ISG PLC
("ISG" or "the Group")

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

ISG plc, the international construction services group, today announces its final results for the year ended 30 June 2015.

David Lawther, Chief Executive Officer, said:

"It has been a challenging year for ISG, with the Group performance significantly impacted in the first half by the losses in our UK Construction division. We delivered a significantly stronger second half performance, with good results especially in our specialist fit out, engineering services and retail businesses.

We believe that the poor performance and painful restructuring of the UK Construction division is now behind us, and with the outlook for most of our key markets remaining strong, we expect a much improved overall performance for the Group in the year ahead."

	2015	2014
Revenue[1,2,3]	**£1,629m**	£1,455m
Underlying profit before tax[1,2,3]	**£7.0m**	£15.3m
(Loss)/profit for the year	**(£27.8m)**	£2.4m
Net cash position	**£52.7m**	£46.3m
Average net cash	**£29.8m**	£40.1m
Underlying basic earnings per share[1,2,3,4]	**10.42p**	30.55p
Basic (loss)/earnings per share[1,5]	**(33.20p)**	13.53p
Total dividend per share	**5.00p**	9.45p

- **After reporting an underlying loss in the first half of £7.2m, the Group delivered an underlying profit of £14.2m in the second half of the year**
- **Overall performance of our specialist fit out, engineering services and retail businesses in the UK and overseas up by 50%**
- **UK Fit Out and Engineering Services operating profit increased by 62%**
    - **London fit out market robust with a strong order book and pipeline**
    - **Continued growth in Engineering Services - currently working on over £0.8bn worth of data centers across Europe**
- **UK Retail maintaining its market leading position and investing in Realys consultancy offering**
- **Strengthening performance in Asia and Middle East on back of growing reputation**
- **UK Construction underlying results materially affected by sizeable losses on a limited number of contracts taken on during 2012 and 2013. Closure of its Tonbridge and London Exclusive Residential activities**
- **Net cash balance improved to £52.7m at 30 June 2015 (2014: £46.3m)**
- **Equity placing completed in March raised net proceeds of £16m to support balance sheet and future growth opportunities**
- **Order book ahead by 14% at £1,118m (2014 restated[1,2]: £984m) of which £1,030m (2014 restated[1,2]: £899m) is for delivery in the current year**
- **Recommended final dividend of 5.00p (2014: 4.91p) having waived interim dividend (2014: 4.54p)**

8 September 2015

ENQUIRIES:
ISG plc
David Lawther, Chief Executive Officer
Jonathan Houlton, Group Finance Director
Tel: 020 7392 5250

Instinctif
Matthew Smallwood
Helen Tarbet
Tel: 020 7457 2020

Numis Securities Ltd
Nominated Advisor: Michael Meade
Corporate Broking: Ben Stoop
Tel: 020 7260 1000

[1]from continuing operations (Note 2)
[2]from underlying items (Notes 2 and 3)
[3]restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)
[4]from earnings attributable to owners of the company from underlying items (Note 10)
[5]from earnings attributable to owners of the company (Note 10). The basic loss per share from continuing and discontinued operations was 66.99p (2014: earnings of 6.19p)

ISG PLC

CHAIRMAN'S STATEMENT

This has been a year of mixed fortunes. Our businesses in fit out, both office and retail, in engineering services and overseas have all performed extremely well. At the trading level, their profits have increased by 50%.

This excellent performance has been offset by the continued losses in UK Construction as we close out the remaining contracts entered into during the recession and shut down loss making activities.

The problems that beset our UK Construction division at the end of 2014 required us to ask shareholders for additional equity funding. This has been a matter of huge regret by the Board, particularly as the issue price was at a substantial discount to the then prevailing share price, but it has allowed the Group to strengthen its capital base and support our other growth opportunities. We are very grateful for the support we received from shareholders.

Underlying profit before tax[1] for the year ended 30 June 2015 amounted to £7.0m compared to the restated[3] profit for the previous year of £15.3m. With the benefit of the placing in March, which raised approximately £16m after expenses, net cash at the year end amounted to £52.7m, an increase of £6.4m over the last year end. Underlying basic earnings per share[2] amount to 10.42p per share compared to restated earnings per share[2,3] of 30.55p.

I am also pleased to report that the company plans to resume the payment of regular dividends to shareholders. The Board is proposing a final dividend of 5p per share (2014: 4.91p). No interim dividend was paid (2014: 4.54p).

It would be remiss of me not to start the overview of our business performance by commenting on our UK Construction division. The problems facing the UK construction industry have been well documented and we have not been immune from these. It has taken two years to work through the legacy of poor contracts taken on in the recession. This has been a costly exercise in which we have closed our Tonbridge office, announced the closure of our loss-making London Exclusive Residential activities, and recognised significant losses on a small number of projects that are now complete. Margins on new work won over the past two years have been on significantly improved contracted terms and tightened control as we have improved management focus on repeat, framework and lower risk contracts. We believe the poor performance and painful restructuring of the UK Construction division are now behind us.

I am pleased to report that, by contrast, the rest of our businesses have had a successful year. Our UK Fit Out and Engineering Services division has again exceeded our expectations with revenue in the year of £630m (2014: £520m). Having virtually doubled its operating profits last year, they have increased by a further 62% this year to £16.0m. UK Retail remains a challenging market but we have maintained our market leading position, having increased both sales and operating profits whilst continuing to develop our Realys consultancy service. Our overseas businesses, which principally operate in Continental Europe, Middle East and Asia have all, with the exception of Western Europe, exceeded last year's results. We continue to develop our overseas businesses around the office, retail, engineering services and hospitality fit out sectors delivering increasingly larger, more complex projects for our blue-chip customer base.

Despite the challenges in the year, we have continued to focus on the important issue of health and safety and it gives me great pleasure to be able to report that across all our markets, we have achieved an outstanding record in health and safety, with an Accident Incident Rate score of 1.71 against a UK industry average of 5.23. This achievement has also been reflected in the number of The Royal Society for the Prevention of Accidents (RoSPA) awards we have won in the year, with 41 awards across our UK businesses for 2014/2015. These include five president awards, seven gold medals, 26 gold awards and three silver awards.

We are also pleased to have been recognised by the Business in the Community Responsible Business Awards for the fourth successive year for our London apprenticeship programme and charity partnership with CARE International.

It is our people who drive change and improvement in our business. We continue to bring talented new people into the organisation, while investing in our existing people through the Academy, our global learning and development facility. In line with this, we have once again retained our Investors in People status. My thanks to all our employees for their commitment and passion for our business.

[1] *from underlying items (Notes 2 and 3)*
[2] *from earnings attributable to owners of the company from underlying items (Note 10)*
[3] *restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)*

CHAIRMAN’S STATEMENT (continued)

We have added additional skills to the Board during the year, with the appointment of two new Non-Executive Directors, Amanda Jobbins and Alun Griffiths. Amanda’s career has been in the technology sector, specialising in marketing with a number of leading technology companies, working across multiple international markets. Alun spent a large part of his career with W S Atkins, a leading engineering and design consultancy, and brings specialist skills in corporate strategy, marketing and HR. I welcome them to the Board and look forward to their contribution as we continue to develop the business.

Prospects for our markets for the current and future years continue to look brighter. Global economic growth may slow down, but demand for quality delivery in our specialist sectors remains strong. Supported by a significant improvement in UK Construction, a rising Group order book (up 14% to £1.1bn), and a healthy cash position, this should enable us to deliver a much improved performance to shareholders in the year ahead.

Roy Dantzic
Chairman
8 September 2015

CHIEF EXECUTIVE OFFICER'S STATEMENT

It has been a challenging year for ISG. The overall performance of our specialist fit out, engineering services and retail businesses in the UK and internationally has been excellent, with trading ahead of management expectations but our UK Construction division has underperformed. In line with other providers in this market, ISG has been affected by sizeable losses on a limited number of contracts entered into by this business during 2012 and 2013. Additionally, as part of the restructuring of this division, we have made provisions for the closure of the London Exclusive Residential and Tonbridge activities.

Our performance, outside of UK Construction, has been excellent and this improvement is as a result of our strategy to:

- Maintain our market-leading positions, particularly in the London office fit out and UK retail markets
- Focus on increasing repeat business across the world from our core framework and blue-chip multinational customers
- Develop our overseas businesses across our core office, retail, engineering services, and hospitality sectors in fit out and refurbishment specialist services
- Increase our geographic reach and market penetration where there is demand from our core customers
- Grow our consultancy services under the Realys and Commtech brands
- Recruit, develop and retain our talented people

As a result of the issues in UK Construction, both underlying profit before tax[1] and margins are down on the previous year, despite an increase in revenue[2]. We now believe that the problems arising from these older projects in this division have been dealt with and that the projects we are currently working on have been procured under more favourable terms. During the last two years, as part of our recovery plan, we have introduced new leadership and strengthened management across its operations. Equally, we have refocused the strategy of the business on core sectors and repeat customers, while simplifying its structure to four regions.

Our core business of fit out across the office, retail and hospitality sectors, alongside our fast-growing engineering services and consultancy offers, continues to grow in the UK and internationally through our reputation for excellence in delivery, customer service and ability to deliver major and complex projects. Our success in these activities, alongside improvements made to UK Construction, provide a firm basis for our confidence in delivering an improved performance for next year.

Highlights of the year include the ongoing success of our Engineering Services business in the data center sector, where we are currently working on a number of projects with a value in excess of £800m across Europe for both the financial sector and leading technology companies. Similarly, we continue to develop our reputation in the hospitality sector in our Middle East and Asia businesses. We have also invested significantly in the expansion of our Realys consultancy business across the UK and Asia. Through its strategic portfolio, project and design management services, Realys is increasing our exposure to end-user customers and is helping us to provide a broader range of consultancy services across country borders.

Importantly, we have maintained our leadership position in our key traditional markets, despite a highly competitive trading environment. In line with this, we continue to be the premier contractor in the London office fit out market[3].

During the year, we worked on the UK fit out market's largest project, the £125m fit out for UBS in London's Broadgate Circle. We are expanding our office fit out offer into other major UK cities in line with demand from our blue-chip repeat customer base.

ISG remains the clear market leader[4] for the delivery of retail environments across all parts of the sector including food, fashion and banks. In particular, we have seen increased investment in the retail banking sector where our customers have a strong focus on the development of the use of technology in their physical environments.

Overseas, a growing market reputation for high-quality delivery across the hospitality, retail and office sectors underpins our growth in the Middle East and Asia markets. In Continental Europe, our sustained progress in Germany and Spain has been outweighed by the impact of slower markets in Italy and France.

During the year, we reaffirmed our long-term commitment to the developing Brazilian market where our core customers continue to invest by acquiring a controlling stake in our Brazilian office fit out partner, ACE.

[1]*from underlying items (Notes 2 and 3)*
[2]*from continuing operations (Note 2)*
[3]*Metropolis Property Research*
[4]*Retail Week*

CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

The recruitment, development and retention of people are key issues in our industry and we have continued to focus on this area. In the period, we have expanded our leadership training and succession strategies and continued to invest in our apprenticeship and undergraduate programmes, talent management initiatives and online training modules to ensure that we offer leading employment opportunities in our industry.

Results from underlying operations[1]

Year to June 2015 (£m)	UK Fit Out and Engineering Services	UK Retail	UK Construction	International[2]	Group Activities	Total
Revenue	630	320	446	233	-	1,629
Operating profit/(loss)	16.0	9.0	(18.1)	5.7	(4.1)	8.5
Net financing costs						(1.5)
Profit before tax						7.0

Year to June 2014 (£m)	UK Fit Out and Engineering Services	UK Retail	UK[3] Construction	International[2]	Group Activities	Total[3]
Revenue	520	283	436	216	-	1,455
Operating profit/(loss)	9.9	6.1	2.5	4.4	(7.0)	15.9
Net financing costs						(0.6)
Profit before tax						15.3

The Group has seen a substantial improvement in underlying profit before tax in the second half after reporting an underlying loss in the first half. Hence, for the year ended 30 June 2015, underlying profit before tax[1] decreased to £7.0m (2014 restated[3]: £15.3m) on revenue[4] of £1,629m (2014 restated[3]: £1,455m). Underlying basic earnings per share[5] decreased to 10.42p (2014 restated[3]: 30.55p).

In order to strengthen the balance sheet, in March the company raised a net £16m of new equity through a placing. We finished the year with an improved net cash position of £52.7m (2014: £46.3m). The average net cash position in the year was £29.8m (2014: £40.1m). During the year, we renewed our banking facilities with a revolving credit facility of £20m through to September 2017. There was a net cash inflow from operating activities from continuing operations for the year of £2.6m (2014: £35.1m), reflecting improvements in working capital performance offset by £19.5m of non-underlying trading losses.

Non-underlying items and discontinued operations

The Group has identified its London Exclusive Residential activities as a business to be discontinued and losses of £15.5m have been recognised within non-underlying items. In addition, the Group is making further post-tax provisions for increased losses of £14.1m related to the closure of its Tonbridge business and associated contracts announced last year. Further details of these items are set out in the Business Segment review and Notes 3 and 8 in the financial statements. Net cash outflow from discontinued operations was £3.2m (2014: £9.2m).

Dividend

The Board is proposing to pay a final dividend of 5.00p (2014: 4.91p). No interim payment was made (2014: 4.54p). The ex-dividend date will be 22 October 2015 and the dividend will be payable on 8 December 2015 to shareholders on the register on 23 October 2015. A scrip alternative is again being offered. The final dividend for the previous financial year of 4.91p was paid on 9 December 2014.

Outlook

Looking ahead, the London office fit out market remains strong and, in the short-term, will be focused on medium-sized and refurbishment projects, whilst in the medium term, we will see larger-scale projects feature more prominently again. The UK's economy is stable and we expect further opportunity in other major UK cities.

[1]*from underlying items (Notes 2 and 3)*
[2]*international comprises the summation of our Continental Europe, Middle East and Asia reportable segments*
[3]*restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)*
[4]*from continuing operations (Note 2)*
[5]*from earnings attributable to owners of the company from underlying items (Note 10)*

CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

The pipeline of opportunities in the European data center market continues to be robust and we expect further success in this area.

In the UK Retail market we will continue to position our Realys consultancy services offer to strengthen our relationships with our key customers as they focus on innovating and integrating technology into their built environments.

With strengthened management, a simplified structure, a focus on repeat business and more favourable market conditions, a significant improvement in the performance of our UK Construction division is expected.

Overseas, we are on track to see continued growth across our core sectors of office, retail, hospitality and engineering services, particularly in the Middle East and Asia.

Our current order book stands circa 14% higher at £1,118m (2014 restated[1,2]: £984m) of which £1,030m (2014 restated[1,2]: £899m) relates to the financial year ending 30 June 2016, and £318m internationally (2014: £203m).

Overall, we expect a much improved performance in the year ahead.

David Lawther
Chief Executive Officer
8 September 2015

[1] *from underlying items (Notes 2 and 3)*
[2] *restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)*

BUSINESS SEGMENT REVIEWS

UK Fit Out and Engineering Services
In line with the continuing economic recovery in the UK, the London fit out market remains buoyant and we have maintained our market leading position. The division also continued to grow its engineering services reputation in the data center market, and is currently working on over £834m worth of data centers across Europe. Additionally, the division has been delivering on its strategy to grow its specialist R&D engineering services offer.

In the year, the division delivered a strong performance, with revenue increasing by 21% to £630m (2014: £520m) and operating profit increasing by 62% to £16.0m (2014: £9.9m) resulting in an operating margin of 2.5% (2014: 1.9%). This improvement has been generated by the increased scale of the division, the completion of higher margin projects and the recognition of gains from foreign exchange hedges.

Our UK Fit Out business accounted for 41% of the division's revenue (2014: 54%), of which 79% was within London (2014: 83%) and 21% was outside London (2014: 17%), whilst 59% of revenue related to fitting out of existing space (24% refurbishment "in occupation") compared to 41% which was new office fit out.

After the return of larger scale office projects in the past year, the market now has a bias towards mid-sized projects and refurbishment. In the year, we successfully completed the 450,000 sq ft refurbishment project of London's Aldwych Quarter, a 335,000 sq ft fit out project for a leading international media group and the 40,000 sq ft fit out of the new UK headquarters for legal firm, CMS Cameron McKenna. Work underway includes London's largest fit out project, the £125m, 700,000 sq ft construction management project of the UK headquarters for UBS at 5 Broadgate, a 166,000 sq ft CAT B fit out for a global technology company at St Pancras Square, and a 120,000 sq ft refurbishment project for a US-based financial services institution, ISG's tenth project for the customer.

The recovery of the London fit out market has now permeated other major cities in the UK and this is leading to new demand from our repeat customers. In line with this, the business recently negotiated further projects for leading global professional services firm, KPMG, to fit out the firm's new office in Leeds following the successful delivery of their new office in Manchester in 2014. In addition, the business has recently secured a 137,000 sq ft office fit out project in the Thames Valley region.

The division continues to grow its Engineering Services business which now accounts for 59% of the division's revenue (2014: 46%), of which 88% was delivered in Continental Europe. Our portfolio of data center projects continues to grow within the UK, the Nordics and across Western Europe. During the year, we successfully handed over the third circa £100m Nordic data center project in June, and we anticipate completing the fourth in October 2015. In addition, the business was awarded two data center schemes in Western Europe with a combined value in excess of £230m, and is preferred contractor on a third substantial data center. In the UK, the business is currently working on data centers for UBS, HSBC and HP. Furthermore, our Engineering Services offer is continuing to attract customers from the R&D sector where we continue to secure and deliver in highly demanding and technically challenging environments, including three of the seven UK Catapult innovation centres.

The buoyant activity in the office fit out market and our expanded success in Engineering Services continues to boost the order book. As at 30 June 2015, it stands at £398m (2014: £290m), all of which (2014: £281m) will be delivered in the current financial year. With the increased order book, we anticipate continued improvement in revenue and profit in the current financial year.

UK Retail
Whilst maintaining our market-leading position, the division continues to adapt to the maturity of the market by focusing on the needs of our repeat and framework customers who are operating in an increasingly competitive environment, with an overall trend towards reducing property portfolios and smaller retail environments, but greater use of technology. This competition is driving retailers to innovate their offer, providing new revenue streams for ISG and underpinning an improved set of results for the business.

Revenue for the year increased by 13% to £320m (2014: £283m), with operating profit increasing by 49% to £9.0m (2014: £6.1m), resulting in an improved operating margin of 2.8% (2014: 2.1%).

BUSINESS SEGMENT REVIEWS (continued)

UK Retail (continued)
We saw substantial growth in activity in the retail banking sector, where we have framework agreements with the four major high street banks and the UK's largest building society. These customers have a major focus on the integration of technology into their offer and ISG has developed further expertise in this area. During the year, we have undertaken 568 separate ATM installations across their branch networks, and undertook refurbishment work on 350 branches.

The business has maintained its framework agreements with key customers in the food retail sector. In what is a mature and competitive sector, ISG has worked on 120 stores for Tesco and we continue to work for all of the other major brands including Sainsbury's, Asda, Morrisons, Waitrose, Marks & Spencer and The Co-operative. Our work in the year included successfully completing Sainsbury's new £19m Thanet store in April, the first Sainsbury's store using Building Information Modelling (BIM) technologies.

In a new framework, ISG is rolling out key stores for Home Retail Group, including 19 Argos stores and 13 Habitat projects with the first two store-in-store roll-outs including new digital concept stores for both. In the past 12 months, we have delivered a number of large projects for the John Lewis Partnership. We are currently on site for the company's Birmingham New Street store; this £15.5m project will transform the 250,000 sq ft developer's shell to high-end retail space.

The business continues to grow its airside offer at major airports, with commissions from multiple international luxury brands at Heathrow Terminal 5 in the period. For repeat customer Selfridges, we are currently delivering projects in Birmingham and Manchester. In London, we have delivered a refurbishment at No.1 Savile Row for repeat customer Gieves & Hawkes.

The fit out of shopping centres has been a strong sector for ISG. We completed the £7.2m fit out of the west court extension in Brent Cross in London, gaining "Absolute Completion" on budget and with zero defects. We are currently on site at Yate in South Gloucestershire constructing 72,000 sq ft of leisure and retail space.

In the hotel and hospitality sector, we have commenced work on an £11.5m project to create a luxury private members' club in two historic Grade II Listed buildings in Devonshire Square in the City of London. We have also secured a scheme to convert a former West End bank into an exclusive private members' wine club, 67 Pall Mall.

This division has invested in the launch of our Realys consultancy offer in the UK and, as a result, is now offering strategic portfolio, project and design management services. Realys, which is increasing our exposure to end-user retail and banking customers, continues to perform well in its three year appointment for one of the world's leading financial institutions, and has attracted three new clients in the year. Realys achieved BS 11000 status in the year adding value to clients through strategic collaboration.

This business is successfully diversifying its offer to anticipate changes in its markets. Looking ahead, we expect the investment made in the Realys business to drive higher margin opportunities. The forward order book for this business remains healthy at £161m (2014: £173m), all of which is for delivery in the current financial year.

UK Construction
During the year, we announced that our overall results would be materially affected by sizeable losses on a limited number of contracts taken on in UK Construction during 2012 and 2013. These contracts have now largely been closed out. We also completed the closure of non-profitable operations in Tonbridge and largely completed the closure of our London Exclusive Residential business.

Revenue[1] in respect of the continuing operations for the year increased by 2% to £446m (2014 restated[2]: £436m), whilst the losses on the four larger contracts reported on previously at the interims contributed substantially to the operating loss for the year of £18.1m (2014[2]: profit of £2.5m).

[1] *from continuing operations (Note 2)*
[2] *restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)*

BUSINESS SEGMENT REVIEWS (continued)

UK Construction (continued)
In terms of discontinued operations, as previously reported, the Group has discontinued the Tonbridge business of UK Construction with the London Exclusive Residential operations classified as a business to be discontinued, and has been completing the remaining live contracts and continuing to pursue all contractual entitlements. In addition to the £18m of losses reported in the first half, the Group in the second half has made further provisions of £8.5m for London Exclusive Residential and £4.8m for Tonbridge. These covered unexpected cost overruns and delays on the remaining four live projects, unanticipated sub-contractor insolvencies and a mixed outcome of final account settlements and adjudication decisions. As a result of these additional provisions, the closure of the Tonbridge business has resulted in pre-tax losses in the year of £15.8m (2014: £3.6m) and has been treated as discontinued operations. In respect of the London Exclusive Residential activities, the closure of this business has resulted in pre-tax losses in the year of £15.5m (2014: £3.7m) and has been treated as a business to be discontinued within non-underlying items.

As part of the recovery plan implemented over the last two years we have strengthened and stabilised its management and structure with new leadership, made operational improvements, and established a simplified structure comprising four regions. We now believe the business will benefit from an improved market. The division has an improved order book and its pipeline is strong, with the contracts we have procured over the last 18 months performing in line with expectations. We now have a strong operational focus on excellence in delivery and are targeting work in a restricted number of core sectors that best suit our capability and experience.

A major focus for the business is success through repeat business and frameworks. Our repeat relationship with global investment firm Blackstone goes from strength to strength through new wins in London on 20 Old Bailey (£59m, secured post year end), and the second phase of the iconic Adelphi building, in addition to the completion of One America Square. New wins have also been secured with key customers, BAE Systems, Aviva Investors and a leading drinks manufacturer.

During the year, we have been reappointed to the North West Construction Hub (NWCH) Medium Value Framework and secured a place on the Southern Construction Framework. In addition, we have secured our latest project for Cleveland Fire Authority through the four year capital build framework, worth more than £22m in total, on which we are the sole appointee. Our long-standing relationship as a primary delivery partner for Alliance Leisure has seen us secure three new schemes in this period with a combined value of £10m.

Across the regions, the key focus is on the core sectors of office, education, hospitality, leisure and industrial, and technology has seen us awarded a £50m project to create a new home for the Faculty of Business and Law at UWE Bristol, and a major R&D facility in the South of England for a leading technology company. We are currently delivering a £22m three-phased development programme at the American School in London and nearing the completion of the £66m+ Exhibition Centre, Liverpool.

Looking ahead, the UK Construction business has high-quality opportunities in its pipeline. It is targeting a significant improvement in 2015/16 through maintained revenues with higher margin opportunities, driven by repeat business and sector focus. The order book stands at £447m (2014 restated[1,2]: £417m) with £364m (2014 restated[1,2]: £348m) to be delivered in the current financial year.

Continental Europe
In Continental Europe, our performance continues to reflect the markets in which we operate. The continued strength of the German economy, and recovery in Spain, have both helped to underpin stronger performance in these geographies. However, France and Italy continue to lag the recovery and here market opportunities remain subdued.

Revenue in the year declined to £81m (2014: £103m) with operating profit lower at £1.1m (2014: £1.3m) resulting in a margin of 1.3% (2014: 1.2%).

Our office fit out activity in Germany continues to perform strongly, where we are targeting the growing markets of Berlin, Munich and Frankfurt. We recently secured our first win with investment company HIH Property Management GmbH in Berlin, and schemes with Hammer AG, Terrania AG and Polycom in Munich where we are also currently delivering an €18m project for a global technology company. In Frankfurt, we have recently completed projects for Morgan Stanley and State Street Bank. Tecton Engineering GmbH, acquired two years ago, has been successfully integrated with ISG and this has expanded our geographic reach and service offering. We are now providing infrastructure services to landlords and developers including a project for ECE Projektmanagement GmbH & Co KG, a private German property company.

[1]*from underlying items (Notes 2 and 3)*
[2]*restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)*

BUSINESS SEGMENT REVIEWS (continued)

Continental Europe (continued)
ISG took a significant step forward in the Spanish office, retail and engineering services markets with the acquisition of Diadec and Emerald in July 2014. The business, in which ISG has taken a 50.1% interest, has made a significant positive contribution in the year and delivered projects for several ISG customers including Forever 21 and a global technology company.

Our office and retail fit out activities in France and Italy continue to experience challenging markets. In France, we delivered an office refurbishment for Verlingue Neuilly, an international insurance broker, and also a project for a benchmark leader in Paris' commercial property market. In retail, ISG completed the fit out of Nike's Factory Outlet in Aubergenville, and a notable luxury brand's store on Avenue de Montaigne. In the hospitality sector, the number of opportunities in France has increased, and we undertook work for repeat client Carlson Radisson and other independent hotels.

In Italy, we delivered office fit out projects for BMW, Coca-Cola, Informatica and Criteo, and are working for an international financial institution on a brand roll-out programme. In addition, we have now established a presence in the Italian retail market with successful delivery for Size? and Paşabahçe, the Turkish glassware brand.

In Russia, we have traded profitably in the year and we have focused the business on the retail market as international opportunities in the office fit out market have reduced. We are currently delivering a showroom reconstruction for a leading automotive company and have completed fit outs in Moscow for leading luxury brands Prada, Piaget and Lange & Söhne.

Overall, across our businesses we are seeing a modest improvement in pipelines and, as such, we enter the current year with a greater sense of optimism and a stable forward order book of £29m (2014: £28m), all of which is for delivery in the current financial year.

Middle East
In the Middle East, we continue to be active in the office fit out sectors, though with the drop in oil prices, customers are tending towards caution and smaller projects. In line with this, we are diversifying our activities across the hospitality, leisure and engineering services sectors, leading to strong growth in revenue and profit.

The division had a strong year, with revenue up 47% at £51m (2014: £35m), and with operating profit increasing by 130% to £1.2m (2014: £0.5m), resulting in an improved operating margin of 2.3% (2014: 1.5%).

In Abu Dhabi, we continue to build on our market presence delivering a number of large commercial office fit out projects including a new headquarters office for Tourism and Culture Authority Abu Dhabi, National Insurance Company Daman and a Mubadala affiliate. We have extended our offer also to the owners of major sporting and entertainment facilities on Yas Island.

In Dubai, our focus has been on hotel and hospitality refurbishment projects as a key growth sector. The refurbishment of the first two phases of the Kempinski Hotel at the Mall of the Emirates has been completed and this project will continue throughout 2015. In addition, we have recently secured a key destination venue leisure project for Meraas. We have also been active in the Dubai International Financial Centre, and completed a strategic new facility for Lloyds of London.

In line with strategy, we have secured our first engineering services project within the growing regional health sector, as well as establishing a commissioning management activity in the region under our Commtech brand.

Confidence remains high in the Dubai hotel and hospitality sector where we expect this to continue to be a key growth driver for ISG in the future. The forward order book has been maintained at £33m (2014: £34m). With the market conditions allowing us to further diversify into dynamic growth sectors, we are expecting further improvement in performance in the current year.

Asia
In Asia, our businesses under the three brands, ISG, Realys and Commtech, recorded another year-on-year increase in overall revenue and profit. This success has been driven by our breadth of service and diversity across the office, retail and hospitality sectors, combined with a growing reputation for our high-quality teams and delivery.

BUSINESS SEGMENT REVIEWS (continued)

Asia (continued)
In the year, the division delivered a strong performance, with revenue increasing by 28% to £102m (2014: £79m) and operating profit increasing by 28% to £3.5m (2014: £2.7m) resulting in an operating margin of 3.4% (2014: 3.4%).

The office sector continues to strengthen in Asia and in the financial year we secured projects for local and international organisations including Standard Chartered Bank, DKSH, AmGeneral Insurance, Ericsson, Intel, Marvel and Asurion. We are providing refurbishment services to a number of office developers including two projects delivered for Pamfleet that entailed the complete overhaul of office blocks in Singapore and Hong Kong.

In the hospitality sector, our reputation for working successfully in live environments was behind a 90-room upgrade and new ballroom for the Concorde Shah Alam in Kuala Lumpur, the fit out of The Club on level 55 of Tower 2 at Marina Bay Sands, and several areas of the Langham Place Hotel in Mong Kok, as well as a new VIP area at Sha Tin Racecourse for the Hong Kong Jockey Club. In Singapore, we also delivered extensive interior and exterior refurbishment of The Club, a boutique hotel in a heritage building, over a nine month programme. The fit out of new hospitality space included the Four Points by Sheraton in Kuala Lumpur and three restaurants for Le Comptoir at Repulse Bay in Hong Kong. Recent wins include a 419-room upgrade for Le Meridien in Kuala Lumpur, which is the Malaysian team's fifth project for the Starwood brand since 2014.

Our retail teams delivered projects around Asia that included additional assignments for existing customers including Abercrombie & Fitch, Dior, Bath & Body Works, Frey Wille, Hogan, Tesco and UGG. We also undertook projects for new brands Alexander McQueen, Vivienne Westwood, Calvin Klein, Hugo Boss, Vera Wang and DKNY. We also completed a significant flagship store for an international technology retailer in Hong Kong.

The Realys design-led construction team in Singapore completed their second full year of trading with projects for international as well as local organisations including SG Enable, Affinity, King Content, Changi Airport Group, Electrolux, Noble Agri and Autodesk. Realys also continued to deliver a diverse range of project management commissions across Asia, with an order book in hospitality, education and development. Key clients include owners and operators of Starwood, Marriott and Santiburi branded hotel properties, as well as commercial office and retail clients including IKEA, UBS, Standard Chartered Bank, Nokia, Porsche and Mercedes Benz.

Commtech continued to secure work from its clients that require mission critical and environmental consultancy services with a raft of projects throughout Asia for organisations such as Citi, Equinix and Digital Realty. In addition to its traditional data center and commercial offices sector work, Commtech also secured and delivered assignments in the aerospace, education, retail, hospitality, healthcare and diplomatic sectors. These include the Riverside 66 Plaza in Tianjin, China, an international embassy in Jakarta and a resort comprising over 7m sq ft in the Philippines.

The outlook for the region continues to be positive. The office fit out market is continuing its recovery and we now have an established reputation in the hospitality sector. This, combined with our retail and growing Realys and Commtech consultancy offers, are providing a balanced portfolio of opportunities that is closely aligned to the market opportunity. In line with this, the current order book is £50m (2014: £42m). We expect continued growth in the year ahead.

ISG PLC

CONSOLIDATED INCOME STATEMENT │Year ended 30 June 2015

AUDITED

				2015			2014[1]
	Notes	**Underlying items £'000**	**Non-underlying items £'000**	**Total £'000**	Underlying items £'000	Non-underlying items £'000	Total £'000
Continuing operations							
Revenue	2	**1,629,352**	**19,288**	**1,648,640**	1,455,225	27,664	1,482,889
Cost of sales		**(1,554,507)**	**(33,318)**	**(1,587,825)**	(1,379,144)	(30,156)	(1,409,300)
Gross profit/(loss)		**74,845**	**(14,030)**	**60,815**	76,081	(2,492)	73,589
Share of profits of associates and joint ventures		**22**	**-**	**22**	59	-	59
Amortisation of intangible assets	12	**-**	**(2,002)**	**(2,002)**	-	(1,988)	(1,988)
Administrative expenses		**(66,370)**	**(3,482)**	**(69,852)**	(60,195)	(4,017)	(64,212)
Operating profit/(loss)	2	**8,497**	**(19,514)**	**(11,017)**	15,945	(8,497)	7,448
Finance income	5	**74**	**-**	**74**	122	-	122
Finance costs	6	**(1,562)**	**(397)**	**(1,959)**	(816)	-	(816)
Profit/(loss) before tax	2	**7,009**	**(19,911)**	**(12,902)**	15,251	(8,497)	6,754
Taxation	7	**(2,284)**	**1,508**	**(776)**	(3,532)	1,966	(1,566)
Profit/(loss) for the year from continuing operations		**4,725**	**(18,403)**	**(13,678)**	11,719	(6,531)	5,188
Discontinued operations							
Loss for the year from discontinued operations	8	**-**	**(14,102)**	**(14,102)**	-	(2,803)	(2,803)
Profit/(loss) for the year		**4,725**	**(32,505)**	**(27,780)**	11,719	(9,334)	2,385
Attributable to:							
Owners of the company		**4,336**	**(32,303)**	**(27,967)**	11,671	(9,305)	2,366
Non-controlling interests	18	**389**	**(202)**	**187**	48	(29)	19
		4,725	**(32,505)**	**(27,780)**	11,719	(9,334)	2,385
Basic earnings per share[1]							
Continuing operations	10	**10.42p**		**(33.20p)**	30.55p		13.53p
Discontinued operations	10	**-**		**(33.79p)**	-		(7.34p)
	10	**10.42p**		**(66.99p)**	30.55p		6.19p
Diluted earnings per share[1]							
Continuing operations	10	**10.17p**		**(33.20p)**	29.53p		13.08p
Discontinued operations	10	**-**		**(33.79p)**	-		(7.34p)
	10	**10.17p**		**(66.99p)**	29.53p		5.74p

[1] Restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)

Non-underlying items include those which the Group believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Such items will affect the absolute amount of the results for the period and the trend of results. These include the trading results of businesses to be discontinued, gains and losses on the disposal of businesses and investments, costs of restructuring and reorganisation of existing businesses, acquisition costs, impairment and amortisation charges on intangible assets arising on business combinations ("amortisation of acquired intangible assets") and impairment of goodwill as well as the tax effect of the items above, all of which are included in continuing operations. Non-underlying items also includes discontinued operations. Further information on these items is shown in Note 3.

ISG PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME │Year ended 30 June 2015

AUDITED

	Notes	**2015** **£'000**	2014 £'000
(Loss)/profit for the year		**(27,780)**	2,385
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(3,053)**	(4,103)
Total comprehensive loss for the year		**(30,833)**	(1,718)
Attributable to:			
Owners of the company		**(31,004)**	(1,747)
Non-controlling interests	18	**171**	29
		(30,833)	(1,718)

Items in the statement above are disclosed net of tax. The tax relating to each component of other comprehensive income is disclosed in Note 7.

ISG PLC

CONSOLIDATED BALANCE SHEET │At 30 June 2015

AUDITED

	Notes	2015 £'000	2014 £'000
Non-current assets			
Goodwill	11	**85,068**	82,797
Other intangible assets	12	**3,160**	3,755
Property, plant and equipment		**9,220**	7,248
Investment in associates and joint ventures		**23**	1,884
Deferred tax assets		**6,249**	4,577
		103,720	100,261
Current assets			
Inventories		**554**	1,010
Trade and other receivables		**202,824**	179,889
Due from customers for contract work		**167,167**	170,914
Current tax assets		**3,541**	-
Cash and cash equivalents	13	**53,657**	49,841
		427,743	401,654
Total assets		**531,463**	501,915
Current liabilities			
Borrowings	14	**(896)**	(2,315)
Trade and other payables		**(465,954)**	(407,715)
Due to customers for contract work		**(19,425)**	(30,775)
Provisions		**(202)**	(202)
Current tax liabilities		**(2,350)**	(1,818)
		(488,827)	(442,825)
Non-current liabilities			
Borrowings	14	**(94)**	(1,191)
Deferred tax liabilities		**(594)**	(741)
Trade and other payables		**(1,696)**	(65)
Provisions		**(183)**	(183)
		(2,567)	(2,180)
Total liabilities		**(491,394)**	(445,005)
TOTAL NET ASSETS		**40,069**	56,910
Equity			
Called up share capital	15	**492**	391
Share premium account		**24,291**	24,001
Foreign currency translation reserve		**238**	2,210
Investment in own shares	15	**(1,312)**	(1,453)
Other reserves		**6,840**	7,347
Retained earnings		**8,512**	24,311
Equity attributable to owners of the company		**39,061**	56,807
Non-controlling interests	18	**1,008**	103
TOTAL EQUITY		**40,069**	56,910

ISG PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | Year ended 30 June 2015

AUDITED

	Share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Investment in own shares £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 July 2013	385	22,939	3,926	(2,488)	7,369	26,807	58,938	(61)	58,877
Profit for the year	-	-	-	-	-	2,366	2,366	19	2,385
Exchange differences arising on translation of foreign operations	-	-	(1,716)	-	-	(2,397)	(4,113)	10	(4,103)
Total comprehensive income	-	-	(1,716)	-	-	(31)	(1,747)	29	(1,718)
Payment of dividends	-	119	-	-	-	(3,498)	(3,379)	-	(3,379)
Issue of shares	1	133	-	-	-	-	134	-	134
Costs incurred from issue of shares	-	-	-	-	(22)	-	(22)	-	(22)
Acquisition of subsidiary	4	630	-	-	-	-	634	135	769
Investment in associates and joint ventures	1	180	-	-	-	-	181	-	181
Recognition of investment in own shares	-	-	-	(395)	-	-	(395)	-	(395)
Tax credit on share-based payments	-	-	-	-	-	877	877	-	877
Recognition of share-based payments	-	-	-	1,430	-	156	1,586	-	1,586
Balance at 30 June 2014	**391**	**24,001**	**2,210**	**(1,453)**	**7,347**	**24,311**	**56,807**	**103**	**56,910**
(Loss)/profit for the year	**-**	**-**	**-**	**-**	**-**	**(27,967)**	**(27,937)**	**187**	**(27,780)**
Exchange differences arising on translation of foreign operations	**-**	**-**	**(1,972)**	**-**	**-**	**(1,065)**	**(3,037)**	**(16)**	**(3,053)**
Total comprehensive (loss)/income	**-**	**-**	**(1,972)**	**-**	**-**	**(29,032)**	**(31,004)**	**171**	**(30,833)**
Payment of dividends	**-**	**49**	**-**	**-**	**-**	**(1,889)**	**(1,840)**	**-**	**(1,840)**
Issue of shares	**100**	**43**	**-**	**-**	**16,826**	**-**	**16,969**	**-**	**16,969**
Costs incurred from issue of shares	**-**	**-**	**-**	**-**	**(496)**	**-**	**(496)**	**-**	**(496)**
Transfer to distributable reserves	**-**	**-**	**-**	**-**	**(16,330)**	**16,330**	**-**	**-**	**-**
Acquisition of subsidiary	**1**	**198**	**-**	**-**	**(507)**	**-**	**(308)**	**734**	**426**
Investment in associates and joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of investment in own shares	**-**	**-**	**-**	**(51)**	**-**	**-**	**(51)**	**-**	**(51)**
Tax charge on share-based payments	**-**	**-**	**-**	**-**	**-**	**(794)**	**(794)**	**-**	**(794)**
Recognition of share-based payments	**-**	**-**	**-**	**192**	**-**	**(414)**	**(222)**	**-**	**(222)**
Balance at 30 June 2015	**492**	**24,291**	**238**	**(1,312)**	**6,840**	**8,512**	**39,061**	**1,008**	**40,069**

The foreign currency translation reserve is used to record cumulative translation differences on the goodwill and other intangible assets of foreign operations (Notes 11 and 12). The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

ISG PLC

CONSOLIDATED CASH FLOW STATEMENT | Year ended 30 June 2015

AUDITED

	Notes	2015 £'000	2014[1] £'000
Cash flows from operating activities			
Underlying operating profit for the year	2	**8,497**	15,945
Non-underlying operating loss for the year	2,3	**(19,514)**	(8,497)
Share of profit of associates and joint ventures		**(22)**	(59)
Amortisation of intangible assets	12	**2,002**	1,988
Depreciation on property, plant and equipment		**3,018**	2,634
Loss on disposal of property, plant and equipment		**95**	93
Share-based payment expense adjustment for share schemes		**(348)**	550
Movements in working capital:			
Decrease in inventories		**302**	106
Increase in trade and other receivables		**(16,573)**	(36,231)
Decrease in trade and other payables		**27,597**	61,085
Cash generated from operations		**5,054**	37,614
Corporate income taxes		**(2,470)**	(2,517)
Net cash inflow from operating activities from continuing operations		**2,584**	35,097
Net cash outflow from operating activities from discontinued operations	8	**(3,180)**	(9,235)
Net cash (outflow)/inflow from operating activities		**(596)**	25,862
Cash flows from investing activities			
Interest received	5	**74**	122
Interest paid	6	**(1,549)**	(336)
Dividends received from associates and joint ventures		**25**	85
Investment in associates and joint ventures		**-**	(1,627)
Payments for other intangibles	12	**-**	(3)
Payments for property, plant and equipment		**(5,174)**	(4,459)
Proceeds from disposal of property, plant and equipment		**2**	29
Acquisition of subsidiaries	3,19	**(1,783)**	(3,200)
Net cash acquired with subsidiaries	19	**606**	428
Net cash outflow from operating activities from continuing operations		**(7,799)**	(8,961)
Net cash outflow from investing activities from discontinued operations		**-**	-
Net cash outflow from investing activities		**(7,799)**	(8,961)
Cash flows from financing activities			
Dividends paid	9	**(1,840)**	(3,379)
Cash receipts from issuing shares	15	**16,969**	134
Costs incurred from issuing shares		**(496)**	(22)
Purchase of own shares		**(51)**	(395)
Proceeds from borrowings		**21,350**	10,000
Repayment of borrowings		**(23,700)**	(12,746)
Net cash inflow/(outflow) from financing activities from continuing operations		**12,232**	(6,408)
Net cash outflow from financing activities from discontinued operations		**-**	-
Net cash inflow/(outflow) from financing activities		**12,232**	(6,408)
Net increase in cash and cash equivalents		**3,837**	10,493
Cash and cash equivalents at the beginning of the year		**49,841**	42,214
Effects of exchange rate changes on balances of cash held in foreign currencies		**(21)**	(2,866)
Cash and cash equivalents of continuing operations at the end of the year		**67,278**	60,282
Cash and cash equivalents of discontinued operations at the end of the year	8	**(13,621)**	(10,441)
Cash and cash equivalents at the end of the year	13	**53,657**	49,841

[1] Restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Notes 2 and 3)

AUDITED

1. GENERAL INFORMATION

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 June 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The information has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS). This announcement does not contain sufficient information to comply with all the disclosure requirements of IFRS.

The preliminary announcement for the year ended 30 June 2015 has been prepared in accordance with the accounting policies as disclosed in the 2014 Annual report and accounts, as updated to take effect of any new accounting standards applicable for 2015 as set out in the Interim report and accounts for the six months to 31 December 2014.

The directors have prepared cash flow forecasts for the Group for a period in excess of twelve months from the date of approval of the 2015 consolidated financial statements. These forecasts are based on the Group's existing order book together with assumptions in respect of new business and reflect an assessment of current and future market conditions and risks and uncertainties in the businesses, their impact on the Group's trading performance and the actions taken by management in response to the challenging market conditions. The forecasts completed on this basis demonstrate that the Group will be able to operate within the current committed debt facilities and show continued compliance with the financial covenants. In addition, management has considered various mitigating actions that could be taken in the event that future market conditions deteriorate beyond their current assessment. Such measures include further improvements in working capital within management's control, further reductions in costs and capital expenditure and use of the Group's undrawn credit facilities.

On the basis of the exercise described above, the directors have a reasonable expectation that the Group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the company.

2. SEGMENTAL INFORMATION

For management purposes, the Group is organised into operating segments on both a geographic and product perspective. The performances of these segments are considered by the Board when making strategic decisions. These segments include the UK, Continental Europe, Middle East and Asia, whilst the UK is further segregated by product into UK Fit Out and Engineering Services, UK Retail and UK Construction.

Although the Middle East geographical segment does not meet the quantitative thresholds required by IFRS 8 *'Operating Segments'*, management has concluded that this segment should be reported. This segment is closely monitored by the Board as a potential growth region and is expected to materially contribute to Group revenue in the future.

The principal activities of each of these divisions are as follows:

UK Fit Out and Engineering Services	provision of office fit out and refurbishment services in the UK and engineering services including data centers in the UK and Continental Europe
UK Retail	provision of fit out, refurbishment and ancillary new build services to retail and hospitality customers in the UK
UK Construction	provision of new build, refurbishment and ancillary fit out services in the UK
Continental Europe	provision of office and retail fit out and refurbishment services in continental Europe
Middle East	provision of fit out, refurbishment and project management services in the Middle East and Africa
Asia	provision of fit out, refurbishment, design, project management and commissioning management services in Asia
Group activities	central overheads and provisions and our operations in Brazil

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2. SEGMENTAL INFORMATION (continued)

The segmental information provided to the Board for the reportable segments for the year ended 30 June 2015 is as follows:

Revenue and profit analysis

Included in revenue from predominantly UK Fit Out and Engineering Services as well as Continental Europe is revenue of £346.2m (2014: £228.6m) which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's income in either 2015 or 2014.

The revenue disclosed is from external customers and is reported to the Board in a manner consistent with that in the income statement.

2015	**Revenue £'000**	**Operating profit £'000**	**Operating profit margin %**	**Finance income/ (costs) £'000**	**Profit before tax £'000**
UK Fit Out and Engineering Services	**630,276**	**15,995**	**2.5**	**67**	**16,062**
UK Retail	**319,751**	**9,048**	**2.8**	**(43)**	**9,005**
UK Construction	**446,089**	**(18,129)**	**(4.1)**	**(338)**	**(18,467)**
Continental Europe	**80,500**	**1,058**	**1.3**	**(82)**	**976**
Middle East	**50,749**	**1,167**	**2.3**	**(96)**	**1,071**
Asia	**101,987**	**3,494**	**3.4**	**74**	**3,568**
Underlying Group trading	**1,629,352**	**12,633**	**0.8**	**(418)**	**12,215**
Unallocated:					
Group activities	**-**	**(4,136)**	**-**	**(1,070)**	**(5,206)**
Cost of acquisition finance	**-**	**-**	**-**	**-**	**-**
Underlying items from continuing operations	**1,629,352**	**8,497**	**0.5**	**(1,488)**	**7,009**
Non-underlying items from continuing operations	**19,288**	**(19,514)**	**-**	**(397)**	**(19,911)**
Consolidated continuing operations	**1,648,640**	**(11,017)**	**(0.7)**	**(1,885)**	**(12,902)**

2014[1]	Revenue £'000	Operating profit £'000	Operating profit margin %	Finance income/ (costs) £'000	Profit before tax £'000
UK Fit Out and Engineering Services	519,509	9,882	1.9	141	10,023
UK Retail	283,157	6,060	2.1	(39)	6,021
UK Construction	435,720	2,487	0.6	(9)	2,478
Continental Europe	102,832	1,264	1.2	(33)	1,231
Middle East	34,606	508	1.5	(60)	448
Asia	79,401	2,722	3.4	11	2,733
Underlying Group trading	1,455,225	22,923	1.6	11	22,934
Unallocated:					
Group activities	-	(6,978)	-	(102)	(7,080)
Cost of acquisition finance	-	-	-	(603)	(603)
Underlying items from continuing operations	1,455,225	15,945	1.1	(694)	15,251
Non-underlying items from continuing operations	27,664	(8,497)	-	-	(8,497)
Consolidated continuing operations	1,482,889	7,448	0.5	(694)	6,754

[1] Restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Note 3)

AUDITED

3. NON-UNDERLYING ITEMS

2015	**Amortisation of intangible assets £'000**	**Accordion costs £'000**	**Acquisition related expenses £'000**	**Discontinuation of business £'000**	**Restructuring costs £'000**	**Total £'000**
Revenue	**-**	**-**	**-**	**19,288**	**-**	**19,288**
Gross loss	**-**	**-**	**-**	**(14,030)**	**-**	**(14,030)**
Administrative expenses	**(2,002)**	**(947)**	**(1,025)**	**(1,510)**	**-**	**(5,484)**
Operating loss	**(2,002)**	**(947)**	**(1,025)**	**(15,540)**	**-**	**(19,514)**
Finance costs	**-**	**(210)**	**(187)**	**-**	**-**	**(397)**
Loss before tax from continuing operations	**(2,002)**	**(1,157)**	**(1,212)**	**(15,540)**	**-**	**(19,911)**

2014[1]	Amortisation of intangible assets £'000	Accordion costs £'000	Acquisition related expenses £'000	Discontinuation of business £'000	Restructuring costs £'000	Total £'000
Revenue	-	-	-	27,664	-	27,664
Gross profit	-	-	-	(2,492)	-	(2,492)
Administrative expenses	(1,988)	-	(408)	(1,230)	(2,379)	(6,005)
Operating loss	(1,988)	-	(408)	(3,722)	(2,379)	(8,497)
Finance costs	-	-	-	-	-	-
Loss before tax from continuing operations	(1,988)	-	(408)	(3,722)	(2,379)	(8,497)

[1] Restated for the classification of the London Exclusive Residential operations as a business to be discontinued within non-underlying items (Note 2)

In January 2015, the Group announced that it had discontinued its London Exclusive Residential activities following a review which concluded that the rewards of this market do not meet the division's new bid and risk management policies. As a small number of the related projects have not completed as at 30 June 2015, the operations do not meet the definition of "discontinued operations" as stipulated by IFRS 5. Accordingly, the results of this operation for the current and prior year have been included within non-underlying items, and therefore differ from the presentation for applicable discontinued operations. The loss in the year of £15.5m (2014: £3.7m) reflects the losses incurred in the year as well as the Board's assessment of the losses to close out the remaining contracts.

In February 2015, the Group secured a further short term credit facility of £10m from HSBC and the Royal Bank of Scotland plc in association with the share placing. Total professional costs and banking charges ("Accordion costs") of £1.2m were incurred.

On 16 July 2014 the Group acquired 50.1% of the shares in Interior ISG Espana SA, whilst on 8 June 2015, the Group acquired a further 49% interest in ACE in Brazil (see Note 19) and £1.2m of associated acquisition related expenses were incurred during the period. This included £0.6m in respect of the foreign exchange loss recycled to the income statement on the deemed disposal of the original 20% associate interest in ACE on completing the further acquisition in June 2015.

In the prior year, the Group incurred restructuring costs of £2.4m following the completion of the exercise in respect of the UK Construction operations with the reorganisation of the business from seven regions to four.

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4. STAFF COSTS INCLUDING DIRECTORS' REMUNERATION

	2015 £'000	2014 £'000
Salaries and wages	**137,602**	106,923
Social security costs	**17,590**	14,972
Pension costs	**3,463**	3,046
Fair value adjustment to stock options	**(211)**	227
	158,444	125,168

Included in salaries above is a bonus accrual payable in respect of the financial year ended 30 June 2015.

Directors' remuneration included in the aggregate remuneration above comprised:

	2015 £'000	2014 £'000
Emoluments for qualifying services	**1,406**	2,084

Directors' emoluments (excluding social security costs) disclosed above include £0.5m paid to the highest paid director (2014: £0.8m). There is no bonus accrual for the directors of the company.

Certain subsidiary undertakings of the Group operated defined contribution pension schemes. The assets of the schemes were held separately from those of the Group by an independently administered fund. The only other pension contributions made by the Group are to employees' personal pension schemes under a salary waiver arrangement.

Employees	2015 Number	2014 Number
Average number of persons (including directors) employed by Group in the year:		
UK Fit Out and Engineering Services	**529**	449
UK Retail	**430**	396
UK Construction	**898**	838
Continental Europe	**278**	207
Middle East	**128**	107
Asia	**404**	376
Group activities	**86**	86
	2,753	2,459

The Corporate segment in the table above includes three directors (2014: three).

5. FINANCE INCOME

	2015 £'000	2014 £'000
Interest on bank deposits	**74**	122
Total finance income	**74**	122

6. FINANCE COSTS

	2015 £'000	2014 £'000
Interest on bank overdrafts and loans	**1,411**	336
Unwinding of discount on deferred consideration	**187**	82
Loan arrangement fee	**138**	103
Amortisation of fees	**223**	295
Total finance costs	**1,959**	816

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7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Taxation charge

	2015 £'000	2014 £'000
UK current tax		
United Kingdom corporation tax on profits for the year	**2,561**	1,060
Double tax relief	**(968)**	-
Adjustment in respect of prior years	**408**	(365)
	2,001	695
Overseas current tax		
Overseas taxation on profits for the year	**2,253**	2,409
Adjustment in respect of prior years	**(284)**	(166)
Total current tax	**3,970**	2,938
Deferred tax		
Origination and reversal of temporary differences arising in the year	**(2,578)**	(2,009)
Adjustment in respect of prior years	**(653)**	371
Effect of change in tax rates	**37**	266
Total deferred tax	**(3,194)**	1,372
Total tax expense from continuing operations	**776**	1,566
Total tax credit from discontinued operations (Note 8)	**(1,737)**	(814)
Total tax (credit)/expense	**(961)**	752

UK Corporation tax is calculated at 20.75% (2014: 22.50%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

b. Taxation reconciliation for continuing operations

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £'000	**2015 %**	2014 £'000	2014 %
(Loss)/profit before tax from operations	**(12,902)**		6,754	
Tax (receivable)/due if paid at the applicable UK corporation tax rate (20.75%)	**(2,677)**	**20.8**	1,520	22.5
Adjusting items				
Adjustment relating to release of prior year corporation tax provisions	**(528)**	**4.1**	(531)	(7.9)
Tax effect of utilisation of tax losses not previously recognised	**(192)**	**1.5**	(505)	(7.5)
Effect of different tax rates of operations in other jurisdictions	**(256)**	**2.0**	1,122	16.6
Tax effect of expenses that are not deductible in determining taxable profit	**706**	**(5.5)**	223	3.3
Effect of movements in deferred tax	**4,226**	**(32.8)**	(33)	(0.5)
Effect of deduction in relation to research and development expenditure	**-**	**-**	(788)	(11.7)
Tax effect of income that is not taxable in determining taxable profit and other	**(503)**	**3.9**	558	8.3
Income tax expense recognised in the income statement	**776**	**(6.0)**	1,566	23.2

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8. DISCONTINUED OPERATIONS

In June 2014, the Group's UK Construction business discontinued its operations from its Tonbridge office in line with the restructuring of our UK Construction business to four regions. The office has been formally closed and we have ceased operations in this regional market. It was classified as a discontinued operation from the year ended 30 June 2014.

Further provisions for increased losses in closing out the contracts in the year have been incurred and consequently, the results for the year include a post tax charge to the income statement in respect of the discontinued operations of £14.1m (2014: £2.8m).

The results of the Group's discontinued operations in 2015 are presented below together with the comparative information for 2014 and arise solely from the Tonbridge operations.

	2015 £'000	2014 £'000
Loss for the year from discontinued operations:		
Revenue	**3,216**	27,928
Expenses	**(19,055)**	(31,545)
Loss before taxation and costs of closure	**(15,839)**	(3,617)
Tax credit	**1,737**	814
Loss after tax for the year from discontinued operations	**(14,102)**	(2,803)
Cash flows from discontinued operations:		
Net cash outflows from operating activities	**(3,180)**	(9,235)
Net cash outflows	**(3,180)**	(9,235)

9. DIVIDENDS

	2015 £'000	2014 £'000
Interim dividend paid for the period to 31 December 2014 of nil per ordinary share (2014: 4.54p)	**-**	1,739
Final dividend paid for the period to 30 June 2014 of 4.91p per ordinary share (2014: 4.91p)	**1,889**	1,759
Ordinary dividends on equity shares	**1,889**	3,498
Proposed final dividend for the period to 30 June 2015 of 5.00p per ordinary share (2014: 4.91p)	**2,426**	1,883

In the year to 30 June 2015 £1.9m (2014: £3.5m) of dividends were paid. Of these, £0.1m (2014: £0.1m) were taken as scrip dividends.

There are no significant tax consequences attaching to the payment of dividends by the Group to its shareholders.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to owners of the company by the weighted average number of ordinary shares during the year, determined in accordance with the provisions of IAS 33 '*Earnings per Share*'.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Group has two categories of dilutive potential ordinary shares, being share options granted where the exercise price is less than the average price of the company's ordinary shares during the year and conditional shares not vested where contingent consideration conditions are yet to be met.

Underlying basic earnings per share is calculated by dividing the earnings from underlying items attributed to owners of the company by the weighted average number of ordinary shares during the year. The Group believes that this measure of earnings from underlying items is more reflective of the ongoing trading of the Group.

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10. EARNINGS PER SHARE (continued)

A total of 55,361 share options that could potentially dilute earnings per share in the future were excluded from the calculations below because they were not dilutive as at 30 June 2015 (2014: 5,168).

	2015 £'000	2014 £'000
Basic and diluted (loss)/earnings being (loss)/profit for the year attributable to owners of the company	**(27,967)**	2,366
Post tax loss from discontinued operations	**14,102**	2,803
Basic and diluted (loss)/earnings from continuing operations attributable to owners of the company	**(13,865)**	5,169
Post tax loss from non-underlying items:		
Amortisation of intangible assets	**1,246**	1,458
Discontinuation of business	**14,927**	2,885
Other administrative expenses	**2,028**	2,159
Basic and diluted earnings attributable to owners of the company from underlying items	**4,336**	11,671

	2015 Number	2014 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**41,729,093**	38,199,749
Effect of dilutive potential ordinary shares:		
Share options	**910,769**	1,240,437
Conditional shares not vested	**137,993**	84,246
Diluted weighted average number of ordinary shares for the purpose of diluted earnings per share	**42,777,855**	39,524,432

	2015	2014
From continuing and discontinued operations		
Basic earnings per ordinary share[1]	**(66.99p)**	6.19p
Diluted earnings per ordinary share[1]	**(66.99p)**	5.74p
From continuing operations		
Basic earnings per ordinary share[1]	**(33.20p)**	13.53p
Diluted earnings per ordinary share[1]	**(33.20p)**	13.08p
Underlying basic earnings per ordinary share	**10.42p**	30.55p
Underlying diluted earnings per ordinary share	**10.17p**	29:53p
From discontinued operations		
Basic earnings per ordinary share[1]	**(33.79p)**	(7.34p)
Diluted earnings per ordinary share[1]	**(33.79p)**	(7.34p)

[1] The basic and diluted loss per share in 2015 were equal as IAS 33 stipulates that a basic loss per share can not be diluted by the impact of potential ordinary shares

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11. GOODWILL

	£'000
Cost	
Balance at 1 July 2013	83,232
Recognised on acquisition of subsidiary	1,063
Net foreign currency exchange differences	(1,498)
Balance at 30 June 2014	**82,797**
Recognised on acquisition of subsidiary	**4,059**
Net foreign currency exchange differences	**(1,788)**
Balance at 30 June 2015	**85,068**
Carrying amount	
As at 30 June 2015	**85,068**
As at 30 June 2014	82,797

Goodwill has been allocated for impairment testing purposes to six groups of cash-generating units (CGUs) identified according to operating segments, being UK Fit Out and Engineering Services, UK Retail, UK Construction, Continental Europe, Middle East and Asia. The allocation of goodwill is dependent on the CGU that is expected to benefit from the business combination.

The additional goodwill in the current year relates to the acquisition of 50.1% of the issued share capital in Interior ISG Espana SA and a further 49% interest in ACE as described in Note 19.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and margins. The Board estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money, giving a pre-tax discount rate of 11.50% (2014: 11.2%). The Group discount rate is applied to all CGUs, on a pre-tax basis with the individual CGU cash flow forecasts risk adjusted. The long-term growth rate of 2.25% is based on the estimated industry growth forecasts and long-term growth in gross domestic product.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by the Board for the next two years and extrapolates cash flows for the following three years based on the estimated growth rate of 2.25% and thereafter applied into perpetuity.

At 30 June 2015 and 30 June 2014, the carrying amounts of goodwill for CGUs were tested for impairment and deemed not to be impaired.

However, in light of the losses incurred within UK Construction in the current year, further consideration was given to the impairment testing for this CGU. The stabilisation and recovery of UK Construction's performance to more normal levels of performance is a key assumption underpinning the cash flow forecasts used to assess the recoverable amount of the related goodwill and the associated forecast is based upon a detailed recovery plan. The Board believes that the assumptions within this recovery plan and the annual budget are reasonable and appropriate. It is anticipated that the UK construction market will grow modestly over the forecast two year period, with improvements in both tender margins and contract terms and conditions. The forecast further assumes limited revenue growth over the period alongside controlled overhead inflation resulting in the business returning to profitability.

The Group's impairment review is sensitive to changes in the key assumptions used, with the major assumptions that result in significant sensitivities being the annual growth rate, the discount rate and the forecast year two trading profits. Except as noted below, a reasonable possible change in a single assumption will not give rise to impairment in any of the Group's CGUs. The UK Construction goodwill is £24m and the key assumption is the forecast cashflows which require a significant recovery performance as noted above. The Board recognises that it is possible that an impairment to the UK Construction goodwill could be identified if the performance of the business does not improve as expected in line with the recovery plan.

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11. GOODWILL (continued)

The Group has performed some sensitivity analysis in respect of the UK Construction CGU and at the Group's pre-tax discount rate of 11.5%, the value in use of the CGU exceeds the carrying value of the goodwill by £17m or 70%. The value in use of the CGU is equal to the carrying value of the goodwill following an increase in the pre-tax discount rate of 5.5% or a £2.5m reduction in EBITDA by year two compared to the recovery plan.

12. OTHER INTANGIBLE ASSETS

	Trademark £'000	Customer relationships £'000	Customer contracts £'000	Total £'000
Cost				
Balance at 1 July 2013	-	16,083	1,704	17,787
Additions	3	-	-	3
Recognised on acquisition of subsidiary	-	786	220	1,006
Net foreign currency exchange differences	-	(822)	(19)	(841)
Balance at 30 June 2014	**3**	**16,047**	**1,905**	**17,955**
Additions	**127**	**-**	**-**	**127**
Recognised on acquisition of subsidiary	**-**	**1,379**	**85**	**1,464**
Net foreign currency exchange differences	**-**	**(608)**	**(9)**	**(617)**
Balance at 30 June 2015	**130**	**16,818**	**1,981**	**18,929**
Accumulated amortisation				
Balance at 1 July 2013	-	11,131	1,704	12,835
Charge for the year	-	1,797	191	1,988
Net foreign currency exchange differences	-	(612)	(11)	(623)
Balance at 30 June 2014	**-**	**12,316**	**1,884**	**14,200**
Charge for the year	**-**	**1,899**	**103**	**2,002**
Net foreign currency exchange differences	**-**	**(427)**	**(6)**	**(433)**
Balance at 30 June 2015	**-**	**13,788**	**1,981**	**15,769**
Carrying amount				
As at 30 June 2015	**130**	**3,030**	-	**3,160**
As at 30 June 2014	3	3,731	21	3,755

13. ANALYSIS OF NET CASH POSITION

	2014 £'000	Cash flow £'000	Other non-cash charges £'000	2015 £'000
Cash and cash equivalents	49,841	**3,816**	**-**	**53,657**
	49,841	**3,816**	**-**	**53,657**
Loans due after one year	(1,191)	**922**	**175**	**(94)**
Loans due within one year	(2,315)	**1,428**	**(9)**	**(896)**
Net cash	46,335	**6,166**	**166**	**52,667**

AUDITED

14. BORROWINGS

	2015 £'000	2014 £'000
Non-current		
Bank loans	**298**	1,220
Unamortised cost of debt	**(204)**	(29)
Total non-current	**94**	1,191
Current		
Bank loans	**1,063**	2,491
Unamortised cost of debt	**(167)**	(176)
Total current	**896**	2,315
Total	**990**	3,506

The Group has no term loan outstanding (2014: £3.6m).

There is no variance between the carrying amount and the fair value of the borrowings.

The Group has borrowings of £0.5m (2014: £0.1m) in Asia for working capital purposes. Repayments on the facility commenced in October 2010 and were completed in August 2015. The loan carried a variable interest rate of 1.88% as at 30 June 2015.

The Group also has total borrowings of £0.8m (consisting of a number of smaller facilities) acquired with Interior ISG Espana SA, for working capital purposes. These loans carry variable rates of interest varying from 1.75% to 3.01%.

During the year, the Group has negotiated new banking facilities with HSBC and the Royal Bank of Scotland plc. These facilities include a revolving credit facility of £20m until 30 September 2017, bearing a variable interest rate with reference to LIBOR. The facility was drawn and repaid during the year.

Bank covenants include total interest cover, net debt to earnings before interest, tax, depreciation and amortisation, cash flow cover and a minimum annual earnings before interest, tax, depreciation and amortisation. There have been no breaches of bank covenants during all periods. The facility is a revolving credit guaranteed by material subsidiaries of the Group by way of a debenture. The Group does not have any of its property and equipment pledged as security over bank loans.

The Group had the following committed undrawn borrowing facilities at 30 June 2015:

	2015 £'000	2014 £'000
Expiry date		
In more than one year	**20,000**	10,000
	20,000	10,000

AUDITED

15. SHARE CAPITAL

	2015 Group and Company Number	2015 Group and Company £'000	2014 Group and Company Number	2014 Group and Company £'000
Authorised:				
Ordinary shares of 1p each (2014: 1p each)	**100,000,000**	**1,000**	100,000,000	1,000
Allotted, called up and fully paid:				
Ordinary shares of 1p each (2014: 1p each)	**49,179,325**	**492**	39,122,139	391

	Nominal value £	Number of shares	Consideration £
Ordinary shares of 1p each allotted as at 1 July 2014	**391,222**	**39,122,139**	
Ordinary shares issued during the year ended 30 June 2015 fully paid:			
Payment of dividends	**162**	**16,173**	**-**
Share placing	**99,561**	**9,956,084**	**16,925,343**
Crystallisation of options	**849**	**84,929**	**43,657**
Total ordinary shares of 1p each allotted and fully paid during the year ended 30 June 2015	**100,572**	**10,057,186**	**16,969,000**
Ordinary shares of 1p each allotted as at 30 June 2015	**491,794**	**49,179,325**	

The total authorised number of ordinary shares is 100m shares (2014: 100m) with a par value of 1p per share (2014: 1p per share). All issued shares are fully paid. The company has one class of ordinary shares which carry no right to fixed income.

On 3 March 2015 and 10 March 2015, approximately ten million ordinary shares were issued. Total net consideration of £16.4m was received after deducting transaction costs of £0.5m. Of the net consideration received, £16.3m comprising the premium on the share placing, was recorded within retained earnings. No share premium was recorded due to the operation of the merger relief provisions of the Companies Act 2006.

As at 30 June 2015, the Interior Services Group Employee Share Trust held 662,743 (2014: 766,000) ordinary 1p shares in the company at a cost of £1.3m (2014: £1.5m) and a market value of £1.1m (2014: £2.3m). These shares have not yet been allocated to individuals and accordingly, dividends on these shares have been waived.

At 30 June 2015, the Group owns 1.35% (2014: 1.96%) of its own called up share capital within the investment in own shares reserve.

16. CONTINGENT LIABILITIES

There are Group cross guarantees from the company with certain subsidiaries for all monies due to certain of the Group's banks and surety lenders. No monies were outstanding as at 30 June 2015 (2014: £nil). In the normal course of business there are contingent liabilities including the provision of bonds in respect of completed and uncompleted contracts. Bonds are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the bond agreement.

17. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no related party transactions between the Group and its associates or joint ventures during the year other than dividend payments.

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18. NON-CONTROLLING INTERESTS

	£'000
Balance at 1 July 2013	(61)
Adjustment arising from change in non-controlling interests	135
Share profit for the year	19
Exchange differences arising on translation of foreign operations	10
Balance at 30 June 2014	**103**
Recognised on acquisition (Note 19)	**734**
Share of profit for the year	**187**
Exchange differences arising on translation of foreign operations	**(16)**
Balance at 30 June 2015	**1,008**

Adjustment arising from change in non-controlling interests in the prior year represents the acquisition of the remaining 15% shareholding in Realys.

19. ACQUISITION OF SUBSIDIARY

On 16 July 2014 the Group acquired 50.1% of the shares in Interior ISG Espana SA (Interior Espana), a newly formed company that owns 100% of each of Diadec, a Spanish based office and retail fit out company and Emerald, a Spanish based data center and engineering services company, for an initial consideration of £1.7m satisfied by £1.3m in cash, £0.4m in ISG plc ordinary shares. £0.2m was invested as new capital into Interior Espana. A maximum deferred consideration of £2.0m is payable in three potential instalments over three calendar years ending 31 December 2017 conditional on the business meeting certain profit before tax targets. The first £0.4m of deferred contingent consideration will be settled 75% in cash and the balance in ISG plc ordinary shares and the remaining consideration will be settled 50% in cash and the balance in ISG plc ordinary shares. All shares issued to the vendors will be subject to phased lock-in periods over two years from the date of issue and orderly market undertakings.

The goodwill of £2.4m arising from the acquisition is attributable to the expansion of the Group's client base and geographical spread. None of the goodwill is expected to be deductible for income tax purposes.

The deferred contingent consideration arrangements require the achievement of certain profit targets. The potential undiscounted amount of all future payments that the Group could be required to make under the deferred contingent consideration arrangement is up to £2.0m. The fair value of the deferred contingent consideration arrangement of £2.0m was estimated by applying the likelihood of meeting the profit targets as assessed by current management.

Interior Espana contributed £11.8m revenue and £0.9m to the Group's profit before tax for the period between the date the Group had effective control of the business and the balance sheet date. If the acquisition of Interior Espana had been completed on the first day of the financial year, Group revenue for the year would have been £1,649m and the Group's loss for the year would have been £13.7m.

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19. ACQUISITION OF SUBSIDIARY (continued)

Interior ISG Espana SA	Fair value £'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Financial assets	3,213
Property, plant and equipment	55
Identifiable intangible assets	1,464
Financial liabilities	(3,189)
Total identifiable net assets	1,543
Non-controlling interest	(771)
Goodwill	2,356
Total consideration	3,128
Satisfied by:	
Cash	1,349
Shares	198
Accrued consideration	198
Deferred contingent consideration	1,383
Total consideration transferred	3,128
Net cash outflow arising on acquisition:	
Cash consideration	1,349
Less: cash and cash equivalent balances acquired	(344)
	1,005

On 8 June 2015 the Group acquired a further 49% of the shares in ACE-Engenharia e Construções Ltda and DRAW Serviços de Engenharia Ltda (together "ACE"), its Brazilian fit out partner. The Group had previously acquired 20% of ACE in June 2013 with an option to buy the remaining 80% and now owns a total of 69%. The consideration was £0.3m, fully settled in cash. The Group has also agreed to buy the remaining 31% of ACE from the remaining shareholder over a period of three calendar years ending 31 December 2018, with consideration conditional on the business meeting certain profit before tax targets. The maximum consideration payable is £5.0m.

The goodwill of £1.7m arising from the acquisition is attributable to the expansion of the Group's client base and geographical spread. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the consideration for the remaining 31% was estimated at £0.5m by applying the likelihood of meeting the relevant profit targets as assessed by management and in accordance with IAS 39, the debit relating to the liability has been recognised within Other Reserves in the Statement of Changes in Equity.

ACE contributed £nil revenue and £nil to the Group's profit before tax for the period between the date the Group had effective control of the business and the balance sheet date. If the acquisition of ACE had been completed on the first day of the financial year, Group revenue for the year would have been £1,660m and the Group's loss for the year would have been £13.6m.

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19. ACQUISITION OF SUBSIDIARY (continued)

ACE	Fair value £'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Financial assets	**2,908**
Property, plant and equipment	**70**
Financial liabilities	**(3,095)**
Total identifiable net assets	**(117)**
Non-controlling interest	**37**
Goodwill	**1,703**
Total consideration	**1,623**
Satisfied by:	
Cash	**303**
Shares	**-**
Accrued consideration	**31**
Deferred contingent consideration	**-**
Existing investment in associate	**1,289**
Total consideration transferred	**1,623**
Net cash outflow arising on acquisition:	
Cash consideration	**303**
Less: cash and cash equivalent balances acquired	**(262)**
	41

20. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events since the balance sheet date.

21. APPROVAL OF ACCOUNTS

The annual accounts were approved by the Board of Directors on 8 September 2015.