

29 July 2010

Hasgrove plc

Half year trading update

Hasgrove plc (AIM: HGV, 'Hasgrove' 'the Group'), the digital and communications services group, announces a trading update for the six month period ended 30 June 2011.

For the first half Hasgrove expects to report gross income in the region of £13.7m (2010: £14.1m) and a pre-exceptional operating profit of approximately £1.6m (2010: £1.7m).

The Group's Digital and Communication Services business delivered gross income of £8.0m (2010: £8.0m) and pre-exceptional operating profit of approximately £1.0m (2010: £1.2m). The lower operating profit reflects a difficult start to the year in The Chase and Landmarks design businesses. The Chase reduction in profit compared to 2010 was in excess of £0.4m. Amaze and Interact have successfully replaced the public sector revenue that disappeared at the end of the first half last year.

Amaze strengthened its expertise of working with central marketing teams, supporting the development of digital strategy, communications and infrastructure for large organisations. New business activity has been successful recently with this business winning significant pan-European and global accounts.

In the first half of the year, Interact, the intranet business, generated more new intranet sales than in the whole of 2010. As planned there was a reduction in bespoke projects and web design. The business also started to market itself in the United States.

The Chase had a difficult start to the year due to delayed spend from their major clients. As a result, annualised cost savings of £0.4m have been achieved, the benefit of which will take effect from 1 July 2011. More encouragingly, The Chase has recently won a number of new clients and long term clients have started to spend again. During the past 12 months, The Chase has achieved outstanding critical success, winning prestigious awards in New York, Cannes and London.

There will be an exceptional cost of £0.44m in the six month period to 30 June 2011 related to the re-structuring previously reported and an associated bad debt.

Net debt increased to £7.4m as at 30 June 2011 (31 December 2010: £6.7 million) due partly to the payment of earn-outs of £0.7m, adverse currency movements and the move to a new London office.

As announced on 15 July 2011, Hasgrove sold Interel, its Public Affairs and Strategic Communications Division, for £8.5m including £1.7m deferred consideration and the assumption of liabilities of £0.8m. In addition a pre-sale dividend of €1.5m (£1.3m) was paid by Interel to Hasgrove in June. Following the sale of Interel, the net debt reduced to £2.1m and the on-going exposure to currency movements has been significantly reduced.

The Group expects to publish its half year results for the six months to 30 June 2011 at the end of September 2011.

Rod Hyde, Group Chief Executive, said:

"Following the sale of Interel, the Group is now a focused digital and communications business.

"Investments in intellectual property, people and office relocations are starting to show results. Interact generated more intranet sales in the first half than in the whole

of 2010 and following the announcement of Unilever joining the client roster, Amaze has won further significant pan-european and global accounts."

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Note to editors

Hasgrove plc is now a focused Digital and Communication Services business. There are now over than 280 personnel in the Group, serving a broad client base of more than 300 clients. The group comprises Amaze, Interact (formerly Odyssey Interactive), and the Chase

Amaze

Amaze is a pan-European integrated marketing and technology company, specialising in global digital strategy and communications, web-based business solutions, and PR.

Amaze specialises in working with central marketing teams to concept and deliver localisable solutions.

In addition to being ranked 15th in the UK's Top 100 Interactive Agencies by New Media Age, Amaze was ranked fifth in the website design and build category for the second consecutive year. Amaze was also positioned second in B2B Marketing's 2010 Marketing Communications Agency League Table, ninth in Marketing's 2010 Digital Agency League Table and fifth in YouGov's Agency Reputation Survey last year.

[Interact](#)

Interact is a leading supplier of intelligent intranet software. Founded in 1996. Interact is one of the fastest growing intranet software companies. Interact has built a solid reputation for both product excellence and outstanding customer service. Organisations using Interact Intranet report improved efficiency, greater productivity, increased employee engagement, better decision-making and cost savings.

The Chase

[The Chase](#) is a UK creative and design consultancy. Setup in Manchester in 1986, the company now also has offices in London and Preston. The Chase is consistently one of the front runners in the annual Design Week's creative league tables.