20 September 2019

Management Consulting Group PLC
Interim Results

Management Consulting Group PLC ("MCG" or the "Group"), the global professional services group, today announces its results for the half-year ended 30 June 2019.

Key points

- Encouraging progress on the transformation strategy to return the business to growth and profitability over the medium term.
- Reported revenues of £17.3m – up 25% year-on-year (H1 2018 : £13.8m).
- Underlying** operating loss of £2.1m – an improvement on H1 2018. (H1 2018 : loss £2.8m).
- Retained loss for the half-year of £2.6m (H1 2018 restated*: £10.8).
- Loss from continuing operations for the half-year of £2.6m (H1 2018 restated*: £4.6m).
- Strategic investments in partnerships and private equity have delivered some first contract wins in the period.

Nick Stagg, Chief Executive, commented:

"Revenues for the first half of 2019 are well ahead of the same period in 2018 and also the second half of 2018. This, and a significantly increased level of contract wins in the period, are encouraging and demonstrate the strategic investments to be delivering the anticipated upsides. We have substantially cut costs in the last 18 months and have re-invested part of the savings in new resources at Proudfoot. Although the business is still trading at a loss, we are confident that the strength of the Proudfoot brand as a transformation leader across attractive verticals will deliver further operational and financial improvements".

For further information please contact:

Nick Stagg	Chairman and Chief Executive	020 7710 5000

** refer to note 2*

*** refer to note 2 for definition*

Notes to Editors

Management Consulting Group PLC (MMC.L) provides professional services across a wide range of industries and sectors. For further information, visit www.mcgplc.com.

Market Abuse Regulations

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this announcement via a regulatory information service this inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Group is Nick Stagg, Chairman and Chief Executive.

Forward Looking Statements

Certain information contained in this announcement constitutes forward looking information. This information relates to future events or occurrences or the Company's future performance. All information other than information of historical fact is forward looking information. The use of any of the words "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "should," "believe," "predict," and "potential" and similar expressions are intended to identify forward looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this announcement should not be relied upon. Forward looking information speaks only as at the date of this announcement.

The forward looking information included in the announcement is expressly qualified by this cautionary statement and is made as of the date of this announcement. The Group does not undertake any obligation to publicly update or revise any forward looking information except as required by applicable securities laws.

Chairman and Chief Executive's Statement

The continued investment in Proudfoot's transformation strategy remained the focus for the first six months of 2019. The leadership team completed the recruitment of the United States business development and sales teams, and good progress has been made on the transformation in the first six months of the year, resulting in growing revenues year-on-year. In particular, our strategic investments in technology partnerships; our private equity practice; and building the Proudfoot brand within our target sectors are delivering the anticipated upsides and demonstrate the potential of our offering. The significant cost savings made over the last 18 months have been partially re-invested in the transformation plan.

The Group cash position of £14.4m as at 30 June 2019 compares to £17.3m as at FY2018, which includes £4.1m of cash retained to support certain contingent creditors of the Group (FY2018: £4.2m).

Overall, the results of the first half of the year show encouraging progress on the transformation strategy to return the business to growth and profitability over the medium term.

Proudfoot

In the first half of 2019 the Group reported revenues of £17.3m – up 25% year-on-year. Additionally, the Group won signed orders and contracts during the period of £17.0m, compared to £11.4m in the corresponding period last year, an increase of 49%. Natural Resources, particularly in the EMEA regions, along with European Industrials, continue to provide the foundation for revenues in Proudfoot. The introduction of Maintenance & Repair Operations ("MRO") in the US, as per the firm's 2018-2020 strategy, has developed from start-up to now generating revenues in the period, demonstrating the Proudfoot brand's ability to extend into new verticals and providing revenue diversification.

There has been a continuing focus on investment in talent during the period and the transformation of the Proudfoot team globally, across leadership, sales and marketing, delivery and support functions.

Proudfoot's other 2019 strategic investments included:

- Identifying partnership opportunities with technology firms
- Developing the Private Equity practice; and
- Building the Proudfoot brand within target sectors

The recent client win of a major Digital Transformation programme in partnership with one of the world's largest technology providers, provides strong support for the partnership approach and this is being replicated via various other technology partnerships now in place globally. Similarly, there have been some first wins with private equity backed firms providing evidence of the success of this strategy. Proudfoot's positioning with The Future of Mining brand and focus on delivery of 'hard results through soft power' through our 'The Future of Business is (still) People' campaign, has also opened up new revenue sources.

Whilst these strategic initiatives have negatively impacted profit in H1 2019, the investment underpins Proudfoot's medium term strategy to be the transformation leader achieving measurable results through people. The increased revenue and booked business in the period reinforces the Board's positive outlook for the Proudfoot business and the infrastructure now in place is expected to deliver further growth and an improved financial performance.

Group Financial Review

The commentary below on the results to 30 June 2019 reflects the Proudfoot business, with the 2018 comparative numbers being restated for the change in treatment of cash following adoption of IFRS 9 in 2018.

Proudfoot's reported revenue for the first half of 2019 was £17.3m, 25% higher than the same period in 2018 (H1 2018: £13.8m) and 19% higher than the preceding six months (H2 2018: £14.5m). The Group reported an underlying operating loss of £2.1m in the first half of 2019 compared with restated losses of £2.8 for the first half of 2018 and £1.4m for the second half of 2018.

Proudfoot operates as a single business and it generates revenues and deploys resources globally. Revenues in North America reflected the ongoing turnaround strategy with new management changes implemented. First half revenues grew to £6.2m (H1 2018: £4.2m). Europe also grew its revenue to £10.3m for the period compared with £8.0m in the corresponding period in 2018. Asia and Africa revenues decreased from £1.7m in H1 2018 to £0.8m in H1 2019 reflecting a lack of Natural Resource work in Africa and uneven workflows in our relatively small Asia business.

Global headcount was 164 at 30 June 2019, up from 154 at 31 December 2018, reflecting the recruitment of additional business development staff.

Underlying operating loss from continuing operations

The underlying operating loss of £2.1m for the period was £0.7m lower than H1 2018 (H1 2018: £2.8m) and £0.7m higher compared to the previous 6 months (H2 2018: £1.4m). This reflects the cost saving initiatives that were completed in 2018, reflected in the reducing half on half losses in 2018. This is offset partially by investment in the first half of the current year in expanding the business development and sales teams in Proudfoot.

The £0.1m credit (H1 2018 restated: charge £1.7m) of non-underlying expense relates to a release of severance accruals offset with a small severance charge for restructuring in the period.

There were no discontinued operations in H1 2019.

Interest

The net interest expense was £0.4m (H1 2018: £0.3m). In accordance with IAS 19, the reported net interest charge for H1 2019 includes an imputed charge in relation to defined benefit pensions of £0.4m (H1 2018: £0.3m).

Taxation

The tax charge on operations was £0.2m (H1 2018: tax credit £0.1m). The tax charge for the half year reflects project specific withholding taxes and the tax charges in taxable non-UK jurisdictions where there are no losses available to mitigate the charges (£0.2m) offset by adjustments to prior year balances (£0.0m).

Group Financial Review (continued)

Loss for the period

The loss for the period from continuing operations including the underlying loss from operations, non-underlying expenses, taxation and interest was £2.6m (H1 2018 restated: £4.6m).

Losses per share

The basic loss per share for continuing operations was 0.2p (H1 2018 restated: 0.9p per share) and the underlying basic loss per share was 0.2p (H1 2018 restated: 0.5p per share).

Exchange rates

A significant portion of Group revenue and costs are derived in foreign currencies. As a result of limited foreign exchange movements in the period, the impact of this on the Group operating results for the period is not significant.

The closing exchange rates to Sterling used in balance sheet translation at 30 June 2019 were £1 = $1.27 (H1 2018: $1.32*)* and £1 = €1.12 (H1 2018: €1.13).

Going Concern

The Board's assessment in relation to going concern is included in Note 2 of the financial information. Principal risks and uncertainties are also set out in Note 2 of the financial information.

Balance Sheet

The net assets of the Group decreased from £0.8m at 31 December 2018 to a net liability of £1.8m at 30 June 2019 due to the loss for the period.

The Group is a people business and therefore operates an asset light model. Working capital has been broadly stable during the period and we have a strong net cash position. The gross pension deficit as at 30 June 2019 was £9.8m and we do not carry any goodwill in respect of Proudfoot on the balance sheet.

There have been no transactions with or material changes to related parties that have materially affected the financial position or performance of the Group during the period.

Directors' responsibility statement

The Directors are responsible for the maintenance and integrity of corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that, to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;

(b) the Chairman and Chief Executive's Statement and the Group Financial Review include a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Chairman and Chief Executive's Statement and the Group Financial Review include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board.

At the date of this statement, the Directors are those listed in the Group's 2018 annual report and accounts.

Nick Stagg
Chairman and Chief Executive
20 September 2019

Cautionary statement

The Chairman and Chief Executive's Statement and the Group Financial Review have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. They should not be relied on by any other party or for any other purpose.

They contain certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Condensed Group Income statement
for the six months ended 30 June 2019

	Notes	**Unaudited six months ended 30 June 2019 £'000**	Unaudited six months ended 30 June 2018 £'000 (restated)*
Continuing operations			
Revenue	3	**17,251**	13,778
Cost of sales		**(9,215)**	(6,716)
Gross profit		**8,036**	7,062
Total administrative expenses		**(10,042)**	(11,542)
Administrative expenses – non-underlying	4	**101**	(1,712)
Loss from operations - underlying	3	**(2,107)**	(2,768)
Loss from operations	3	**(2,006)**	(4,480)
Finance income		**45**	52
Finance costs		**(444)**	(338)
Loss before tax	3	**(2,405)**	(4,766)
Tax (expense)/credit	6	**(151)**	136
Loss for the period from continuing operations		**(2,556)**	(4,630)
Loss from discontinued operations	9	**-**	(6,215)
Loss for the period		**(2,556)**	(10,845)

*Refer note 2

Loss per share – pence			
From loss from continuing operations for the period			
Basic and diluted	7	**(0.2)**	(0.9)
Basic and diluted – underlying	7	**(0.2)**	(0.5)
From the loss for the period			
Basic and diluted	7	**(0.2)**	(2.1)
Basic and diluted – underlying	7	**(0.2)**	(0.8)

Condensed Group statement of comprehensive income
for the six months ended 30 June 2019

	Unaudited six months ended 30 June 2019 £'000	Unaudited six months ended 30 June 2018 £'000 (restated)*
Loss for the period	**(2,556)**	(10,845)
Items that will not subsequently be reclassified to profit and loss		
Remeasurement of defined benefit pension schemes	**2**	1,132
Tax on items taken directly to comprehensive income	**-**	-
Items that may subsequently be reclassified to profit and loss		
Exchange differences on translation of foreign operations	**(62)**	(231)
Total comprehensive expense for the period attributable to owners of the Company	**(2,616)**	(9,944)

*Refer note 2

Condensed Group statement of changes in equity
for the six months ended 30 June 2019

	Share capital £'000	Share premium £'000	Share compensation reserve £'000	Shares held by employee benefit trust £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Audited balance as at 31 December 2017 as previously stated	**5,111**	**8,023**	**158**	**(103)**	**(2,733)**	**7,064**	**(15,376)**	**2,144**
Impact of transition to IFRS 9	-	-	-	-	-	-	(153)	(153)
Balance at 1 January 2018 restated	**5,111**	**8,023**	**158**	**(103)**	**(2,733)**	**7,064**	**(15,529)**	**1,991**
Comprehensive expense for the period								
Loss for the period	-	-	-	-	-	-	(10,845)	(10,845)
Other comprehensive expense	-	-	-	-	(231)	-	1,132	901
Total comprehensive expense for the period	-	-	-	-	(231)	-	(9,713)	(9,944)
Contributions by and distributions to owners								
Recycling of historic foreign exchange reserve arising on disposal of Brazil	-	-	-	-	4,479	-	-	4,479
Share based payments	-	-	37	-	-	-	-	37
Total transactions with owners	-	-	37	-	4,479	-	-	4,516
Restated unaudited balance at 30 June 2018	**5,111**	**8,023**	**195**	**(103)**	**1,515**	**7,064**	**(25,242)**	**(3,437)**
Comprehensive expense for the period								
Loss for the period	-	-	-	-	-	-	(4,017)	(4,017)
Other comprehensive expense	-	-	-	-	341	-	(783)	(442)
Total comprehensive expense for the period	-	-	-	-	341	-	(4,800)	(4,459)
Contributions by and distributions to owners								
Share based payments	-	-	37	-	-	-	-	37
Issue of new shares	10,054	-	-	-	-	-	(1,409)	8,645
Total transactions with owners	10,054	-	37	-	-	-	(1,409)	8,682
Restated* balance as at 31 December 2018	**15,165**	**8,023**	**232**	**(103)**	**1,856**	**7,064**	**(31,451)**	**786**
Impact of transition to IFRS 16	-	-	-	-	-	-	53	53
Balance at 1 January 2019 restated	**15,165**	**8,023**	**232**	**(103)**	**1,856**	**7,064**	**(31,398)**	**839**
Comprehensive expense for the period								
Loss for the period	-	-	-	-	-	-	(2,556)	(2,556)
Other comprehensive expense	-	-	-	-	(62)	-	2	(60)
Total comprehensive expense for the period	-	-	-	-	(62)	-	(2,554)	(2,616)
Contributions by and distributions to owners								
Shares transferred to ESOP	-	-	-	(26)	-	-	-	(26)
Total transactions with owners	-	-	-	(26)	-	-	-	(26)
Unaudited balance at 30 June 2019	**15,165**	**8,023**	**232**	**(129)**	**1,794**	**7,064**	**(33,952)**	**(1,803)**

*Refer note 2

Condensed Group statement of financial position
as at 30 June 2019

	Note	Unaudited 30 June 2019 £'000	Audited 31 Dec 2018 £'000 (restated)*
Non-current assets			
Intangible assets and goodwill		**25**	40
Property, plant and equipment		**134**	108
Right-of-use assets		**1,915**	-
Financial assets		**420**	420
Deferred tax assets		**103**	86
Total non-current assets		**2,597**	654
Current assets			
Trade and other receivables		**6,551**	6,400
Current tax receivables		**29**	164
Cash and cash equivalents		**14,423**	17,263
Total current assets		**21,003**	23,827
Total assets		**23,600**	24,481
Current liabilities			
Trade and other payables		**(9,096)**	(9,548)
Lease liabilities		**(806)**	-
Current tax liabilities		**(1,118)**	(1,153)
Total current liabilities		**(11,020)**	(10,701)
Net current assets		**9,983**	13,126
Non-current liabilities			
Retirement benefit obligations		**(9,751)**	(9,286)
Deferred tax liabilities		**(4)**	(4)
Lease liabilities		**(1,209)**	-
Long-term provisions		**(3,419)**	(3,704)
Total non-current liabilities		**(14,383)**	(12,994)
Total liabilities		**(25,403)**	(23,695)
Net (liabilities)/assets		**(1,803)**	786
Equity			
Share capital		**15,165**	15,165
Share premium		**8,023**	8,023
Share compensation reserve		**232**	232
Shares held by employee benefit trust		**(129)**	(103)
Translation reserve		**1,794**	1,856
Other reserves		**7,064**	7,064
Accumulated deficit		**(33,952)**	(31,451)
Equity attributable to owners of the Company		**(1,803)**	786

*Refer note 2

Nick Stagg
Chairman and Chief Executive
20 September 2019

Condensed Group statement of cash flows
for the six months ended 30 June 2019

	Note	**Unaudited six months ended 30 June 2019 £'000**	Unaudited six months Ended 30 June 2018 £'000 (restated)*
Net cash outflow from operating activities	8	**(2,861)**	(7,166)
Investing activities			
Interest received		**45**	52
Purchases of property, plant and equipment		**(60)**	8
Movement in restricted cash		**158**	2,045
Expenses from disposals of subsidiaries		**-**	(773)
Net cash generated by investing activities		**143**	1,332
Financing activities			
Lease payments		**(377)**	-
Net cash outflow from financing activities		**(377)**	-
Net decrease in cash and cash equivalents		**(3,095)**	(5,834)
Cash and cash equivalents at beginning of period		**12,970**	12,412
Effect of foreign exchange rate changes		**413**	128
Cash and cash equivalents at end of period		**10,288**	6,706

*Refer note 2

Included within the 30 June 2019 cash balance of £14.4m is £4.1m (H1 2018 restated: £6.5m) of cash which is not available for use by the Group. This represents cash held in restricted bank accounts which is required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon and in support of the Kurt Salmon UK pension scheme, which remained a Group obligation following the sale of the Kurt Salmon retail and consumer goods operations.

Notes

1. General information

The results for the six months ended 30 June 2019 and 30 June 2018 are unaudited but have been reviewed by the Group's auditor, whose report on the current period forms part of this document. The information for the year ended 31 December 2018 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies.

2. Significant accounting policies

(a) Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The set of condensed financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union.

(b) Accounting policies

The accounting policies, significant judgements and key sources of estimation adopted in the preparation of the Condensed set of Consolidated Financial Statements are consistent with those applied by the Group in its Consolidated Financial Statements for the year ended 31 December 2018 except for the adoption of new standards and interpretations effective as of 1 January 2019 listed below:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income tax Treatments
- Amendments to IFRS 9: Financial Instruments: Prepayment Features with Negative Compensation and Modification of Financial Liabilities
- Amendments to IAS 28: Investments in Associates and Joint Ventures: Long-Term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Employee Benefits. Plan Amendment, Curtailment or Settlement
- Annual improvements to IFRS Standards 2015—2017 Cycle

Only the application of IFRS 16 results in the accounting applied by the Group changing. Details of the impact of this standard are given below. Other new and amended standards and Interpretation issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Full details of the Group's accounting policies can be found in note 2 to the 2018 Annual Report which is available on our website: www.mcgplc.com.

2. Significant accounting policies (continued)

IFRS 16: Leases
Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases together with exemptions to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating lease and finance lease being retained. The Group does not have significant leasing activities as a lessor.

Transition method and practical expedients utilised
The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application at 1 January 2019 without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group has elected to adopt the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance lease based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space and IT equipment, which had previously been classified as operating leases.

2. Significant accounting policies (continued)

The lease liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured as follows:

a) Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
b) All other leases: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

The following table presents the impact of adopting IFRS 16 in the statement of financial position as at 1 January 2019:

	1 January 2019 £'000
Right-of-use assets	2,231
Lease liabilities	(2,284)
Net reduction in retained earnings	(53)

Included in profit or loss for the period are £0.4m of amortisation of the right-of-use assets and £0.1m of finance expense on lease liabilities.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the incremental borrowing rate on commencement of the lease. There are no variable lease payments to consider in any leases recognised under IFRS 16.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased assets.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

2. Significant accounting policies (continued)

Principal risks and uncertainties
The Group has operating and financial policies and procedures designed to maximise shareholder value within a defined risk management framework.

The key risks to which the business is exposed are reviewed regularly by senior management and the Board as a whole.

These risks are managed by anticipating consultancy trends; identifying new markets and sectors in which the Group might operate; maximising staff utilisation; having remuneration policies which reward performance and promote continued employment with the Group; maintaining a comprehensive knowledge management system; and undertake hedging mitigating currency risk where appropriate.

Potential contractual liabilities arising from client engagements are managed through careful control of contractual conditions and appropriate insurance arrangements. There is no material outstanding litigation against the Group of which the Directors are aware which is not covered by insurance, or provided for in the financial statements.

Restatements
The 2018 comparative numbers have been restated for the following corrections:

- Change of the treatment of restricted cash. At June 2018 certain cash assets relating to the Kurt Salmon escrow funds were incorrectly carried in the statement of financial position net of an expected credit loss. This restatement increases cash by £2.2m, increases provisions by £1.3m and increases reserves by £0.9m as at 30 June 2018;
- Reclassification of expenses incurred in connection with the issue of shares in July 2018, which were previously deducted from the share premium account have now been reclassified against retained earnings.

Going concern
The Group prepares regular business forecasts and monitors its projected cash flows, which are reviewed by the Board. Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed. Consideration is given to the potential actions available to management to mitigate the impact of one or more of these sensitivities, in particular the discretionary nature of costs incurred by the Group.

The Board has concluded that the Group should have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of approval of this half-yearly report.

Accordingly, they continue to adopt the going concern basis in preparing the half-yearly report.

Non-GAAP performance measures
The Group has adopted a number of alternative performance measures to provide additional information to understand underlying trends and the performance of the Group. These alternative performance measures are not defined by IFRS and therefore may not be directly comparable to other companies' alternative performance measures.

2. Significant accounting policies (continued)

Underlying profit/loss from operations

This is defined as operating profit or loss before non-underlying items***.***

Non-underlying

Non-underlying items are those charges or credits which, in the opinion of the directors, should be disclosed separately by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions that may give rise to non-underlying items include charges for impairment, restructuring costs, acquisition costs and profits/losses on disposals of subsidiaries. The Group exercises judgement in assessing whether items should be classified as non-underlying. This assessment covers the nature of the item and the material impact of that item on reported performance. Reversals of previous items are assessed based on the same criteria.

3. Segmental information

The Group's continuing operating segment is one professional services practice, Proudfoot. This is the basis on which information is provided to the Board of Directors for the purposes of allocating certain resources within the Group and assessing the performance of the business. All revenues are derived from the provision of professional services.

Revenue and underlying operating profit by geography

	Unaudited six months ended 30 June 2019			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Revenue	**6,158**	**10,321**	**772**	**17,251**
(Loss)/profit from operations – underlying	**(1,963)**	**347**	**(491)**	**(2,107)**
Non-underlying expenses	**-**	**80**	**21**	**101**
(Loss)/profit from operations	**(1,963)**	**427**	**(470)**	**(2,006)**
Finance income				**45**
Finance costs				**(444)**
Loss before tax				**(2,405)**

	Unaudited six months ended 30 June 2018			
	Americas £'000 (restated)	Europe £'000 (restated)	Rest of World £'000 (restated)	Consolidated £'000 (restated)*
Revenue – continuing operations	4,154	7,960	1,664	13,778
Loss from operations – underlying	(1,617)	(638)	(513)	(2,768)
Non-underlying expenses	(613)	(907)	(193)	(1,713)
Loss from operations	(2,230)	(1,545)	(706)	(4,480)
Finance income				52
Finance costs				(338)
Loss before tax				(4,766)

*Refer note 2

3. Segmental information

Net assets by geography

	Unaudited six months ended 30 June 2019			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Assets				
Segment assets	**3,555**	**6,506**	**-**	**10,061**
Unallocated corporate assets				**13,539**
Consolidated total assets				**23,600**
Liabilities				
Segment liabilities	**(12,778)**	**(6,647)**	**(1,111)**	**(20,536)**
Unallocated corporate liabilities				**(4,867)**
Consolidated total liabilities				**(25,403)**
Net liabilities				**(1,803)**

	Unaudited six months ended 30 June 2018			
	Americas £'000	Europe £'000	Rest of World £'000	Consolidated £'000
Assets				
Segment assets	873	4,654	181	5,708
Unallocated corporate assets				13,956
Consolidated total assets				19,664
Liabilities				
Segment liabilities	(7,651)	(5,898)	(1,885)	(15,434)
Unallocated corporate liabilities				(7,667)
Consolidated total liabilities				(23,101)
Net liabilities				(3,437)

4. Non-underlying items

	Unaudited six months ended 30 June 2019	Unaudited six months ended 30 June 2018
	£'000	£'000 (restated)*
Restructuring	**(101)**	274
Fundraising costs	**-**	1,388
Legacy Kurt Salmon expenses	**-**	50
	(101)	1,712

*Refer note 2

The £0.1m credit (H1 2018 restated: £1.7m) of non-underlying expense comprises £0.1m release of surplus severance accruals offset with a small severance charge for current year restructuring.

5. Dividends

The Company did not pay an interim or final dividend for 2018 and no interim dividend for 2019 will be payable.

6. Taxation

The tax charge on operations was £0.2m (H1 2018: tax credit £0.1m). The tax charge for the half year reflects project specific withholding taxes and the tax charges in taxable non-UK jurisdictions where there are no losses available to shelter the income (£0.17m) offset by adjustments to prior year balances (£0.02m).

7. Loss per share

The calculation of the loss per share is based on the following data:

	Unaudited six months ended 30 June 2019 £'000
Loss	
Loss for the purposes of basic and diluted loss per share being net loss for the period attributable to owners of the Company	**(2,556)**
Non-underlying items	**101**
Loss for purpose of basic loss per share - underlying	**2,657**

	Unaudited six months ended 30 June 2018 Total £'000 (restated)*	Unaudited six months ended 30 June 2018 Continuing £'000 (restated)*	Unaudited six months ended 30 June 2018 Discontinued £'000
Loss			
Loss for the purposes of basic and diluted loss per share being net loss for the period attributable to owners of the Company	**(10,845)**	**(4,630)**	**(6,215)**
Non-underlying items	**1,713**	**1,713**	**-**
Adjustment for loss on disposal	**4,806**	**-**	**4,806**
Loss for purpose of basic loss per share - underlying	**(4,326)**	**(2,917)**	**(1,409)**

	2019 Number million	2018 Number Million
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**1,513**	511.1
Effect of dilutive potential ordinary shares:		
– share options and performance share plan	**0.3**	0.3
Weighted average number of ordinary shares for the purposes of diluted loss per share	**1,516**	511.4

7. Loss per share (continued)

	2019 Pence
Basic and diluted loss per share	(0.2)
Basic and diluted loss per share – underlying	(0.2)

	2018 All Pence (restated)	2018 Continuing Pence (restated)	2018 Discontinued Pence
Basic and diluted loss per share	(2.1)	(0.9)	(1.2)
Basic and diluted loss per share – underlying	(0.8)	(0.5)	(0.3)

*Refer note 2

The average share price for the six months ended 30 June 2019 was 1.9p (30 June 2018: 5.0p).

8. Notes to the cash flow statement

	Note	**Unaudited six months ended 30 June 2019 £'000**	Unaudited six months Ended 30 June 2018 £'000 (restated)*
Loss from continuing operations		**(2,006)**	(4,480)
Loss from discontinued operations	10	**-**	(614)
Loss from operations		**(2,006)**	(5,094)
Adjustments for:			
Depreciation of property, plant and equipment		**211**	78
Amortisation of intangible assets		**15**	67
Loss/(gain) on disposal of plant and equipment		**3**	(4)
Adjustment for cost of share-based payments		**-**	39
Decrease in provisions		**(282)**	(898)
Other non-underlying items		**74**	57
Operating cash flows before movements in working capital		**(1,985)**	(5,755)
Increase in receivables		**(172)**	(1,390)
(Decrease)/increase in payables		**(399)**	100
Cash absorbed by operations		**(2,556)**	(7,045)
Income taxes paid		**(300)**	(88)
Interest paid		**(5)**	(33)
Net cash outflow from operating activities		**(2,861)**	(7,166)

*Refer note 2

9. Discontinued operations

The loss for discontinued operations in 2018 of £6.2m relating to the sale of Proudfoot Brazil:

	30 June 2018 £'000
Revenue	460
Cost of sales	(344)
Gross profit	116
Total administrative expenses	(730)
Loss from operations	(614)
Loss before tax	(614)
Tax	(795)
Loss for the period attributable to owners of the Company	(1,409)
Loss on disposal from discontinued operations	(327)
Foreign exchange arising on disposal of Brazilian subsidiary	(4,479)
Net loss attributable to discontinued operations	(6,215)

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Except as disclosed below, no Group company entered into a transaction with a related party that is not a member of the Group. Goods and services purchased from related parties are on normal commercial terms and conditions.

During the year, the Group entered into the following transactions with related parties:

Nicholas Stagg, a director of the Company, is an adviser to the Board of Wedlake Bell LLP. iGlobal, a subsidiary of Wedlake Bell LLP provided services at fair market rates to Alexander Proudfoot (Europe) Limited valued at £22,670 (2018: £20,330) and at year end there was a liability due to iGlobal of £7,290 (2018: £700).

11. Financial instruments fair value disclosure

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the condensed financial statements included in this half-yearly report are approximately equal to their fair values.

12. Events after the reporting period

The Directors confirm that there were no subsequent events to be noted.

INDEPENDENT REVIEW REPORT TO MANAGEMENT CONSULTING GROUP PLC

Introduction

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income, Condensed Group Statement of Changes in Equity, Condensed Group Statement of Financial Position, Condensed Group Statement of Cash Flows and related notes.

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

Directors' responsibilities

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

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

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making 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 consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

INDEPENDENT REVIEW REPORT TO MANAGEMENT CONSULTING GROUP PLC (continued)

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Group in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

55 Baker Street

London

W1U 7EU

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).