

WSP GROUP PLC
Half Year Results Announcement
For the six months ended 30 June 2010

Steady performance and maintained interim dividend

WSP Group plc, the global business with a vision to be the outstanding supplier of specialist and integrated services to the built and natural environment, reports its half year results for the six months to 30 June 2010.

Financial highlights	Footnote	2010	2009	Headline Change	CER Change
• Revenue	1	£354.4m	£376.9m	(6.0)%	(9.0)%
• Operating profit before exceptional items	1	£18.3m	£18.9m	(3.2)%	(8.5)%
• Exceptional items		-	(£0.5m)		
• Operating profit		£18.3m	£18.4m		
• Profit before tax and exceptional items		£17.0m	£17.7m		
• Profit before tax		£17.0m	£17.2m		
• Diluted earnings per share		17.7p	18.0p		
• Net debt at 30 June		£70.9m	£75.1m		
• 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 2009 results at 2010 exchange rates. Throughout this announcement the CER basis is used unless otherwise stated.

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

“We are pleased to have achieved this steady performance, in a market which continues to show ongoing uncertainty.

Our diversified business across our regional markets has provided, and will continue to provide, trading resilience in the face of these market uncertainties. We have demonstrated our focus and ability to manage the challenges presented by current economic conditions and we continue to have confidence that WSP will trade resiliently and emerge an even stronger Group as markets improve.”

Analysts’ Presentation

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

For further information please contact:

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Half Year Management Report

The Group has produced a steady financial performance in the six months to 30 June 2010 in a market which continues to show ongoing uncertainty. Our strategy of diversification across sectors and geographies has underpinned this performance and, in particular, the strength of our substantial Northern European business has helped to offset weakness in certain other markets.

During this period we have continued to concentrate on the business imperatives of client delivery, cost control and cash management. Our workforce, of around 9,000 people, has generally been aligned to the marketplace and to date in 2010 we have not made further reductions after the significant restructuring undertaken in 2009.

Our balance sheet is healthy and we closed the half year with net debt of £70.9m despite liquidity remaining tight in a number of the markets in which we operate. Our order book remains stable and stood at £945m at June 2010 (December 2009: £960m). We consider this to be satisfactory and reflective of a business environment where clients in some markets are wary of making long-term commitments and instead tend to award work on a shorter-term incremental basis.

Trading Performance

The Group's revenue reduced to £354.4m, a decrease of 6% from the first half of 2009. At constant exchange rates the decrease was 9%. Operating profit fell slightly to £18.3m resulting in an operating margin of 5.2%. No restructuring costs were absorbed in the period (2009: £4.1m) and no exceptional charges were incurred (2009: £0.5m).

Headline Results before Exceptional Items	Six months to 30 June 2010	Six months to 30 June 2009	Headline Change	CER Change
	£m	£m	%	%
Revenue				
Property	158.1	172.0	(8)%	(11)%
Transport & Infrastructure	109.0	115.8	(6)%	(8)%
Environment & Energy	40.8	43.6	(6)%	(10)%
Management & Industrial	46.5	45.5	2 %	(3)%
	<u>354.4</u>	<u>376.9</u>	<u>(6)%</u>	<u>(9)%</u>
Profit				
Property	7.8	5.8		
Transport & Infrastructure	5.8	7.6		
Environment & Energy	2.0	2.4		
Management & Industrial	2.7	3.1		
Group Operating Profit	<u>18.3</u>	<u>18.9</u>		
Associates, net of tax	1.0	1.0		
Profit before interest and tax	<u>19.3</u>	<u>19.9</u>		
Net Finance Costs	(2.3)	(2.2)		
Profit before tax	<u>17.0</u>	<u>17.7</u>		
Tax	(5.3)	(5.3)		
Profit after tax	<u>11.7</u>	<u>12.4</u>		
Adjusted basic eps	<u>18.1p</u>	<u>19.0p</u>		
Adjusted diluted eps	<u>17.7p</u>	<u>18.6p</u>		

Statutory Results	Six months to 30 June 2010 £m	Six months to 30 June 2009 £m
Profit after tax before exceptional items	11.7	12.4
Exceptional items (after tax)	-	(0.4)
Profit for the financial period	<u>11.7</u>	<u>12.0</u>
Basic eps	<u>18.1p</u>	18.4p
Diluted eps	<u>17.7p</u>	18.0p

Profit before tax amounted to £17.0m (2009: £17.7m) reflecting a maintained contribution from our principal associated company, Multiconsult in Norway, and slightly higher net finance costs.

The effective tax rate on profits has remained consistent with that experienced in the full year 2009 at 32.6% and diluted earnings per share decreased to 17.7p from 18.0p.

Net debt at 30 June amounted to £70.9m which is lower than at June 2009 when it stood at £75.1m but, as expected, represents an increase from £59.6m at December 2009 principally as a consequence of the natural seasonality in the business. The Group is well financed with 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 8 October 2010 to shareholders on the register at close of business on 10 September 2010.

Business Review

The first half of 2010 has generally seen the continuation of challenging trading conditions. We have remained active in the public and regulated sectors, albeit we are now seeing some reduced activity in the UK. The downturn seen in the private sector has now stabilised and we continue to observe some cautious recovery.

Property

The Property division generated revenues of £158.1m in the first half year, a decrease of 11% from 2009 at constant exchange rates. Operating profits improved to £7.8m in 2010 from £5.8m in 2009 during which period £3.4m of restructuring costs were absorbed. No restructuring costs have been incurred in the first half of 2010. Operating margins improved to 4.9%.

Property	Six months to 30 June 2010			Six months to 30 June 2009			Revenue Change	
	Revenue	Profit/ (loss)	Profit Margin	Revenue	Profit/ (loss)	Profit Margin	Headline	CER
	£m	£m	%	£m	£m	%	%	%
United Kingdom	40.1	1.3	3.2%	43.2	0.2	0.5%	(7)%	(7)%
Mainland Europe	46.0	3.3	7.2%	46.8	3.4	7.3%	(2)%	(9)%
United States of America	32.5	2.8	8.6%	38.4	3.4	8.9%	(15)%	(11)%
Africa, India & the Middle East	21.4	0.5	2.3%	26.2	(1.9)	(7.3)%	(18)%	(22)%
Far East & Australia	18.1	(0.1)	(0.6)%	17.4	0.7	4.0%	4%	(10)%
	158.1	7.8	4.9%	172.0	5.8	3.4%	(8)%	(11)%

Our private sector business in the UK has shown some recovery from the turmoil it faced over the course of 2009 and we have seen improving trading trends during the first half of 2010 with some increased activity primarily in the residential area and the commercial sector in London. We have also enjoyed some significant project wins in the public sector including the new South Glasgow Hospital, one of the largest healthcare projects in the UK.

In Sweden our business has also seen increased momentum with good signs of industrial recovery particularly in minerals, steel and also paper and pulp together with new projects such as the 30,000 seat Stockholm Arena. Our US operations have delivered a good performance despite challenging markets by shifting their focus to more active sectors such as sports and entertainment and by increasing their public sector reach. They continue to benefit from high profile projects including the new World Trade Centre and the San Francisco Transbay Terminal.

Whilst it was pleasing to see the Africa, India and Middle East region return to profit in the period this represents another good performance in South Africa partially offset by continued difficult trading in the Middle East. Our performance in Australia was disappointing with commercial property not seeing the activity levels experienced in infrastructure and natural resources, however there are signs that our trading is improving in that market. Asia, although a small market for WSP, returned a strong performance.

Transport & Infrastructure

After a very strong performance in the first half of 2009, this sector experienced some slowing in the first half of 2010. At constant exchange rates, revenues declined by 8.3% to £109.0m and operating profits declined to £5.8m, giving an operating margin of 5.3%.

Transport & Infrastructure	Six months to 30 June 2010			Six months to 30 June 2009			Revenue Change	
	Revenue	Profit/ (loss)	Profit Margin	Revenue	Profit	Profit Margin	Headline	CER
	£m	£m	%	£m	£m	%	%	%
United Kingdom	44.8	2.1	4.7%	56.4	3.9	6.9%	(21)%	(21)%
Mainland Europe	46.7	3.6	7.7%	40.0	2.9	7.3%	17%	9%
United States of America	9.9	0.4	4.0%	10.9	0.7	6.4%	(9)%	(5)%
Africa, India & the Middle East	7.0	(0.4)	(5.7)%	8.2	0.1	1.2%	(15)%	(21)%
Far East & Australia	0.6	0.1	16.7%	0.3	-	-	100%	100%
	109.0	5.8	5.3%	115.8	7.6	6.6%	(6)%	(8)%

The UK saw a significant reduction in activity which is largely attributable to the termination of the Area 12 MAC contract in September 2009. Whilst we continue to earn revenues on Area 12 they are substantially lower than last year which benefitted from significant fiscal stimulus. Revenue is reported before the deduction of subcontractor costs which occur extensively in our UK highways joint ventures. Excluding subcontractor costs underlying UK revenues fell by 4.4%.

We continue to diversify our UK Civils business and are successfully increasing our profile in areas such as rail, working in conjunction with our Swedish business, water, where we were successful in being selected for the Yorkshire Water Framework in joint venture with Barhale, and energy.

Our business in Europe has continued to perform very strongly with a significant increase in revenues and profits in the period. The Northern European economies in this sector have proven generally resilient and our Scandinavian businesses continue to win many attractive and diverse road and rail projects including a road laser scanning contract for the Swedish Transport Administration, the new underground City Line in Stockholm and road and rail projects in Finland and Norway where we work closely with our associated company Multiconsult.

The US remains competitive but we continue to enjoy significant bridge inspection and road transportation design and modelling contracts working predominantly on the Eastern seaboard. One recent notable win is the 2010 Biennial inspection for the Robert F Kennedy Bridge in New York City, which carries 200,000 vehicles per day.

As in the property sector, a solid performance by our business in South Africa was held back by a weaker performance in the Middle East.

Environment & Energy

Our Environment & Energy business is weighted towards the private sector and operates generally with a short term order book across many and varied projects. It has had a challenging first half across all regions with revenues falling by 9.5% at constant exchange rates to £40.8m. The division managed the profit impact of this decline in revenues quite successfully and recorded an operating profit of £2.0m for the six months to June 2010, an operating margin of 4.9%.

Environment & Energy	Six months to 30 June 2010			Six months to 30 June 2009			Revenue Change	
	Revenue	Profit/ (loss)	Profit Margin	Revenue	Profit	Profit Margin	Headline	CER
	£m	£m	%	£m	£m	%	%	%
United Kingdom	12.5	0.3	2.4%	13.5	0.7	5.2%	(7)%	(7)%
Mainland Europe	11.5	0.7	6.1%	11.6	0.7	6.0%	(1)%	(7)%
United States of America	9.7	0.8	8.2%	11.0	0.8	7.3%	(12)%	(8)%
Africa, India & the Middle East	2.6	0.4	15.4%	2.8	0.1	3.6%	(7)%	(10)%
Far East & Australia	4.5	(0.2)	(4.4)%	4.7	0.1	2.1%	(4)%	(22)%
	40.8	2.0	4.9%	43.6	2.4	5.5%	(6)%	(10)%

In the UK we have suffered from reduced liquidity and transactional work although we are busy helping a number of organisations with their preparations for the Carbon Reduction Commitment regulations. In Europe our performance has been steady and we have won new assignments such as the Project Manager appointment for the City of Stockholm to develop strategic energy action plans and set goals for emissions and energy management across four Baltic cities. Our US business has generated good margins and new assignments include environmental management and compliance support during the \$435m construction of a new headquarters for the US Coastguard.

Within Environment & Energy we have commenced further investment in the renewable energy market which, when complemented by our existing resources and experience, will ensure we penetrate this sector further.

Management & Industrial

This segment has seen a reasonably steady performance with a modest revenue decline at constant exchange rates of 2.5% to £46.5m and a similar modest reduction in operating profits to £2.7m giving an operating margin of 5.8%.

Management & Industrial	Six months to 30 June 2010			Six months to 30 June 2009			Revenue Growth	
	Revenue	Profit	Profit Margin	Revenue	Profit	Profit Margin	Headline	CER
	£m	£m	%	£m	£m	%	%	%
United Kingdom	14.4	0.7	4.9%	15.9	0.7	4.4%	(10)%	(10)%
Mainland Europe	26.7	1.6	6.0%	24.6	2.1	8.5%	9%	1%
Africa, India & the Middle East	2.6	0.3	11.5%	2.0	0.2	10.0%	30%	8%
Far East & Australia	2.8	0.1	3.6%	3.0	0.1	3.3%	(7)%	(7)%
	46.5	2.7	5.8%	45.5	3.1	6.8%	2%	(3)%

In the UK, CEL International, which provides engineering services to the pharmaceutical, chemical and food industries has continued to find its markets very competitive whilst our advisory services in education and healthcare have performed well. Our German subsidiary CBP has continued to benefit from its long term project management services particularly its work at the new Berlin Airport and our project management business in Sweden has successfully expanded in three new cities.

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 in pages 32 and 33 of the 2009 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 downturn, competition, cash management, client satisfaction, resource utilisation, staff retention, litigation, reputation, information systems and business interruption.

People

Our worldwide staff numbers have remained largely constant over the first six months of 2010 at around 9,000 following the timely restructuring undertaken during 2009 when we started that year with more than 10,000 employees.

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.

We have strengthened our senior management team during the period with the recruitment of Paul Dollin as UK Managing Director. Paul has also joined the Board together with Rikard Appelgren who has headed our successful European business for some years. In addition we have appointed new leaders of our business in the Middle East and Australia.

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.

Outlook

We believe that our business is appropriately sized and positioned for the current market however there remains considerable uncertainty as to how economic conditions will develop in some of the markets in which we operate.

In the UK we are seeing the early stages of a slowdown in many parts of the public sector with certain projects being cancelled and others deferred pending the outcome of the October spending review. We continue to monitor these developments closely and will take such actions as are necessary to protect our business. We believe that our business in the public sector will continue to benefit from our diversification into new sectors such as rail and water. In the private sector, where we have a strong market position, we continue to report early signs of increased activity in our markets although liquidity generally remains tight and we wait to see if the early improvement is sustained.

We are confident in the outlook for our substantial European operations and in particular Sweden where the great majority of our European revenues and profits are generated. We have extensive public sector operations in Sweden and recent Government statements would indicate investment plans remain significant and secure. In addition we have seen strong early signs of improved trading in our important private industrial sector and we expect that this momentum will be maintained.

The US economy remains subdued but our businesses are well aligned to trade in these conditions and benefit from the upturn.

We expect that our business in Asia will continue to perform well and anticipate an improving outlook in Australia. Our operations in South Africa are well diversified and resilient. Whilst there continue to be new project opportunities across the Middle East region this market remains challenging.

Environment & Energy is weighted towards the private sector and operates across all our regions. We are confident that its services remain relevant to today's environment agenda however its immediate trading outlook will be reflective of the markets in which we operate.

WSP's diversified business across its regional markets has provided, and will continue to provide, trading resilience in the face of market uncertainties. We have demonstrated our focus and ability to manage the challenges presented by current economic conditions and continue to have confidence that WSP will trade resiliently and emerge an even stronger Group as markets improve.

Responsibility Statement

The Directors 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 interim management report herein 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 2010 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 2010 and any material changes in the related-party transactions described in the last annual report.

By order of the Board

Chris Cole
Chief Executive

Peter Gill
Finance Director

26 July 2010

Consolidated Income Statement

	Note	Unaudited Six months to 30 June 2010			Unaudited Six months to 30 June 2009		
		Before Exceptional Items £m	Exceptional Items* £m	Total £m	Before Exceptional Items £m	Exceptional Items* £m	Total £m
Continuing Operations							
Revenue	1	354.4	-	354.4	376.9	-	376.9
Cost of sales							
Subcontractor costs		(36.6)	-	(36.6)	(38.8)	-	(38.8)
Employee benefit costs		(228.9)	-	(228.9)	(245.4)	-	(245.4)
Gross profit		88.9	-	88.9	92.7	-	92.7
Administrative expenses		(70.6)	-	(70.6)	(73.8)	(0.5)	(74.3)
Operating profit	1	18.3	-	18.3	18.9	(0.5)	18.4
Associated undertakings							
- share of profit		1.4	-	1.4	1.3	-	1.3
- share of taxation		(0.4)	-	(0.4)	(0.3)	-	(0.3)
		1.0	-	1.0	1.0	-	1.0
Profit before interest and taxation	1	19.3	-	19.3	19.9	(0.5)	19.4
Finance costs	2	(2.4)	-	(2.4)	(2.5)	-	(2.5)
Finance income	2	0.1	-	0.1	0.3	-	0.3
Profit before taxation		17.0	-	17.0	17.7	(0.5)	17.2
Taxation		(5.3)	-	(5.3)	(5.3)	0.1	(5.2)
Profit for the financial period		11.7	-	11.7	12.4	(0.4)	12.0
Profit attributable to:							
- Equity shareholders		11.5	-	11.5	12.0	(0.4)	11.6
- Minority interests		0.2	-	0.2	0.4	-	0.4
		11.7	-	11.7	12.4	(0.4)	12.0
Basic earnings per share	4			18.1p			18.4p
Diluted earnings per share	4			17.7p			18.0p

*- See note 3

Consolidated Statement of Comprehensive Income

	Unaudited Six months to 30 June 2010 £m	Unaudited Six months to 30 June 2009 £m
Profit for the period	11.7	12.0
Other comprehensive income:		
Actuarial loss on pension schemes (net of taxation)	(4.7)	(2.8)
Change in fair value of cash flow hedge	(1.4)	-
Foreign exchange differences (net of taxation)	4.6	(23.1)
Other comprehensive expense for the period	(1.5)	(25.9)
Total comprehensive income / (expense) for the period	10.2	(13.9)
Total comprehensive income / (expense) attributable to:		
- owners of the company	10.0	(14.3)
- minority interest	0.2	0.4
	10.2	(13.9)

Consolidated Balance Sheet

	Unaudited As at 30 June 2010 £m	Unaudited As at 30 June 2009 £m	Audited As at 31 December 2009 £m
Assets			
Non-current assets			
Goodwill	208.2	185.0	201.8
Intangible assets	5.9	4.9	4.4
Property, plant and equipment	28.6	33.7	30.8
Financial assets available for sale	0.9	0.8	0.9
Investments accounted for using the equity method	12.6	11.5	12.4
Deferred taxation asset	16.2	12.2	14.2
	272.4	248.1	264.5
Current assets			
Trade and other receivables	254.2	243.5	230.6
Cash and cash equivalents	30.6	37.2	42.6
	284.8	280.7	273.2
Liabilities			
Current liabilities			
Financial liabilities	(6.8)	(4.6)	(4.0)
Trade, other payables and provisions	(200.7)	(188.2)	(189.7)
Liabilities for current taxation	(1.6)	(2.0)	(5.9)
Net current assets	75.7	85.9	73.6
Non-current liabilities			
Financial liabilities	(97.5)	(107.7)	(99.6)
Retirement benefit obligations	(55.0)	(39.8)	(48.7)
Deferred taxation liability	(13.4)	(13.1)	(11.6)
Provisions	(0.6)	(6.1)	(0.4)
	(166.5)	(166.7)	(160.3)
Net assets	181.6	167.3	177.8
Equity			
Called up share capital	3.2	3.2	3.2
Share premium account	81.9	81.6	81.8
Other reserves	36.7	15.2	33.5
Retained earnings	57.1	64.5	56.1
Total shareholders' equity	178.9	164.5	174.6
Minority interests	2.7	2.8	3.2
Total equity	181.6	167.3	177.8

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Translation reserve	Hedging reserve	Total shareholders' funds	Minority interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2009	3.2	81.5	62.2	38.3	-	185.2	2.4	187.6
Comprehensive income:								
Profit for the period	-	-	11.6	-	-	11.6	0.4	12.0
Other comprehensive income:								
Foreign exchange movements	-	-	-	(21.9)	-	(21.9)	-	(21.9)
Net investment hedges (net of taxation)	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Actuarial loss on pension schemes (net of taxation)	-	-	(2.8)	-	-	(2.8)	-	(2.8)
Total other comprehensive income	-	-	(2.8)	(23.1)	-	(25.9)	-	(25.9)
Total comprehensive income	-	-	8.8	(23.1)	-	(14.3)	0.4	(13.9)
Transactions with owners:								
Performance share plan adjustments	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Deferred taxation related to the performance share plan adjustment	-	-	0.4	-	-	0.4	-	0.4
Current taxation related to the performance share plan adjustment	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Dividends	-	-	(6.3)	-	-	(6.3)	-	(6.3)
Issue of ordinary shares	-	0.1	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	-	0.1	(6.5)	-	-	(6.4)	-	(6.4)
Total transactions with owners	-	0.1	(6.5)	-	-	(6.4)	-	(6.4)
At 30 June 2009	3.2	81.6	64.5	15.2	-	164.5	2.8	167.3
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 adjustments	-	-	(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)
Changes in ownership interests in subsidiaries that do not result in a loss of control:								
Foreign exchange movements on minority 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

Consolidated Cash Flow Statement

	Unaudited Six months to 30 June 2010	Unaudited Six months to 30 June 2009	Audited Year ended 31 December 2009	
Note	£m	£m	£m	
Cash flows from operating activities				
Cash generated from operations	6	7.6	5.2	39.3
Finance costs paid		(1.1)	(1.2)	(2.5)
Finance income received		0.1	0.3	0.6
Taxation paid		(8.3)	(7.7)	(10.5)
Net cash (used in)/generated from operating activities		(1.7)	(3.4)	26.9
Cash flows from investing activities				
Purchase of subsidiary undertakings (net of cash acquired)		(0.1)	(0.6)	(0.6)
Deferred consideration paid		(0.3)	(3.0)	(11.5)
Purchase of intangible assets		(2.8)	-	(2.6)
Purchase of property, plant and equipment		(3.4)	(5.3)	(7.1)
Purchase of financial assets available for sale		-	(0.1)	-
Sale of intangible assets		0.2	-	0.2
Sale of property, plant and equipment		0.3	0.3	0.5
Disposal of financial assets available for sale		0.1	-	-
Dividend received from associated undertaking		0.8	-	0.9
Net cash used in investing activities		(5.2)	(8.7)	(20.2)
Cash flows from financing activities				
Net proceeds from share issues		0.1	0.1	-
Drawdown of loan facilities		15.8	31.4	38.0
Repayment of loan facilities		(15.7)	(12.5)	(28.8)
Finance lease repayments		(0.3)	(0.3)	(0.3)
Equity dividends paid		(6.4)	(6.3)	(9.5)
Dividends paid to minority interest	5	(0.8)	-	-
Net cash (used in)/from financing activities		(7.3)	12.4	(0.6)
Net (decrease)/increase in cash and cash equivalents		(14.2)	0.3	6.1
Effect of exchange rate changes	6	0.8	(0.5)	0.2
Cash and cash equivalents at 1 January		41.4	35.1	35.1
Cash and cash equivalents at 30 June / 31 December	6	28.0	34.9	41.4

Notes to the Half Year 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.

a) Revenue by segment

	Unaudited Six months to 30 June 2010 £m	Unaudited Six months to 30 June 2009 £m
Property		
United Kingdom	40.1	43.2
Mainland Europe	46.0	46.8
United States	32.5	38.4
Africa, India & Middle East	21.4	26.2
Far East & Australia	18.1	17.4
	158.1	172.0
Transport & Infrastructure		
United Kingdom	44.8	56.4
Mainland Europe	46.7	40.0
United States	9.9	10.9
Africa, India & Middle East	7.0	8.2
Far East & Australia	0.6	0.3
	109.0	115.8
Environment & Energy		
United Kingdom	12.5	13.5
Mainland Europe	11.5	11.6
United States	9.7	11.0
Africa, India & Middle East	2.6	2.8
Far East & Australia	4.5	4.7
	40.8	43.6
Management & Industrial		
United Kingdom	14.4	15.9
Mainland Europe	26.7	24.6
Africa, India & Middle East	2.6	2.0
Far East & Australia	2.8	3.0
	46.5	45.5
Revenue	354.4	376.9

1 Segmental analysis - continued

b) Profit by segment

	Unaudited Six months to 30 June 2010			Unaudited Six months to 30 June 2009		
	Before exceptional items £m	Exceptional items £m	After exceptional items £m	Before exceptional items £m	Exceptional items £m	After exceptional items £m
Property						
United Kingdom	1.3	-	1.3	0.2	(0.1)	0.1
Mainland Europe	3.3	-	3.3	3.4	-	3.4
United States	2.8	-	2.8	3.4	(0.1)	3.3
Africa, India & Middle East	0.5	-	0.5	(1.9)	-	(1.9)
Far East & Australia	(0.1)	-	(0.1)	0.7	-	0.7
	<u>7.8</u>	<u>-</u>	<u>7.8</u>	<u>5.8</u>	<u>(0.2)</u>	<u>5.6</u>
Transport & Infrastructure						
United Kingdom	2.1	-	2.1	3.9	-	3.9
Mainland Europe	3.6	-	3.6	2.9	-	2.9
United States	0.4	-	0.4	0.7	-	0.7
Africa, India & Middle East	(0.4)	-	(0.4)	0.1	-	0.1
Far East & Australia	0.1	-	0.1	-	-	-
	<u>5.8</u>	<u>-</u>	<u>5.8</u>	<u>7.6</u>	<u>-</u>	<u>7.6</u>
Environment & Energy						
United Kingdom	0.3	-	0.3	0.7	-	0.7
Mainland Europe	0.7	-	0.7	0.7	-	0.7
United States	0.8	-	0.8	0.8	(0.1)	0.7
Africa, India & Middle East	0.4	-	0.4	0.1	-	0.1
Far East & Australia	(0.2)	-	(0.2)	0.1	-	0.1
	<u>2.0</u>	<u>-</u>	<u>2.0</u>	<u>2.4</u>	<u>(0.1)</u>	<u>2.3</u>
Management & Industrial						
United Kingdom	0.7	-	0.7	0.7	(0.1)	0.6
Mainland Europe	1.6	-	1.6	2.1	(0.1)	2.0
Africa, India & Middle East	0.3	-	0.3	0.2	-	0.2
Far East & Australia	0.1	-	0.1	0.1	-	0.1
	<u>2.7</u>	<u>-</u>	<u>2.7</u>	<u>3.1</u>	<u>(0.2)</u>	<u>2.9</u>
	<u>18.3</u>	<u>-</u>	<u>18.3</u>	<u>18.9</u>	<u>(0.5)</u>	<u>18.4</u>
Associated undertakings - Multi-disciplined services (net of tax)	1.0	-	1.0	1.0	-	1.0
Profit before interest and tax	<u>19.3</u>	<u>-</u>	<u>19.3</u>	<u>19.9</u>	<u>(0.5)</u>	<u>19.4</u>

2 Net finance costs

	Unaudited Six months to 30 June 2010 £m	Unaudited Six months to 30 June 2009 £m
Finance costs		
Bank overdrafts	0.1	0.1
Bank loans	1.3	1.0
Finance leases	0.1	0.1
	<hr/> 1.5	<hr/> 1.2
Net finance cost on pension liabilities	0.9	0.9
Unwinding of discounted deferred consideration	-	0.4
Finance costs	<hr/> 2.4	<hr/> 2.5
Finance income	(0.1)	(0.3)
Net finance costs	<hr/> 2.3	<hr/> 2.2

3 Exceptional items

Due to its nature and potential size, amortisation of business combination intangible assets has been included within the income statement of the prior period and disclosed as an exceptional item. The directors believe that this should be separately identified to aid understanding of underlying business performance.

4 Earnings per share

The basic earnings per share is calculated on the profit attributable to shareholders of £11.5m (June 2009: £11.6m) and 63.7m shares (June 2009: 63.1m shares) being the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share is calculated on 65.2m shares (June 2009: 64.4m 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 2010 £m	Unaudited Six months to 30 June 2009 £m
2009 Final Dividend of 10.0p per share	6.4	-
2008 Final Dividend of 10.0p per share	-	6.3
	<hr/> 6.4	<hr/> 6.3

The directors propose an interim dividend of 5.0p per share (interim June 2009: 5.0p per share). The shares become ex-dividend on 8 September 2010 and the dividend will be paid on 8 October 2010 to those shareholders on the register at the close of business on 10 September 2010.

6 Notes to the Cash Flow Statement

a) Cash flows from operating activities

	Unaudited Six months to 30 June 2010 £m	Unaudited Six months to 30 June 2009 £m	Audited Year ended 31 December 2009 £m
Profit for the financial period	11.7	11.6	13.5
Taxation	5.3	5.2	11.9
Finance costs	2.4	2.5	5.2
Finance income	(0.1)	(0.3)	(0.6)
Share of results of associated undertakings after taxation	(1.0)	(1.0)	(1.8)
Amortisation of intangible assets	1.2	2.0	4.1
Depreciation	5.2	4.7	11.7
Performance share plan adjustment	0.4	(0.5)	(0.2)
Profit on disposal of property, plant and equipment	-	-	0.4
Movements in provisions	(1.7)	(0.1)	(3.0)
Decrease/(increase) in trade and other receivables	(6.4)	12.4	59.8
Decrease in trade and other payables	(5.6)	(24.5)	(62.1)
Movement on foreign exchange and other non cash items	(3.8)	(6.8)	0.4
Cash generated from operations	7.6	5.2	39.3

b) Analysis of net debt

	30 June 2009 £m	31 December 2009 £m	Net cash flows £m	Foreign exchange £m	30 June 2010 £m
Cash balances	37.2	42.6	(13.0)	1.0	30.6
Bank overdrafts	(2.3)	(1.2)	(1.2)	(0.2)	(2.6)
	34.9	41.4	(14.2)	0.8	28.0
<i>Current</i>					
Bank loans	(1.9)	(2.2)	(1.6)	(0.1)	(3.9)
Finance leases	(0.4)	(0.6)	0.3	-	(0.3)
<i>Non-current</i>					
Bank loans	(107.0)	(97.4)	1.5	1.9	(94.0)
Finance leases	(0.7)	(0.8)	-	0.1	(0.7)
Net debt	(75.1)	(59.6)	(14.0)	2.7	(70.9)

7 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 2010; the consolidated balance sheet as at 30 June 2010; 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 2009 have been used.

The condensed consolidated financial statements have not been audited but have been reviewed by the independent auditors and their review opinion is included within this Half-Year Report.

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 2009 which were approved on 8 March 2010 have been

delivered to the Registrar of Companies. The auditors' 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.

8 Forward-looking statements

Certain statements in this Half-Year Report are forward-looking. Although the group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance 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 those forward-looking statements.

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

9 Further information

Electronic versions of this Half-Year Report and the 31 December 2009 financial statements can be viewed on the group's website: www.wspgroup.com, and can 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's website on the internet. However information is accessible in many different countries where legislation governing the preparation and dissemination of financial information may differ to that applicable to the United Kingdom.

10 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 2009. The group continues to enter into a number of 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 Report for the six months ended 30 June 2010, which comprises the consolidated income statement, the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the Half-Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the condensed consolidated financial statements.

Directors' responsibilities

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

As disclosed in note 7, 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 Report 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 Report 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 the 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 Report for the six months ended 30 June 2010 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

London

26 July 2010