statement**

The Half Year Results Announcement complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce a half-yearly financial report. The Half Year Results Announcement is the responsibility of, and has been approved by, the Directors.

Each of the Directors whose names and functions are set out below confirm that to the best of their knowledge the Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, and that the Half Year Management Report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 30 June 2011 and their impact on the Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the six months ended 30 June 2011 and any material changes in the related-party transactions described in the last annual report.

By order of the Board

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|---|---|
| Chris Cole | Peter Gill |
| Chief Executive | Finance Director |
| 25 July 2011 | |

## Condensed Consolidated Financial Statements

## Consolidated Income Statement

| | Note | **Unaudited Six months to 30 June 2011** Before Exceptional Items £m | Exceptional Items* £m | Total £m | Unaudited Six months to 30 June 2010 Before Exceptional Items £m | Exceptional Items* £m | Total £m |
|---|---|---|---|---|---|---|---|
| **Revenue** | 1 | **362.2** | **-** | **362.2** | 354.4 | - | 354.4 |
| **Cost of sales** | | | | | | | |
| Subcontractor costs | | **(40.9)** | **-** | **(40.9)** | (36.6) | - | (36.6) |
| Employee benefit costs | | **(234.4)** | **-** | **(234.4)** | (228.9) | - | (228.9) |
| **Gross profit** | | **86.9** | **-** | **86.9** | 88.9 | - | 88.9 |
| Administrative expenses | | **(71.7)** | **(5.1)** | **(76.8)** | (70.6) | - | (70.6) |
| **Operating profit** | 1 | **15.2** | **(5.1)** | **10.1** | 18.3 | - | 18.3 |
| Associated undertakings | | | | | | | |
| - share of profit | | **1.7** | **-** | **1.7** | 1.4 | - | 1.4 |
| - share of taxation | | **(0.5)** | **-** | **(0.5)** | (0.4) | - | (0.4) |
| | | **1.2** | **-** | **1.2** | 1.0 | - | 1.0 |
| **Profit before interest and taxation** | 1 | **16.4** | **(5.1)** | **11.3** | 19.3 | - | 19.3 |
| Finance costs | 2 | **(2.5)** | **-** | **(2.5)** | (2.4) | - | (2.4) |
| Finance income | 2 | **0.1** | **-** | **0.1** | 0.1 | - | 0.1 |
| **Profit before taxation** | | **14.0** | **(5.1)** | **8.9** | 17.0 | - | 17.0 |
| Taxation | | **(4.1)** | **0.9** | **(3.2)** | (5.3) | - | (5.3) |
| **Profit for the financial period** | | **9.9** | **(4.2)** | **5.7** | 11.7 | - | 11.7 |
| **Profit attributable to:** | | | | | | | |
| - Equity shareholders | | **9.7** | **(4.2)** | **5.5** | 11.5 | - | 11.5 |
| - Non-controlling interests | | **0.2** | **-** | **0.2** | 0.2 | - | 0.2 |
| | | **9.9** | **(4.2)** | **5.7** | 11.7 | - | 11.7 |
| **Basic earnings per share** | 4 | | | **8.6p** | | | 18.1p |
| **Diluted earnings per share** | 4 | | | **8.6p** | | | 17.7p |

*- See note 3

## Consolidated Statement of Comprehensive Income

| | **Unaudited Six months to 30 June 2011 £m** | Unaudited Six months to 30 June 2010 £m |
|---|---|---|
| **Profit for the period** | **5.7** | 11.7 |
| **Other comprehensive income/(expense):** | | |
| Actuarial gain/(loss) on pension schemes (net of taxation) | **0.5** | (4.7) |
| Change in fair value of cash flow hedge | **0.5** | (1.4) |
| Foreign exchange differences (net of taxation) | **0.1** | 4.6 |
| **Other comprehensive income/(expense) for the period** | **1.1** | (1.5) |
| **Total comprehensive income for the period** | **6.8** | 10.2 |
| **Total comprehensive income attributable to:** | | |
| **-** equity shareholders | **6.6** | 10.0 |
| **-** non-controlling interests | **0.2** | 0.2 |
| | **6.8** | 10.2 |

## Consolidated Balance Sheet

| | Note | **Unaudited As at 30 June 2011 £m** | Unaudited As at 30 June 2010 £m | Audited As at 31 December 2010 £m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | | **202.6** | 208.2 | 200.5 |
| Intangible assets | | **9.4** | 5.9 | 10.6 |
| Property, plant and equipment | | **25.5** | 28.6 | 26.2 |
| Financial assets available for sale | | **0.5** | 0.9 | 0.7 |
| Investments in associated undertakings | | **15.4** | 12.6 | 14.3 |
| Deferred taxation asset | | **17.7** | 16.2 | 16.1 |
| | | **271.1** | 272.4 | 268.4 |
| **Current assets** | | | | |
| Trade and other receivables | | **266.1** | 254.2 | 251.4 |
| Current tax receivable | | **4.5** | - | 2.9 |
| Cash and cash equivalents (excluding bank overdrafts) | 6 | **29.9** | 30.6 | 42.5 |
| | | **300.5** | 284.8 | 296.8 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | 6 | **(6.5)** | (6.8) | (4.2) |
| Trade, other payables and provisions | | **(208.7)** | (200.7) | (205.2) |
| Liabilities for current taxation | | **(0.2)** | (1.6) | (1.4) |
| **Net current assets** | | **85.1** | 75.7 | 86.0 |
| **Non-current liabilities** | | | | |
| Financial liabilities | 6 | **(101.6)** | (97.5) | (99.7) |
| Retirement benefit obligations | 7 | **(53.0)** | (55.0) | (54.4) |
| Deferred taxation liability | | **(16.7)** | (13.4) | (13.9) |
| Provisions | | **(2.0)** | (0.6) | (2.2) |
| | | **(173.3)** | (166.5) | (170.2) |
| **Net assets** | | **182.9** | 181.6 | 184.2 |
| **Equity** | | | | |
| Called up share capital | | **3.2** | 3.2 | 3.2 |
| Share premium account | | **82.2** | 81.9 | 82.2 |
| Other reserves | | **44.2** | 36.7 | 43.6 |
| Retained earnings | | **50.8** | 57.1 | 51.9 |
| **Total shareholders' equity** | | **180.4** | 178.9 | 180.9 |
| Non-controlling interests | | **2.5** | 2.7 | 3.3 |
| **Total equity** | | **182.9** | 181.6 | 184.2 |

## Consolidated Statement of Changes in Equity

| | Share capital | Share premium account | Retained earnings | Translation reserve | Hedging reserve | Total share-holders' funds | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| At 1 January 2010 | 3.2 | 81.8 | 56.1 | 34.9 | (1.4) | 174.6 | 3.2 | 177.8 |
| **Comprehensive income:** | | | | | | | | |
| Profit for the period | - | - | 11.5 | - | - | 11.5 | 0.2 | 11.7 |
| **Other comprehensive income:** | | | | | | | | |
| Foreign exchange movements | - | - | - | 1.8 | - | 1.8 | - | 1.8 |
| Net investment hedges (net of taxation) | - | - | - | 2.8 | - | 2.8 | - | 2.8 |
| Actuarial loss on pension schemes (net of taxation) | - | - | (4.7) | - | - | (4.7) | - | (4.7) |
| Change in fair value of cash flow hedge (net of taxation) | - | - | - | - | (1.4) | (1.4) | - | (1.4) |
| **Total other comprehensive income** | - | - | (4.7) | 4.6 | (1.4) | (1.5) | - | (1.5) |
| **Total comprehensive income** | - | - | 6.8 | 4.6 | (1.4) | 10.0 | 0.2 | 10.2 |
| **Transactions with owners:** | | | | | | | | |
| Performance share plan adjustments | - | - | 0.4 | - | - | 0.4 | - | 0.4 |
| Deferred taxation related to the performance share plan adjustment | - | - | 0.3 | - | - | 0.3 | - | 0.3 |
| Current taxation related to the performance share plan adjustment | - | - | (0.1) | - | - | (0.1) | - | (0.1) |
| Dividends | - | - | (6.4) | - | - | (6.4) | (0.9) | (7.3) |
| Issue of ordinary shares | - | 0.1 | - | - | - | 0.1 | - | 0.1 |
| **Total contributions by and distributions to owners** | - | 0.1 | (5.8) | - | - | (5.7) | (0.9) | (6.6) |
| Foreign exchange movements on non-controlling interests | - | - | - | - | - | - | 0.2 | 0.2 |
| **Total transactions with owners** | - | 0.1 | (5.8) | - | - | (5.7) | (0.7) | (6.4) |
| At 30 June 2010 | 3.2 | 81.9 | 57.1 | 39.5 | (2.8) | 178.9 | 2.7 | 181.6 |
| At 1 January 2011 | 3.2 | 82.2 | 51.9 | 46.0 | (2.4) | 180.9 | 3.3 | 184.2 |
| **Comprehensive income:** | | | | | | | | |
| Profit for the period | - | - | 5.5 | - | - | 5.5 | 0.2 | 5.7 |
| **Other comprehensive income:** | | | | | | | | |
| Foreign exchange movements | - | - | - | 2.3 | - | 2.3 | - | 2.3 |
| Net investment hedges (net of taxation) | - | - | - | (2.2) | - | (2.2) | - | (2.2) |
| Actuarial loss on pension schemes (net of taxation) | - | - | 0.5 | - | - | 0.5 | - | 0.5 |
| Change in fair value of cash flow hedge (net of taxation) | - | - | - | - | 0.5 | 0.5 | - | 0.5 |
| **Total other comprehensive income** | - | - | 0.5 | 0.1 | 0.5 | 1.1 | - | 1.1 |
| **Total comprehensive income** | - | - | 6.0 | 0.1 | 0.5 | 6.6 | 0.2 | 6.8 |
| **Transactions with owners:** | | | | | | | | |
| Performance share plan adjustments | - | - | (0.7) | - | - | (0.7) | - | (0.7) |
| Dividends | - | - | (6.4) | - | - | (6.4) | (0.8) | (7.2) |
| **Total contributions by and distributions to owners** | - | - | (7.1) | - | - | (7.1) | (0.8) | (7.9) |
| **Changes in ownership interests in subsidiaries that do not result in a loss of control:** | | | | | | | | |
| Foreign exchange movements on non-controlling interests | - | - | - | - | - | - | (0.2) | (0.2) |
| **Total transactions with owners** | - | - | (7.1) | - | - | (7.1) | (1.0) | (8.1) |
| **At 30 June 2011** | **3.2** | **82.2** | **50.8** | **46.1** | **(1.9)** | **180.4** | **2.5** | **182.9** |

## Consolidated Cash Flow Statement

| | Note | **Unaudited Six months to 30 June 2011 £m** | Unaudited Six months to 30 June 2010 £m | Audited Year ended 31 December 2010 £m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 6 | **0.9** | 7.6 | 47.9 |
| Finance costs paid | | **(1.5)** | (1.1) | (3.0) |
| Finance income received | | **0.1** | 0.1 | 0.1 |
| Taxation paid | | **(6.1)** | (8.3) | (12.5) |
| Net cash (used in)/generated from operating activities | | **(6.6)** | (1.7) | 32.5 |
| **Cash flows from investing activities** | | | | |
| Purchase of subsidiary undertakings (net of cash acquired) | | **(0.4)** | (0.1) | (0.2) |
| Deferred consideration paid | | **-** | (0.3) | (8.8) |
| Sale of subsidiary undertakings (net of cash disposed) | | **2.0** | - | - |
| Purchase of intangible assets | | **(1.7)** | (2.8) | (6.1) |
| Purchase of property, plant and equipment | | **(4.4)** | (3.4) | (6.5) |
| Sale of intangible assets | | **-** | 0.2 | 0.1 |
| Sale of property, plant and equipment | | **0.3** | 0.3 | - |
| Disposal of financial assets available for sale | | **-** | 0.1 | - |
| Dividend received from associated undertakings | | **0.6** | 0.8 | 0.9 |
| Net cash used in investing activities | | **(3.6)** | (5.2) | (20.6) |
| **Cash flows from financing activities** | | | | |
| Net proceeds from share issues | | **-** | 0.1 | 0.2 |
| Drawdown of loan facilities | | **15.9** | 15.8 | 24.5 |
| Repayment of loan facilities | | **(13.2)** | (15.7) | (24.3) |
| Repayment of finance leases | | **(0.2)** | (0.3) | (0.2) |
| Equity dividends paid | 5 | **(6.4)** | (6.4) | (9.6) |
| Dividends paid to non-controlling interests | | **(0.8)** | (0.8) | (0.9) |
| Net cash used in financing activities | | **(4.7)** | (7.3) | (10.3) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(14.9)** | (14.2) | 1.6 |
| Cash and cash equivalents at 1 January | | **42.0** | 41.4 | 41.4 |
| Exchange movement on cash and cash equivalents | 6 | **-** | 0.8 | (1.0) |
| **Cash and cash equivalents at 30 June / 31 December** | 6 | **27.1** | 28.0 | 42.0 |

# Notes to the Condensed Consolidated Financial Statements

## 1 Segmental Analysis

The Chief Operating Decision-Maker has been identified as the Performance Committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. The segments shown below have been determined based on this information.

The Performance Committee considers the business from both a business discipline and geographic perspective. The four disciplines assessed are Property, Transport & Infrastructure, Environment & Energy and Management & Industrial. Within each of these segments the information is reported according to geographic regions.

Performance is assessed on the basis of operating profit as disclosed in the income statement, before exceptional items. Revenue is reported and assessed excluding revenue generated from inter-segment services and is therefore consistent with revenue reported in the consolidated income statement. Finance income and costs are not allocated to segments as this type of activity is generated from a central treasury function, which manages the cash position of the Group. Segment assets and liabilities are not considered key performance indicators for the purposes of Performance Committee reporting and are not included in the segmental disclosures.

### a) Revenue by segment

| | **Unaudited Six months to 30 June 2011 £m** | Unaudited Six months to 30 June 2010 £m |
|---|---|---|
| **Property** | | |
| United Kingdom | **42.4** | 40.1 |
| Mainland Europe | **59.3** | 46.0 |
| United States | **28.6** | 32.5 |
| Africa, India & Middle East | **18.9** | 21.4 |
| Far East & Australia | **22.7** | 18.1 |
| | **171.9** | 158.1 |
| **Transport & Infrastructure** | | |
| United Kingdom | **38.1** | 44.8 |
| Mainland Europe | **46.6** | 46.7 |
| United States | **8.0** | 9.9 |
| Africa, India & Middle East | **6.9** | 7.0 |
| Far East & Australia | **0.9** | 0.6 |
| | **100.5** | 109.0 |
| **Environment & Energy** | | |
| United Kingdom | **12.6** | 12.5 |
| Mainland Europe | **13.1** | 11.5 |
| United States | **9.7** | 9.7 |
| Africa, India & Middle East | **2.8** | 2.6 |
| Far East & Australia | **5.6** | 4.5 |
| | **43.8** | 40.8 |
| **Management & Industrial** | | |
| United Kingdom | **12.2** | 14.4 |
| Mainland Europe | **28.8** | 26.7 |
| Africa, India & Middle East | **2.3** | 2.6 |
| Far East & Australia | **2.7** | 2.8 |
| | **46.0** | 46.5 |
| **Revenue** | **362.2** | 354.4 |

Revenue of approximately £72m (2010: £66m) was derived from a single source and is reported within all four disciplines within the Mainland Europe segments. This revenue is derived from all public sector activity in the particular country.

## 1 Segmental analysis - continued

### b) Profit by segment

| | Unaudited Six months to 30 June 2011 £m | Unaudited Six months to 30 June 2010 £m |
|---|---|---|
| **Property** | | |
| United Kingdom | **1.6** | 1.3 |
| Mainland Europe | **4.4** | 3.3 |
| United States | **2.2** | 2.8 |
| Africa, India & Middle East | **(0.6)** | 0.5 |
| Far East & Australia | **0.7** | (0.1) |
| | **8.3** | 7.8 |
| **Transport & Infrastructure** | | |
| United Kingdom | **-** | 2.1 |
| Mainland Europe | **2.3** | 3.6 |
| United States | **-** | 0.4 |
| Africa, India & Middle East | **0.3** | (0.4) |
| Far East & Australia | **0.2** | 0.1 |
| | **2.8** | 5.8 |
| **Environment & Energy** | | |
| United Kingdom | **0.2** | 0.3 |
| Mainland Europe | **0.8** | 0.7 |
| United States | **0.6** | 0.8 |
| Africa, India & Middle East | **0.3** | 0.4 |
| Far East & Australia | **(0.3)** | (0.2) |
| | **1.6** | 2.0 |
| **Management & Industrial** | | |
| United Kingdom | **-** | 0.7 |
| Mainland Europe | **2.3** | 1.6 |
| Africa, India & Middle East | **0.2** | 0.3 |
| Far East & Australia | **-** | 0.1 |
| | **2.5** | 2.7 |
| | **15.2** | 18.3 |
| Associated undertakings - Multi-disciplined services (net of tax) | **1.2** | 1.0 |
| | **16.4** | 19.3 |
| Exceptional charge – note 3 | **(5.1)** | - |
| Profit before interest and tax | **11.3** | 19.3 |

## 2 Net finance costs

| | Unaudited Six months to 30 June 2011 £m | Unaudited Six months to 30 June 2010 £m |
|---|---|---|
| **Finance costs** | | |
| Bank overdrafts | **0.1** | 0.1 |
| Bank loans | **1.4** | 1.3 |
| Finance leases | **-** | 0.1 |
| | **1.5** | 1.5 |
| Net finance cost on pension obligations | **1.0** | 0.9 |
| **Finance costs** | **2.5** | 2.4 |
| **Finance income** | **(0.1)** | (0.1) |
| **Net finance costs** | **2.4** | 2.3 |

## 3 Exceptional items

As a result of the civil unrest in Libya, the Group has made an exceptional charge of £5.1m in the period. This represents full provision against the net asset exposure in relation to this country and associated restructuring costs of ceasing to trade.

## 4 Earnings per share

The basic earnings per share of 8.6p (June 2010: 18.1p) is calculated on the profit attributable to shareholders of £5.5m (June 2010: £11.5m) and 63.8m shares (June 2010: 63.7m shares) being the weighted average number of ordinary shares in issue during the period.

The adjusted basic earnings per share of 15.2p (June 2010: 18.1p) is calculated on the profit attributable to shareholders before exceptional items of £9.7m (June 2010: £11.5m) and 63.8m shares (June 2010: 63.7m shares) being the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share of 8.6p (June 2010: 17.7p) and adjusted diluted earnings per share of 15.2p (June 2010: 17.7p) are calculated on 63.9m shares (June 2010: 65.2m shares), allowing for the exercise of outstanding share options.

## 5 Dividends

The following dividends have been charged to equity:

| | Unaudited Six months to 30 June 2011 £m | Unaudited Six months to 30 June 2010 £m |
|---|---|---|
| 2010 Final dividend of 10.0p per share | **6.4** | - |
| 2009 Final dividend of 10.0p per share | **-** | 6.4 |
| | **6.4** | 6.4 |

The directors propose an interim dividend of 5.0p per share (interim June 2010: 5.0p per share). The shares become ex-dividend on 7 September 2011 and the dividend will be paid on 7 October 2011 to those shareholders on the register at the close of business on 9 September 2011.

## 6 Notes to the Cash Flow Statement

### a) Cash flows from operating activities

| | **Unaudited Six months to 30 June 2011 £m** | Unaudited Six months to 30 June 2010 £m | Audited Year ended 31 December 2010 £m |
|---|---|---|---|
| Profit for the financial period | **5.7** | 11.7 | 10.0 |
| Taxation | **3.2** | 5.3 | 9.2 |
| Finance costs | **2.5** | 2.4 | 4.9 |
| Finance income | **(0.1)** | (0.1) | (0.1) |
| Share of results of associated undertakings after taxation | **(1.2)** | (1.0) | (1.8) |
| Amortisation of intangible assets | **2.6** | 1.2 | 3.9 |
| Depreciation | **4.8** | 5.2 | 10.5 |
| Goodwill Impairment | **-** | - | 10.0 |
| Performance share plan adjustment | **(0.7)** | 0.4 | 0.2 |
| Loss on disposal of property, plant and equipment | **-** | - | 1.9 |
| Movements in provisions | **(2.0)** | (1.7) | (5.2) |
| Increase in trade and other receivables | **(17.5)** | (6.4) | (0.2) |
| Increase/(decrease) in trade and other payables | **3.9** | (5.6) | 4.7 |
| Movement on foreign exchange and other non cash items | **(0.3)** | (3.8) | (0.1) |
| **Cash generated from operations** | **0.9** | 7.6 | 47.9 |

### b) Analysis of net debt

| | 30 June 2010 £m | 31 December 2010 £m | Net cash flows £m | Foreign exchange £m | **30 June 2011 £m** |
|---|---|---|---|---|---|
| Cash balances | 30.6 | 42.5 | (12.6) | - | **29.9** |
| Bank overdrafts | (2.6) | (0.5) | (2.3) | - | **(2.8)** |
| | 28.0 | 42.0 | (14.9) | - | **27.1** |
| *Current* | | | | | |
| Bank loans | (3.9) | (3.2) | 0.2 | (0.1) | **(3.1)** |
| Finance leases | (0.3) | (0.5) | (0.1) | - | **(0.6)** |
| *Non-current* | | | | | |
| Bank loans | (94.0) | (96.7) | (2.9) | 0.3 | **(99.3)** |
| Finance leases | (0.7) | (0.6) | 0.3 | - | **(0.3)** |
| **Net debt** | (70.9) | (59.0) | (17.4) | 0.2 | **(76.2)** |

## 7 Pensions

| | UK £m | Sweden £m | **Unaudited Six Months to 30 June 2011 Total £m** | Unaudited Six Months to 30 June 2010 Total £m |
|---|---|---|---|---|
| As at 1 January | 33.0 | 21.4 | **54.4** | 48.7 |
| Employee benefit costs | 0.3 | - | **0.3** | 0.3 |
| Net finance cost | 0.6 | 0.4 | **1.0** | 0.9 |
| Benefits paid | - | (0.1) | **(0.1)** | (0.1) |
| Contributions from the company | (1.6) | - | **(1.6)** | (1.6) |
| Net actuarial (gain)/loss in the year | (1.3) | (0.4) | **(1.7)** | 6.7 |
| Foreign exchange movements | - | 0.7 | **0.7** | 0.1 |
| | 31.0 | 22.0 | **53.0** | 55.0 |

In June 2011, the Swedish Government (which runs the Swedish scheme) announced it was strengthening the mortality assumptions that it applies to the Alecta scheme. The impact on the IAS 19 liability is being actuarially assessed and this will be reflected and disclosed in the full year results for December 2011. Current estimates suggest this will increase the liability by approximately £1.5m, at current exchange rates.

In respect of the UK schemes, the Group is reviewing the possibility of using Consumer Price Indexation (CPI) to revalue benefits and pensions instead of Retail Price Indexation (RPI) on its five active schemes. If introduced, early indications show this may reduce scheme liabilities by between £1m and £2m.

## 8 Basis of preparation

This set of condensed consolidated financial statements comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the six months ended 30 June 2011; the Consolidated Balance Sheet as at 30 June 2011; and related notes (hereinafter referred to as the 'condensed consolidated financial statements'). The condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The same principal accounting policies as set out in the Group's annual financial statements for the year ended 31 December 2010 have been used.

The condensed consolidated financial statements have not been audited but have been reviewed by the statutory auditors and their review opinion is included within this half-yearly report.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Group continues to adopt the going concern basis in preparing its condensed consolidated financial statements.

The condensed consolidated financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for 2010 which were approved on 28 February 2011 have been delivered to the Registrar of Companies. The senior statutory auditor's opinion 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.

## 9 Forward-looking statements

Certain statements in this Half-Yearly Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

## 10 Further information

Electronic versions of this half-yearly report and the 31 December 2010 financial statements can be viewed on the Group website: www.wspgroup.com, and may be obtained from WSP Group plc, WSP House, 70 Chancery Lane, London WC2A 1AF.

The directors are responsible for the maintenance and integrity of the Group website on the internet. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 11 Related party transactions

Details of related party transactions are contained in note 26 of the Annual Report and Accounts for the year ended 31 December 2010. The group has continued to enter into transactions in the normal course of business with its joint ventures and associated undertakings during the period.

There were no additional material related party transactions requiring disclosure in the condensed consolidated financial statements.

**Independent Review Report to WSP Group plc**

**Introduction**

We have been engaged by the company to review the condensed consolidated financial statements in the Half Year Results Announcement for the six months ended 30 June 2011, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes. We have read the other information contained in the Half Year Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

**Directors' responsibilities**

The Half Year Results Announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Results Announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 8, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial statements included in this Half Year Results Announcement have 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 consolidated financial statements in the Half Year Results Announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the Half Year Results Announcement for the six months ended 30 June 2011 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 Services Authority.

**PricewaterhouseCoopers LLP**
**Chartered Accountants**
**25 July 2011**
**London**