26th September 2011

Ricardo plc
Preliminary results for the full year ended 30 June 2011

Ricardo plc is a global world-class, multi-industry consultancy for engineering, technology, product innovation and strategy. With a century of delivering value, we employ over 1500 professional consultants, engineers and staff world-wide. Our client list includes the world's major transportation Original Equipment Manufacturers (OEM'S), supply chain organisations, energy companies, financial institutions and governments.

Highlights

Ricardo has achieved strong revenue, profit and EPS growth. These were delivered from a diverse mix of customers and through a focus on cost control, cash generation and sound project delivery.

Continuing operations:

- Revenue up 21% to £196.5m (June 2010: £162.8m)
- Profit before tax up 43% to £15.4m (June 2010: £10.8m)
- Basic earnings per share up 49% to 30.0p (June 2010: 20.1p)
- Net cash inflow of £9.3m
- Year end net funds of £1.5m (June 2010: net debt £7.8m)
- Full year dividend up 7% to 11.5p per share (June 2010: 10.7p)
- Order book increased to £107m (June 2010: £101m)
- Strategic partnerships yielding multi-year visibility
- Outlook remains positive, strong platform for business growth

Commenting on the results, Dave Shemmans, Chief Executive Officer said:

"The strong performance we achieved in the first half of the financial year continued through the remainder of the year, resulting in a very good full year performance. Revenue was up 21%, profit before tax was up 43%, together with a positive cash balance and a solid order book. In the year we welcomed back some of our long term clients from the automotive sector, collaborated with Force Protection Europe on the Foxhound Light Protected Patrol Vehicle to win a competitive tender from the UK MoD, launched the McLaren supercar engine into production and established a long term engineering relationship with Jaguar Land Rover.

Overall the market for Ricardo remains positive and active, in spite of a continuing uncertain global economy. We continue to focus on developing new advanced technologies, innovations and product solutions that are both energy efficient and clean. We are marketing these solutions to a diverse sector and global client base who require them for competitive and legislative reasons and they are being well received. Operationally our focus on cost, delivery and cash management has underpinned the strong overall performance. We have a market and operational platform which has delivered a good set of results this year. We intend to build upon this performance and thus we remain confident for the future."

Further enquiries:

Ricardo plc
Dave Shemmans, Chief Executive — Tel: 01273 455611
Paula Bell, Group Finance Director
Website: www.ricardo.com

Kreab Gavin Anderson — Tel: 020 7074 1800
Fergus Wylie
Robert Speed
Michael Turner
Madeleine Palmstierna

Review of the year

Trading performance summary

Our strategy to engage with a diverse sector and global client base, who need clean and fuel efficient solutions, has enabled us to benefit as the global economy improved. A gradual return of our traditional client base together with multi-year assembly programmes for the defence and high performance automotive sectors has provided a good business base. With continued focus on pricing and cost management, this has led to a strong trading performance in the financial year.

The order book closed at £107m compared to £101m at the end of the previous year, providing a good platform for the coming year. The future order pipeline continues to be strong.

Revenue from continuing operations was £196.5m, up 21% on the prior year (2010: £162.8m). Operating profit from continuing operations grew by 43% to £18.0m compared to the prior year (2010: £12.6m). Total group operating margin was 9.2% (2010: 7.7%).

After financing costs, profit before tax from continuing operations was £15.4m for the financial year to 30 June 2011, compared to £10.8m in the previous year.

The Group profit for the year from continuing and discontinued operations was £15.2m compared to £7.6m in the prior year.

Good working capital management led to a closing positive net funds balance of £1.5m (2010: net debt of £7.8m). We continued to invest in R&D, with gross expenditure in the year (before deduction of government grants) of £13.3m (2010: £11.9m). The net expenditure after deducting government grant income was £7.8m (2010: £8.9m).

Technical Consulting results

Technical Consulting revenues increased to £144.3m compared to £124.5m in the prior year as the automotive sector activity began to recover towards pre-recession levels.

The UK Technical Consulting business saw the return of multi-year programmes in the automotive sector and strategic partnerships continue to flourish. Revenues increased to £88.0m (2010: £79.8m). Operating profit rose to £7.7m from £5.4m in 2010. Operating margins rose to 8.8% from 6.8% last year.

Despite the improvement in operating margin, the operating profit was impacted by the design development and pre-production costs for a major engineering programme, which were higher than expected. This programme has now moved into the production phase.

In Germany our Technical Consulting business continues to grow with revenues of £23.2m, up from £15.1m in the prior year. Operating profit for the year was £0.3m compared to an operating loss of £0.8m in 2010.

The US Technical Consulting business saw a slower recovery than other geographical areas, with orders slowing in the second half of the year. Despite this, the US business achieved revenues of £33.1m (2010: £29.6m), with operating profit at £3.4m slightly up on the prior year (2010: £3.1m).

Strategic Consulting results

Our sector diversification strategy has continued in the Strategic Consulting business. The client base has been extended and we have invested in strengthening the teams internationally.

Revenue levels increased in the year to £11.3m from £9.4m in 2010. Operating profit of £1.7m, compared with the prior year remained almost level due to reduced activity levels in the third quarter of the year (2010: £1.8m).

Performance Products results
The Performance Products business produced a strong performance in the year, with revenues of £40.9m compared to £28.9m in 2010; operating profit was £5.2m (2010: £3.3m). The result was driven by a very busy defence programme in the first half of the year and improved volumes and profits from motorsport also contributed to the increase. The Performance Products business also commenced production of the McLaren supercar engine in February 2011 resulting in some start up costs as production ramps up into the new financial year.

Discontinued operations
In July 2010 agreement was reached to sell the non-core German exhaust business to J. Eberspächer GmbH & Co. KG. This resulted in a discontinued operations charge of £0.2m (2010: £2.7m), which comprised a loss before tax of £0.2m (2010: £0.7m), an asset write-down of £nil (2010: £2.9m) and a positive tax effect of £nil (2010: £0.9m). The sale agreement included the transfer of the business, employees, plant and equipment, and inventories for a cash consideration of €2 million.

Finance income and costs
There has been a net finance cost in the year of £2.6m, compared to £1.8m in 2010. The charge includes the net finance charge for the defined benefit pension scheme of £1.9m (2010: £1.7m). The current year charge includes interest charges resulting from the close-out of a cross-currency interest rate swap of £0.2m.

Tax
The tax charge for the year was £nil (2010: £0.5m). We continue to benefit from R&D tax credits in both the UK and the US, and following a review in 2011 a further £1.6m of R&D tax credits were recognised (2010: £0.8m).

Earnings per share
As a result of increased profits, earnings per share from continuing operations have increased to 30.0p from 20.1p in 2010.

Dividend
The total (paid and proposed) dividend for the year has increased to 11.5p per ordinary share (2010: 10.7p). The proposed final dividend of 8.1p (2010: 7.5p) will be paid on 25 November 2011 to all shareholders on the register at the close of business on 21 October 2011, subject to approval at the Annual General Meeting on 17 November 2011.

Net assets
Net assets at 30 June 2011 were £89.6m compared to £64.8m for the prior year. A large part of the increase (£14.8m) was due to the reduction in the pension deficit net of taxation. Capital expenditure in the year was £9.1m (2010: £7.6m), including £2.1m for new business systems. At the end of the year our capital commitments were £0.7m (2010: £1.3m).

Net funds/debt
During the year the Group launched a number of working capital initiatives which, combined with profitable growth, have helped to deliver strong operating cash inflow of £9.3m in the period. As a result, the Group closed the year with net funds of £1.5m (2010: net debt of £7.8m).

At the end of the financial year the Group had £30m of committed borrowing facilities, all of which is committed for more than one year. In addition the Group had uncommitted facilities including overdrafts of £21m at the year end.

Exchange rates
The average value of sterling was 7.5 percent higher against the dollar and 3.3 percent higher against the euro during the year ended 30 June 2011 compared to the previous financial year. This volatility in exchange rates has not led to any significant overall impact on the profit before tax for the

year. We have an exposure to the euro/sterling exchange rate arising from some of the work carried out in the UK for European customers, which is contracted in euros. The receivables arising on these contracts are hedged accordingly and hedge accounting is applied.

Pensions
The IAS 19 pension deficit at 30 June 2011 was £13.4m (2010: £34.4m). The reduction in the deficit is principally as a result of the improved asset performance and the change in the valuation basis for deferred benefit obligations from Retail Price Index to Consumer Price Index following government legislation and in accordance with the scheme rules.

The last full actuarial valuation was carried out as at 5 April 2008. A schedule of contributions was agreed, following the completion of this valuation, which commenced in July 2009 with the aim of eliminating the funding deficit by 2016. The next triennial valuation as at 5 April 2011 is currently underway and is expected to be complete by early 2012.

Technical Consulting Business Summary

At the very core of our business Ricardo provides a broad range of technical consulting services on a global basis and across all of the market sectors in which the Company is engaged. With many of the imperatives facing these sectors increasingly sharing common themes of energy efficiency, reduced carbon emissions, regulatory controls and the need for ever higher value in terms of product performance, durability and reliability, Ricardo's strategy of market sector diversification is already delivering significant benefits.

Government sector
In the past year Ricardo has grown and developed its government consulting activity in the area of road transport electrification and its potential impact on the electricity network. We have also provided fuel economy technology forecasts for commercial vehicles applied to both on-highway and off-highway applications.

Despite these promising areas of activity, the government sector has been increasingly challenging during the past year: the combined impact of deficit reduction policies in the UK and eurozone countries and the US Government budget deadlock served to reduce the number of opportunities for new work. However it is important to note that this sector represents only 1% of our order intake.

Passenger Car
During the past year we have seen the beginnings of a recovery in activity levels among the established global automakers as they begin to benefit from a combination of the organisational streamlining carried out during the downturn, the continued market growth in Asia, and a rebound in demand for their products in the more established markets. This has resulted in a greater display of confidence, with new investments being made in a number of key areas. These include product developments targeted at rapidly growing Asian markets, the freshening of existing product line-ups to remain competitive in terms of performance and functionality, and the ensuring of compliance with increasingly tough emissions and safety regulations. In April 2011 Ricardo was chosen as a strategic supplier by Jaguar Land Rover in the development of new products. A similar agreement was signed with Great Wall Motor Company of China in March 2011. At the same time, with the acceleration of research and development of vehicle electrification and alternative fuelled powertrain concepts, we are seeing the beginning of concerted and co-ordinated action within the industry to address some of the longer-term issues posed by fuel price instability and the need for energy security. In recognition of this emerging requirement we have actively developed our capability and service offering in the crucial area of electric vehicle battery systems, control architecture and systems integration, in energy storage technologies such as our Kinergy high-speed flywheel system, and in high-efficiency electric vehicle range extender engines. In this last area we won a significant project from a premium European OEM to develop a new range extender powertrain for a city car.

We are experiencing an increased demand for our expertise in areas ranging from the creation of advanced technology demonstrators to the execution of performance derivative and large-scale multi-disciplinary new-product design programmes. In addition we have been successful in securing contracts from innovative start-up automakers seeking to challenge established industry conventions and who require our specialist knowledge and capabilities to achieve their vision.

As the passenger car market becomes more and more global, our strategy of geographical diversification provides a competitive advantage as we are being increasingly engaged to develop a product in one region and leverage our resources to support that vehicle's subsequent successful localisation and market launch in another region. This aspect of Ricardo's capability was instrumental in the Company's selection by Jaguar Land Rover as a strategic supplier.

High Performance Vehicles, Motorsport and Motorcycles
Ricardo has a long-standing business providing consultancy, design, development and niche production services to motorsport teams and manufacturers. We are also increasingly serving the sport's regulating bodies, in particular the FIA, where we are providing technical advice on advanced powertrain technologies related principally to the new 2013 regulations. Ricardo is also developing a relationship with the Grand-Am regulators in the US for advanced simulation work.

This year saw the design and development of the new McLaren M838T engine for the MP4-12C supercar, along with the opening of the related assembly facility at Shoreham. This product has received very positive reviews and McLaren and Ricardo are continuing to collaborate on future projects.

In the motorcycle arena, following on from the success of the four-cylinder BMW K1300 motorcycle programme, we are now involved in the design and development of the all-new six-cylinder engine and transmission for the K1600 luxury sports tourer.

Commercial, Agricultural and Industrial Vehicles
Engine-related business demand has continued strongly across this sector for US and European customers, both in supporting the development of solutions for new regulations further reducing allowable particulate and NOx emissions in the US, as well as Euro VI legislation due to apply in Europe from 2013 for commercial vehicles.

Following the recent global downturn in business across this sector, we have begun to see production volumes returning to healthier levels. With fuel prices resuming their long-term upward trend, however, pressure remains on manufacturers to reduce fuel consumption, increase whole-vehicle efficiency and, ultimately, to reduce whole-life costs. Over the past months Ricardo has engaged with several multinational clients in the off-highway equipment sector to scope whole-vehicle programmes with the aim of maximising performance from an individual component level to that of the fully integrated vehicle.

Significant interest has also been shown in energy storage and hybrid vehicle powertrains. Work is continuing on the application of the Ricardo Kinergy flywheel-based energy storage system and initial client discussions have generated a significant amount of interest and engagement in the potential opportunities to bring this technology to market in this sector. Vehicle applications involving regularly repeating cycles such as loading or excavating should provide an extremely beneficial value opportunity for this very promising technology.

Defence
This has been a landmark year for Ricardo in the defence sector, in which the foundations laid in previous years have developed into significant business for the Company. The highlight was the decision of the UK Ministry of Defence (MoD) to select the Force Protection Europe Ocelot (now renamed Foxhound), developed in collaboration with Ricardo, as the winner of the Light Protected Patrol Vehicle competitive tender. In addition, the Ocelot is also being evaluated as part of the Australian government's Land 121 competition.

In the USA, Ricardo completed a multi-year programme for TARDEC to create a light armoured demonstrator vehicle as a future option for HMMWV replacement. This vehicle demonstrated significant fuel economy improvement over the current vehicle.

A key facet of our future defence market strategy is to move away from a reliance solely on land-based vehicles. An example of this strategy in action has been the development of a range of small heavy-fuel engines for the UAV (Unmanned Aerial Vehicle) market. In this rapidly developing market sector we have moved from concept design, through prototyping and flight testing and signing of an exploitation collaboration agreement with XRDi and NW UAV in the US, to securing our first order – from US Special Operations Forces – in just over a year.

Rail
On a global scale we have realised our initial objective of raising awareness of our capabilities, technologies and services amongst key international train manufacturers. This has led to a strong interest in our innovative energy storage technologies such as the Kinergy high-speed flywheel system. Potential collaboration programmes for delivery of this technology in new rolling stock projects are being discussed. Additionally, the potential application of automotive control technology to the rail sector has gained strong interest from train operators seeking fuel cost reduction.

Clean energy and power generation
Clean energy remains high on the international agenda which underscores its potential for Ricardo.

Power generation, and in particular the market for larger-scale generator sets, continues to be subject to pressure to achieve lower emissions levels defined by local legislation, as well as the universal need for cost optimisation. Ricardo continues to collaborate successfully with a major generator set manufacturer and has secured substantial further work this year. Additional business has also been secured with other generator set manufacturers, for example to help improve the durability and general performance of their core technologies.

Wind power remains a major focus of our clean energy strategy and over the past year the Company has successfully secured new orders for the system analysis, design and development of drivetrains in Europe and the USA, across a wide range of both geared and gearless drivetrain systems. Further business in this area is anticipated, as is an emphasis on improving the reliability and cost of energy of larger (over 5 MW) offshore wind drivetrains targeted principally at the UK's Offshore Wind Round 3 programme.

Marine
Within the marine sector, Ricardo has completed a range of projects on performance upgrades, including combustion system development and specific engine design for high-performance applications. In all cases a major driver for this work has been the need for compliance with future emission regulations expected in 2016.

We believe there is imminent demand for new technologies such as remote control and onboard diagnosis and condition monitoring, in order to support a new or updated generation of propulsion systems that aim to reduce operating costs and fuel consumption. These new generation systems would also boost useful service life at the same time as satisfying future legislative requirements.

Strategic Consulting Business Summary

The market for strategic and management consultancy continues to recover but has yet to return to pre-crisis levels. To this end, the Ricardo strategy of client and sector diversification has served us extremely well, not only by shielding us from exposure to the economic cycles affecting individual customers or sectors, but also in allowing us to benefit from faster rates of recovery in other sectors. Our ability to offer strategic and commercial insight, combined with deep technical know-how across a range of sectors, remains a clear differentiator and underpins every new assignment we undertake.

As well as supporting both new and existing clients in the automotive sector, our consultants have been engaged on a broad range of assignments in the commercial vehicle, defence, energy, financial services, government, marine and off-highway sectors. Cost reduction remains an important topic but growth is very clearly back on the agenda for many of our customers. We have executed numerous projects relating to market, product and technology strategies, particularly those which focus on advanced powertrains and electric vehicle strategy.

We formed a new Energy practice in January 2011 after having recognised that the energy sector is going through a significant change as the world moves towards a low-carbon future and that this will have far-reaching implications.

Our people are our business and over the past year we have invested heavily in strengthening our teams across the globe. In addition to the new Energy practice we have also founded a consulting team in India. As well as serving several clients in the local market, this new team will provide much needed capacity to the wider Asian market where we continue to see encouraging levels of growth.

Over the last six months the accomplishments of the Strategic Consulting team were formally recognised on two separate occasions. Ford's Gold World Excellence Award was presented in recognition of the support provided in the development and implementation of Ford service parts value management processes; these processes have resulted in very tangible cost savings yet also maintain and improve upon levels of performance, quality and service. The Gold award is presented only to those suppliers demonstrating superior quality, delivery and cost performance. The second accolade, "UK Consulting Firm of the Year", was awarded by Finance Monthly Magazine.

We are now firmly embedded within many different sectors and have a proven and unique combination of strategic and commercial insight coupled with deep technical knowledge. This positions us perfectly to benefit as the global market continues to recover.

Performance Products Business Summary

Our strong reputation in motorsport ensures that we are well placed to continue to grow as we focus on delivering world-class products based on the unique combination of our exceptional design and development skills and our high-quality, niche production capability. We are extremely proud of our association with Peugeot Sport, four of whose endurance racing cars – equipped with state-of-the-art Ricardo transmissions – competed in the Le Mans 24 Hours this year, finishing a fraction behind the winning car.

We continue to supply transmission components to leading Formula 1 teams, and to complement this activity we are providing the Ricardo-designed transmission for the new McLaren MP4-12C GT3 race car. Ricardo has also been selected to provide the transmission for the 2012 World Series by Renault.

The success of our long-standing collaboration with Bugatti continues as customer demand for the Veyron and Grand Sport translates into an extended production requirement for the advanced Ricardo dual clutch transmissions used on this supersports model. We have now further extended this relationship with the supply of the Ricardo transmission system for the new record-breaking variant of the Veyron, the Super Sport. We have also recently announced completion of the design and assembly facility for the Ricardo-developed McLaren M838T engine for the new McLaren supercar.

Marking the conclusion of a collaboration lasting over ten years, the final delivery of WMIK vehicles has now been made to the UK Ministry of Defence (MoD). This highly successful and versatile vehicle was developed from a Ricardo concept and has seen action with British forces in a number of theatres since its launch. Throughout this time it has been both produced and upgraded in service by our Performance Products team. Work is underway on the establishment and commissioning of the production line for the new Foxhound vehicle – the UK forces service name for the Ocelot. Production has already commenced on the order for the first 200 vehicles: these will be delivered between late 2011 and early 2012. Our already strong relationships with the UK MoD are being strengthened and we are building new ties with leading defence industry organisations.

Research & Development Summary

Regulatory pressure to improve efficiency or reduce carbon emissions is a core business driver for Ricardo. While fuel efficiency regulations are now well developed for passenger cars, similar regulations are at various stages of implementation in many other sectors in which Ricardo operates. Our research and development programme continues to focus a significant amount of resources to create innovative technologies that meet the demand for cost-effective solutions to these regulatory pressures.

Electrification
The electrification of transport continues to be a key area for policymakers, and Ricardo has been very active in this area for over a decade. We are well placed to offer innovative technologies and capabilities created through our investment in both hybrid and electric vehicle technologies. Over the past year we have been actively engaged with the Low Carbon Vehicle Technology Programme. This landmark UK government-supported project comprises a combined financial investment worth £17 million from regional development agency Advantage West Midlands, the European Regional Development Fund and contributions from the project's industrial research partners. The project is subdivided into fifteen work streams covering all aspects of low carbon vehicle design and engineering from battery packs and power electronics to aerodynamics and lightweight structures. The project will safeguard jobs in the region's supply chain as businesses switch to low carbon opportunities and make the West Midlands a global centre of excellence in low carbon vehicle engineering.

Through Ricardo's involvement in this project we are actively working to create an advanced electric vehicle technology demonstration platform and are also developing technology in key areas including energy recovery and management, high-efficiency auxiliary power systems and electric vehicle architecture concepts. In addition to this work, our involvement with projects such as the European MERGE consortium and with National Grid in the UK has seen us work with power generation and distribution partners in researching the potential obstacles to, and opportunities for, integration of a future electric vehicle fleet into an increasingly low-carbon power infrastructure. Through these efforts we are building a stronger and broader capability in a period of growing market demand for such skills.

Advanced gasoline and diesel concepts
Whilst electrification is a key part of the move to sustainable transport, combustion engines and lower-carbon fuels are likely to remain the core solution for long-distance road transport. This is why Ricardo continues to invest in advanced technologies that will provide cost-effective solutions for our customers: to this end, we are in the implementation stages of two core powertrain demonstration programmes that will deliver advanced gasoline and diesel technology demonstrators achieving fuel efficiency that is competitive with much more expensive hybrid systems.

New market sectors and disruptive technologies
Our market sector strategy also offers a unique opportunity for cross-sector innovation based on the breadth and depth of our knowledge. The interaction between renewable energies, rail, off road, transport and defence technologies is a continuing source of new ideas and opportunities for investment. This includes an element of disruptive technologies (new technologies which unexpectedly displace established technologies) that offer our customers unique capabilities and solutions to old challenges.

We have seen significant progress and some key breakthroughs in our R&D programme over the past year. We have achieved proof of concept and are in the process of validating an innovative wind turbine bearing that can increase service life by a factor of five, a key requirement for the growing offshore wind market. We have also made some major steps forward in the implementation of our magnetically geared high-speed flywheel technology, which now offers a more efficient drive system than the conventional geared systems currently available.

In the area of combustion engine technology we have secured government funding for two feasibility studies aimed at evaluating potentially revolutionary technologies in the commercial vehicle sector in which electrification concepts are inherently difficult to implement. The first of these involves a fundamental re-examination of the combustion process in a manner not seen in many decades. We believe that this technology holds the prospect of improving engine thermal efficiency by approximately 40 percent in comparison with current production. Similarly, we are working with an industrial partner on fuel reformation technology that aims to use waste heat to increase the energy content of the fuel and hence reduce net carbon dioxide emissions.

Outlook

The strong performance we achieved in the first half of the financial year continued through the remainder of the year, resulting in a very good full year performance. Revenue was up 21%, profit before tax was up 43%, together with a positive cash balance and a solid order book. In the year we welcomed back some of our long term clients from the automotive sector, collaborated with Force Protection Europe on the Foxhound Light Protected Patrol Vehicle to win a competitive tender from the UK MoD, launched the McLaren supercar engine into production and established a long term engineering relationship with Jaguar Land Rover.

Overall the market for Ricardo remains positive and active, in spite of a continuing uncertain global economy. We continue to focus on developing new advanced technologies, innovations and product solutions that are both energy efficient and clean. We are marketing these solutions to a diverse sector and global client base who require them for competitive and legislative reasons and they are being well received. Operationally our focus on cost, delivery and cash management has underpinned the strong overall performance. We have a market and operational platform which has delivered a good set of results this year. We intend to build upon this performance and thus we remain confident for the future.

Dave Shemmans
Chief Executive Officer
26 September 2011

Note: Certain statements in this press release are forward-looking. Although these forward-looking statements are made in good faith based on the information available to the directors at the time of their approval of the press release, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Consolidated income statement
for the year ended 30 June 2011

Continuing operations	Notes	**2011 £m**	2010 £m
Revenue	2	**196.5**	162.8
Cost of sales		**(123.0)**	(103.7)
Gross profit		**73.5**	59.1
Administration expenses		**(55.7)**	(46.5)
Other income		**0.2**	-
Operating profit	2	**18.0**	12.6
Finance income		**0.2**	1.2
Finance costs		**(2.8)**	(3.0)
Profit before taxation		**15.4**	10.8
Taxation		**-**	(0.5)
Profit for the year from continuing operations		**15.4**	10.3
Discontinued operations			
Loss for the year from discontinued operations	3	**(0.2)**	(2.7)
Profit for the year		**15.2**	7.6
Earnings per share			
From continuing operations			
Basic	4	**30.0p**	20.1p
Diluted	4	**29.7p**	20.0p

Consolidated statement of comprehensive income
for the year ended 30 June 2011

	2011 **£m**	2010 £m
Profit for the period	**15.2**	7.6
Other comprehensive income		
Currency translation on foreign currency net investments	**1.2**	0.6
Fair value gain on foreign currency net investment hedges	**0.3**	-
Fair value loss on foreign currency cash flow hedges	**(0.1)**	(0.7)
Actuarial gains/(losses) on defined benefit scheme	**19.1**	(7.2)
Deferred tax on items taken directly to equity	**(5.5)**	2.1
Total other comprehensive income/(loss) for the period (net of tax)	**15.0**	(5.2)
Total comprehensive income for the period	**30.2**	2.4

Consolidated statement of changes in equity
for the year ended 30 June 2011

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 July 2010	12.9	13.8	5.2	32.9	64.8
Total comprehensive income for the period	-	-	1.2	29.0	30.2
Share-based payments	-	-	-	0.2	0.2
Ordinary share dividends	-	-	-	(5.6)	(5.6)
At 30 June 2011	**12.9**	**13.8**	**6.4**	**56.5**	**89.6**
At 1 July 2009	12.9	13.7	5.2	35.1	66.9
Total comprehensive income for the period	-	-	-	2.4	2.4
Share-based payments	-	-	-	0.9	0.9
Proceeds from shares issued	-	0.1	-	-	0.1
Ordinary share dividends	-	-	-	(5.5)	(5.5)
At 30 June 2010	**12.9**	**13.8**	**5.2**	**32.9**	**64.8**

Consolidated statement of financial position
as at 30 June 2011

	2011	2010
	£m	£m
Assets		
Non current assets		
Goodwill	**16.7**	15.4
Other intangible assets	**5.6**	3.7
Property, plant and equipment	**45.8**	47.7
Investment property	**1.9**	-
Trade and other receivables	**1.2**	-
Derivative financial assets	**-**	0.1
Deferred tax assets	**15.6**	20.4
	86.8	87.3
Current assets		
Inventories	**5.2**	7.7
Trade and other receivables	**61.9**	55.2
Derivative financial assets	**0.2**	0.3
Current tax assets	**0.7**	0.7
Cash and cash equivalents	**9.9**	7.8
Assets held for sale	**-**	1.4
	77.9	73.1
Total assets	**164.7**	160.4
Liabilities		
Current liabilities		
Bank loans and overdrafts	**(8.2)**	(15.2)
Trade and other payables	**(48.8)**	(39.9)
Derivative financial liabilities	**-**	(0.1)
Current tax liabilities	**(2.8)**	(3.6)
Provisions	**(1.0)**	(0.5)
	(60.8)	(59.3)
Net current assets	**17.1**	13.8
Non current liabilities		
Bank loans	**(0.2)**	(0.4)
Retirement benefit obligations	**(13.4)**	(34.4)
Derivative financial liabilities	**-**	(0.2)
Deferred tax liabilities	**(0.7)**	(1.3)
	(14.3)	(36.3)
Total liabilities	**(75.1)**	(95.6)
Net assets	**89.6**	64.8
Shareholders' equity		
Share capital	**12.9**	12.9
Share premium	**13.8**	13.8
Other reserves	**6.4**	5.2
Retained earnings	**56.5**	32.9
Total equity	**89.6**	64.8

Consolidated cash flow statement
for the year ended 30 June 2011

	2011 **£m**	2010 £m
Cash flows from operating activities		
Cash generated by operations (note 5)	**28.3**	11.9
Interest received	**0.2**	1.3
Interest paid	**(0.9)**	(1.6)
Defined benefit pension scheme financing costs	**(1.9)**	(1.7)
Tax paid	**(2.1)**	(1.8)
Net cash generated by operating activities	**23.6**	8.1
Cash flows from investing activities		
Proceeds of sale of property, plant and equipment	**-**	0.1
Net proceeds on disposal of discontinued operations	**1.4**	-
Purchases of intangible assets	**(2.6)**	(2.0)
Purchases of property, plant and equipment – continuing operations	**(6.5)**	(5.5)
Purchases of property, plant and equipment – discontinued operations	**-**	(0.1)
Net cash used by investing activities	**(7.7)**	(7.5)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	**-**	0.1
Net proceeds from issue of new bank loan	**16.1**	8.6
Repayment of borrowings	**(25.9)**	(9.3)
Dividends paid to shareholders	**(5.6)**	(5.5)
Net cash used by financing activities	**(15.4)**	(6.1)
Effect of exchange rate changes	**(0.8)**	0.3
Net decrease in cash and cash equivalents	**(0.3)**	(5.2)
Cash and cash equivalents at 1 July	**4.7**	9.9
Cash and cash equivalents at 30 June	**4.4**	4.7

Notes to the financial statements
for the year ended 30 June 2011

1. General information

Ricardo plc is a limited liability company incorporated in the UK with a primary listing on the London Stock Exchange. The company's registered office is at the Shoreham Technical Centre, Shoreham-by-Sea, West Sussex, BN43 5FG, and its registered number is 222915.

This preliminary announcement is based on the audited Annual Report and Accounts 2011, which was approved for issue on 23 September 2011, and which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information herein does not amount to full statutory accounts within the meaning of section 434 of the Companies Act 2006.

2. Segmental reporting

2011 **Continuing operations**	**UK** **£m**	**Germany** **£m**	**US** **£m**	**Total Technical consulting** **£m**	**Performance Products** **£m**	**Strategic consulting** **£m**	**Head office & consol adjust** **£m**	**Total** **£m**
Revenue from external customers	**89.5**	**19.1**	**36.0**	**144.6**	**41.0**	**10.9**	**-**	**196.5**
Inter-segmental revenue	**5.2**	**5.6**	**1.2**	**12.0**	**0.1**	**1.4**	**-**	**13.5**
Total revenues	**94.7**	**24.7**	**37.2**	**156.6**	**41.1**	**12.3**	**-**	**210.0**
Revenues carried out by other segments	**(6.7)**	**(1.5)**	**(4.1)**	**(12.3)**	**(0.2)**	**(1.0)**	**-**	**(13.5)**
Revenue earned	**88.0**	**23.2**	**33.1**	**144.3**	**40.9**	**11.3**	**-**	**196.5**
Operating profit	**7.7**	**0.3**	**3.4**	**11.4**	**5.2**	**1.7**	**(0.3)**	**18.0**
Finance income	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Finance costs	**(2.2)**	**(0.1)**	**-**	**(2.3)**	**-**	**-**	**(0.5)**	**(2.8)**
Profit before tax	**5.5**	**0.2**	**3.4**	**9.1**	**5.2**	**1.7**	**(0.6)**	**15.4**

2010 Continuing operations	UK £m	Germany £m	US £m	Total Technical consulting (Restated) £m	Performance Products (Restated) £m	Strategic consulting £m	Head office & consol adjust £m	Total £m
Revenue from external customers	80.3	16.4	28.6	125.3	28.3	9.2	-	162.8
Inter-segmental revenue	7.5	5.6	1.7	14.8	0.6	0.9	-	16.3
Total revenues	87.8	22.0	30.3	140.1	28.9	10.1	-	179.1
Revenues carried out by other segments	(8.0)	(6.9)	(0.7)	(15.6)	-	(0.7)	-	(16.3)
Revenue earned	79.8	15.1	29.6	124.5	28.9	9.4	-	162.8
Operating profit	5.4	(0.8)	3.1	7.7	3.3	1.8	(0.2)	12.6
Finance income	-	0.2	-	0.2	-	-	1.0	1.2
Finance costs	(2.4)	(0.1)	-	(2.5)	-	-	(0.5)	(3.0)
Profit before tax	3.0	(0.7)	3.1	5.4	3.3	1.8	0.3	10.8

3. Discontinued operations

At 30 June 2010, the Group's exhaust business in Germany was classified as held for sale, and as a discontinued business.

The sale agreement for the transfer of the business, plant and equipment and inventories for cash consideration of €2.0 million was signed on the 28 July 2010.

Results of discontinued operations	**2011** **£m**	2010 £m
Revenue	**0.9**	11.5
Operating costs	**(1.1)**	(12.0)
Operating loss	**(0.2)**	(0.5)
Finance costs	**-**	(0.2)
Loss before tax	**(0.2)**	(0.7)
Attributable tax credit	**-**	0.2
Write down of assets held for sale	**-**	(2.9)
Tax effect of write down	**-**	0.7
Net loss attributable to discontinued operations	**(0.2)**	(2.7)

Assets and liabilities classified as held for sale	**2011** **£m**	2010 £m
Property, plant and equipment	**-**	0.2
Inventories	**-**	1.2
Total assets classified as held for sale	**-**	1.4
Net assets of the disposal group	**-**	1.4

4. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year, excluding those held by an employee benefit trust for the LTIP which are treated as cancelled for the purposes of the calculation.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These include potential awards of LTIP shares and options granted to employees where the exercise price is less than the market price of the Company's ordinary shares at year end.

Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below.

	2011 £m	2010 £m
Earnings attributable to equity shareholders	**15.2**	7.6
Adjusted to exclude loss for the year from discontinued operations	**0.2**	2.7
Earnings from continuing operations	**15.4**	10.3

	Number of shares millions	Number of shares millions
Basic average number of shares in issue	**51.4**	51.3
Effect of dilutive potential shares	**0.4**	0.2
Diluted average number of shares in issue	**51.8**	51.5

Earnings per share	**pence**	pence
From continuing operations		
Basic	**30.0**	20.1
Diluted	**29.7**	20.0
From continuing and discontinued operations		
Basic	**29.6**	14.8
Diluted	**29.3**	14.8
From discontinued operations		
Basic	**(0.4)**	(5.3)
Diluted	**(0.4)**	(5.2)

5. Cash generated by operations

	2011 £m	2010 £m
Continuing operations		
Operating profit	**18.0**	12.6
Adjustments for:		
Share-based payments	**0.2**	0.9
Cash flow hedges	**0.2**	0.1
Loss on disposal of property, plant and equipment	**0.1**	-
Depreciation and amortisation	**7.9**	8.2
Operating cash flows before movements in working capital	**26.4**	21.8
Decrease/(increase) in inventories	**2.5**	(2.5)
(Increase) in trade and other receivables	**(9.2)**	(9.3)
Increase in payables	**10.3**	4.7
Increase/(decrease) in provisions	**0.5**	(0.3)
Pension payments in excess of pension costs	**(1.9)**	(2.2)
Cash generated by continuing operations	**28.6**	12.2
Discontinued operations		
Loss from operations	**(0.2)**	(0.5)
Operating cash flows before movements in working capital	**(0.2)**	(0.5)
(Increase)/decrease in inventory	**-**	(0.6)
Decrease in trade and other receivables	**1.5**	0.2
Decrease/(increase) in payables	**(1.6)**	0.6
Cash used by discontinued operations	**(0.3)**	(0.3)
Cash generated by operations	**28.3**	11.9

6. Net funds/(debt) (non-GAAP measure)

Net funds/(debt) is defined by the Group as net cash and cash equivalents less bank loans.

	2011 £m	2010 £m
Cash and cash equivalents (current assets)	**9.9**	7.8
Bank overdrafts (current liabilities)	**(5.5)**	(3.1)
Net cash and cash equivalents	**4.4**	4.7
Bank loans maturing within one year	**(2.7)**	(12.1)
Bank loans maturing after one year	**(0.2)**	(0.4)
Net funds/(debt)	**1.5**	(7.8)