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20 July 2012

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 2012.

For the first half Hasgrove expects to report gross income in the region of £9.0m (2011 restated¹: £7.7m), an increase of 16% compared to the previous year and a pre-tax profit of approximately £0.7m (2011 restated¹: £0.1m).

Amaze continued to strengthen its expertise of working with central marketing teams, supporting the development of digital strategy, communications and infrastructure for large organisations. New business activity has continued to be successful with the securing of significant pan-European and global accounts, particularly in growth areas such as e-commerce. Encouragingly, significant projects in the first half have been delivered in line with expectations and the overruns experienced in the second half of 2011, have not been repeated.

In the first half of the year, Interact, the intranet business, recorded its highest ever figure for new business sales including two intranet sales in excess of £100,000. Following the recruitment of new sales staff in the US in mid-February, a number of intranets have been sold in the US in the second quarter and the pipeline is developing ahead of expectations. This is very encouraging and there will be continued and equal focus on both UK and non-UK sales.

The Chase had a difficult start to the year due to delayed spend from its major client for the second consecutive year. However, there has been an increased emphasis on new business development and cost reduction to manage this temporary situation.

There have been no exceptional costs in the period (2011: £0.5m) with the Group's restructuring now largely complete.

Net debt decreased to £1.0m as at 30 June 2012 (31 December 2011: £1.5 million). The net reduction is after payment of earn-outs of £0.5m and the buy-back of shares of £0.2m. The first deferred payment of €375,000 due following the sale of Interel in 2011 was received in early July.

The Group expects to publish its half year results for the six months to 30 June 2012 at the end of September 2012.

¹ Restated to exclude the results of Underwired Amaze which was sold to its management for a nominal sum on 27 March 2012.

Paul Sanders, Group Chief Executive, said:

"The improved performance in both Amaze and Interact is very pleasing. Both businesses have secured significant new wins with prestigious clients, avoiding the project overruns that impacted last year's performance. Amaze and Interact also have strong new business pipelines, giving us confidence in being able to achieve our full year expectations."

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Note to editors

Hasgrove plc is a focused Digital and Communication Services business. There are now over 260 personnel in the Group, serving a broad client base of more than 500 clients. The Group comprises Amaze, Interact (formerly Odyssey Interactive), and the Chase.

Amaze

Amaze is a leading full service marketing and technology company, boasting an unrivalled depth of understanding of technology and human behaviour. The agency's work is global - spanning 104 countries in 28 languages.

Using its insights into consumer expectations, attitudes and motivations, Amaze delivers marketing and technology solutions – from strategy through to implementation – that enable organisations to identify and act upon the opportunities created by this changing digital world. Clients include Bridgestone, Coats plc, Coca-Cola, the Co-operative Group, Dyson, Eurocamp, Lexus, ODEON Cinemas, Toyota and Unilever.

In 2012, Amaze ranked 18th in the UK's Top 100 Interactive Agencies by *New Media Age (NMA)* and *The Drum*, and third in the website design and build category by *NMA* – a top five position it has held for the past three years.

Amaze also ranks 10th in *Marketing Magazine's* Digital Agency League Table and has been named within the UK's Top 10 Interactive Agencies by *Forrester*.

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.