

HUNTSWORTH

Huntsworth plc Interim report 2008

FLUENT IN GLOBAL BUSINESS



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Highlights

Huntsworth is an international public relations and healthcare communications group.

Our company portfolio comprises public relations expertise in the consumer, financial, healthcare, public affairs and technology sectors, together with a broad-based offering in healthcare communications.

£80.5m

Revenue up by 14.0%

£12.2m

Profit before tax and highlighted items up by 21.9%

4.2p

Earnings per share before highlighted items up by 13.5%

0.7p

Interim dividend per share up by 8%

Revenue

- Total revenue up 14.0% at £80.5 million (H1 2007: £70.6 million)
- Net new business wins £30.4 million
- Like-for-like² revenues up 2.5%

Operating margin¹

- Pre central costs up to 21.1% (H1 2007: 20.4%)
- Post central costs up to 16.5% (H1 2007: 16.1%)

Profit before tax

- Profit before tax and highlighted items up 21.9% to £12.2 million (H1 2007: £10.0 million)
- Profit before tax (after highlighted items) up 76.7% to £10.4 million (H1 2007: £5.9 million)

Earnings per share

- Earnings per share before highlighted items up 13.5% to 4.2p (H1 2007: 3.7p)
- Earnings per share after highlighted items down 77.3% to 0.5p (H1 2007: 2.2p)

Dividend

- Interim dividend up 8% to 0.70p (H1 2007: 0.65p)

Debt

- Net debt reduced to £41.8 million (31 December 2007: £54.1 million)

Notes

1. All results are stated before taking account of highlighted items unless otherwise stated. These comprise amortisation of intangible assets, profit on disposal of subsidiaries, impairment of investment in associates, acquisition payments deemed to be remuneration and net restructuring and other non-recurring costs.
2. Like-for-like revenues include pre-acquisition revenues for all current businesses and are stated at constant currencies.

Chief Executive's review



Peter Chadlington
CHIEF EXECUTIVE

Overview

The Group has produced a strong first half performance with revenues, profit before tax and earnings per share reaching 49% of full year consensus forecasts. Operating margins have improved, reaching 21.1% before central costs. After central costs we have achieved our full year target of 16.5%. Public Relations operating margins have also met our full year target of 21.5%.

In the first half, new business flow has been strong with £30.4 million of net new business and approximately 48% of this coming from existing clients. We now have 89% of revenues committed for the current year with the majority of our revenues on three months' notice or longer. Furthermore, committed revenues for 2009 already stand at 63%.

Revenues remain well spread and balanced throughout the Group. Our largest client represents just 1.4% of total revenues; the top ten 8.4% and the top 25 clients 15.3%. Client attrition is 3% in the first half which is at the lower end of our expected range of 3% to 5%.

The balance sheet is strong. Net debt at 30 June has been reduced to £41.8 million and with bank facilities of £90 million committed to July 2012, borrowing headroom was just under £50 million. Currently 58% of Group operating profits before central costs are free from earn-outs and we have the ability to settle virtually all earn-outs in cash. Assuming no further acquisitions, we expect debt to continue to decrease and to be both debt and earn-out free by 2012. We are hedged both on interest and exchange rates and continue to operate well within our banking covenants.

Exchange gains in the first half contributed £2.1 million of revenue and £0.4 million of operating profits on a like-for-like basis.

Public Relations

As expected, current economic turbulence has had some effect on our public relations businesses – representing 75% of revenues – but our balanced portfolio has enabled us to achieve excellent margins and profit growth.

Our financial revenues were impacted by a significant reduction of financial deal led projects (IPO's and M&A activity) which were down by 40% and now represent just 2% of Group revenues. However, financial retainers, representing 11% of Group revenues, have remained steady and the reduction of M&A activity and IPO work has been in part offset by other financial projects such as litigation support and crisis situations.

However, as advertising spend starts to decline across the globe we have seen our consumer revenues, representing 20% of Group revenues, grow by 12% as clients put more money behind public relations in order to keep their product in front of the public. Corporate revenues, representing 23% of Group revenues, have grown by 5% driven by green, corporate and social responsibility and reputational risk campaigns. Public Affairs, which represents 6% of Group revenues, has grown by 16% benefitting from political change as corporations recognise the importance of engaging with key influential stakeholders.

As a whole our Public Relations businesses grew 3.4% on a like-for-like basis. However, excluding the impact of financial deal led projects, the underlying growth is 5.7% which is in line with independent MORI research from earlier this year which predicts that more than half of UK businesses with a PR budget will maintain their PR spend and one-third will increase it in 2008.

Public Relations margins have improved once again, already reaching our full year target of 21.5%.

New Consumer clients include Heinz, Carling, Cadbury, Epson, the Financial Services Authority, Cotton Council International and the summer campaign for the National Blood Service. Growth in Corporate revenues has come from new work including Costa Coffee (promoting ethical credentials), Think London (corporate positioning of the city's foreign direct investment agency) and the Waste & Resource Action Programme (PR strategy for the retail supply chain audience on environmental issues).

New Public Affairs remits include Lafarge, Gabriel Resources, Cromarty Firth Port Authority, Safety-Kleen and Airtricity, the renewables arm of Scottish and Southern to obtain consent from the Scottish Government for Clyde Wind Farm, which will be the largest wind farm in Europe.

New financial programmes won include advising AAR, the consortium of Russian shareholders who collectively own 50% of TNK-BP, Russia's third largest oil company; IPO support for Russian freight transporter Globaltrans; and transaction advice for the State of Qatar and Doha Securities Market on the sale of a 25% interest in NYSE Euronext.

We have won a number of multi-country mandates including asset management firm Legg Mason across five countries and an eight country campaign for property developer Franzen Partners as well as extending our work with SanDisk into a total of six territories.

Huntsworth Health

Huntsworth Health accounts for around a quarter of Group revenues. Although it is relatively small in its market, we believe it is well placed to gain market share.

We began building out a global capability last year by acquiring Dorland and Axis in the US. Over the last year we have concentrated on consolidation and margin growth in these companies, significantly raising operating margins to produce a year on year like-for-like operating profit growth of 30.0% with margins for the first half of this year at 20.0%. As the initial focus has been to bring these companies quickly up to Group margin targets, overall revenues have only moved ahead slightly by 0.2% in the first half.

Whilst we expect a similar pattern of growth in the second half of this year, the intensive phase of consolidation and rapid margin improvement is now substantially complete and we are moving into the next phase: to exploit synergies and cross fertilisation opportunities in both global and domestic markets to produce organic top line growth.

In the more established part of the division, the UK, we have already begun to see our approach deliver good progress and we are starting to produce strong growth and bigger opportunities. Clients are awarding increasing numbers of integrated accounts which utilise the range of services we offer and we have seen a five-fold increase in pan-European assignments.

We believe we are well placed to secure growth across the whole division from next year, driven by a number of factors. For example, our US acquisitions enable us to compete in an increasingly globalised market where we are building a reputation for quality. Already we work for 39 of the top 50 pharmaceutical companies in the world and are well placed both to expand the number of brands we work on and cross sell our capabilities into existing accounts.

Our retention of local brands under the Huntsworth Health umbrella enables us to both manage conflict accounts and also operate in the medical and marketing environments which often require agency separation. Within the healthcare market there is a significant shift towards high science 'evidence-based' communications, and Huntsworth Health's scientifically qualified staff place it in a very strong position to capitalise on this trend.

Additionally, patients are having increasing influence on treatment choices and our ability to reach patient populations through our strong PR network and our award-winning new media businesses position us strongly in this sector. We have seen significant growth in our interactive businesses on both sides of the Atlantic, and whilst almost all parts of our group utilise interactive solutions on most clients' programmes, those parts of the business that are totally focussed on interactive solutions represent 8% of revenues.

In the first half we have extended our healthcare services into clients including Abbott Molecular, Baxter, Bayer, Johnson & Johnson, Novartis, Procter & Gamble, Shire, Solvay and Teva.

"In the first half, new business flow has been strong with £30.4 million of net new business and approximately 48% of this coming from existing clients. We now have 89% of revenues committed for the current year with the majority of our revenues on three months' notice or longer."

Chief Executive's review continued

Managing in a downturn; utilising our defensive profile

The global economic environment is extremely challenging. These results show that our geographic spread and portfolio effect enables the Group to protect and build its margins and to show growth. However, given the continued uncertainty, we have been looking at previous downturns and the patterns of how PR performed in those periods to enable us to manage the risks more effectively and to identify where the opportunities lie.

We are focusing on managing the Group effectively during this economic cycle. We track business flows with significantly more precision, immediacy and management focus than ever before. We have developed strong and timely control systems that enable us to see budget variances almost immediately so that we can work with operational management to ensure that costs are managed and margins are protected. We manage margins through flexible costs, which account for around 12% of revenues and can quickly cut variable costs if revenues decline in any part of the Group.

Public Relations businesses in the last recession saw their different disciplines suffer at slightly different times of the cycle. Consequently, the structure that was hardest hit was single brand companies. As a discipline, financial public relations suffered the most as M&A activity fell away and many companies did not have a large retained client base to underpin them.

Public Affairs, Crisis Management and CSR brands and companies all did reasonably well as demand for their services remained resilient or grew, very often as a direct result of the challenging economic environment. Corporate, Consumer and Healthcare businesses also did well, being more insulated from the rapid changes in the economy and indeed often benefitting from the sharp cuts in advertising budgets.

In the current downturn, we have seen this pattern repeating across our Group as we have expected. Financial deal led projects are down by 40%, but this time we have much less reliance on this form of income plus much of that lost income has been offset by new skills and new specialist business streams such as litigation support. The financial businesses are underpinned by a large and broad retainer base, and as a result are still able to deliver 20% margins. Other sectors in our portfolio are growing such as our Consumer businesses which are up 12%, Corporate is up 5% and Public Affairs is up 16% which enables us to remain optimistic about revenues going forward.

Our policy on acquisitions to complete and improve our network capabilities remains unchanged. We will only acquire businesses where we see a long term strategic fit and clear opportunities for integration and improvement as part of our Group. The current economic conditions may provide some cost-effective opportunities in this regard.

We remain committed to maintaining a strong balance sheet position.

Outlook

Our business is in good shape. In the first half we have achieved 49% of 2008 consensus revenues, profits before tax and earnings per share.

Given the continued economic uncertainty we have considerable scope to maintain margins through 12% of flexible costs and the active management of other variable costs. With early warning systems, as well as profit and margin protection plans in place across the Group, we have the flexibility to face profitably any further deterioration in the economy.

Strong trading has continued into July and August giving us confidence that we will meet full year management expectations. Additionally, with 63% of committed income already agreed for 2009, we have a firm foundation for the year ahead.

Peter Chadlington
CHIEF EXECUTIVE
20 AUGUST 2008

Review of financial results

Introduction

In the commentary below, all results are stated before taking account of highlighted items unless otherwise stated. Highlighted items comprise amortisation of intangible assets, profit on disposal of subsidiaries, impairment of investment in associates, acquisition payments deemed to be remuneration and net restructuring and other non-recurring costs.

Revenue and Profits

Group revenue in the six months to 30 June 2008 increased by 14.0% to £80.5 million (H1 2007: £70.6 million). The increase was 10.0% at constant currencies.

On a like-for-like basis, revenue from the Group's Public Relations businesses grew by 3.4%, and Huntsworth Health was up 0.2%, giving overall like-for-like revenue growth of 2.5%. Excluding financial deal led projects, Public Relations growth was 5.7%. Geographically, like-for-like growth was 4.8% in the UK, 10.2% in Eastern Europe and 21.5% in Asia. The US and Western Europe saw declines of 2.7% and 0.9% respectively.

Group operating profits before central costs increased by 18.3% to £17.0 million (H1 2007: £14.4 million) – up 11.6% on a constant currency basis.

Group operating margin before central costs was 21.1% (H1 2007: 20.4%) reflecting a 21.5% margin for Public Relations businesses and 20.0% for Huntsworth Health.

Operating margin after central costs was 16.5% (H1 2007: 16.1%). Operating profit after central costs for the period increased by 16.7% to £13.3 million (H1 2007: £11.4 million) – up 11.3% at constant currency.

Profit before tax increased by 21.9% to £12.2 million (H1 2007: £10.0 million).

SUMMARY OF FINANCIAL RESULTS

	H1 2008 £'m	Like-for-like growth	H1 2007 £'m	Like-for-like growth
Revenue				
Public Relations	59.9	3.4%	61.1	
Huntsworth Health	20.6	0.2%	9.5	
Total operations	80.5	2.5%	70.6	5.8%
<hr/>				
	H1 2008 £'m	Margin	H1 2007 £'m	Margin
Operating Profit				
Public Relations	12.9	21.5%	12.5	20.5%
Huntsworth Health	4.1	20.0%	1.9	19.5%
Total operations	17.0	21.1%	14.4	20.4%
Central costs	(3.7)		(3.0)	
Underlying profit	13.3	16.5%	11.4	16.1%
Operating highlighted items	(0.8)		(3.1)	
Reported operating profit	12.5		8.3	
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Adjusted basic EPS	4.2p		3.7p	
Reported basic EPS	0.5p		2.2p	

Currency

The weakening of sterling against the euro over the last year has had a marked impact on the average exchange rates used to translate the Group's overseas results into sterling for the first halves of 2007 and 2008. In the first half of 2008, the net translation impact of currency changes compared to the same period last year was to increase revenue by around £2.1 million and trading profit by around £0.4 million.

Highlighted Items

Operating highlighted items of £0.8 million comprise £2.8 million for amortisation of intangible assets and £0.4 million of non-cash share-based acquisition payments deemed to be remuneration, offset by £2.4 million for the profit arising on the disposal of subsidiaries (CapitalBridge).

After these highlighted items, statutory reported operating profit was up 51.6% to £12.5 million (H1 2007: £8.2 million).

Total highlighted items of £1.8 million include £1.0 million for the impairment of the Group's investment in associates.

Tax

The tax charge of £9.2 million comprises an underlying tax charge of £3.4 million together with a charge of £5.8 million on highlighted items. The underlying tax charge is based on the expected full year underlying tax rate of 27.5%. The charge on highlighted items principally relates to the disposal of CapitalBridge in February.

Review of financial results

continued

Huntsworth has been informed that it is likely that a disposed European subsidiary will receive in the near future certain tax assessments which have resulted from a tax audit covering a period prior to disposal. Under the terms of the disposal agreement, Huntsworth would expect to receive a tax covenant claim from the purchaser in relation to these tax assessments. Huntsworth is strongly disputing the validity of the anticipated assessments and intends to file an appeal with the relevant tax authorities. Based on information currently available and advice from professional advisers, management continue to assess the likely outcome of this matter in the context of claims-related provisions held in the Group accounts.

Earnings

Profits attributable to ordinary shareholders increased by 16.9% to £8.6 million (H1 2007: £7.4 million). Profits after highlighted items attributable to ordinary shareholders amounted to £1.0 million (H1 2007: £4.4 million).

Basic earnings per share were up 13.5% to 4.2p (H1 2007: 3.7p). Diluted earnings per share were 4.1p (H1 2007: 3.6p). Basic earnings per share after highlighted items were 0.5p (H1 2007: 2.2p).

Dividends

After the exceptional increase in the final dividend for 2007 following the disposal of CapitalBridge, the Board has reverted to its normal progressive dividend policy. The interim dividend has been increased by 8% to 0.70p per share (H1 2007: 0.65p). The record date for this dividend will be 3 October 2008 and it is payable on 7 November 2008. A scrip dividend alternative will be available.

Balance Sheet and Cash flow

Net debt at 30 June 2008 has been reduced to £41.8 million (31 December 2007: £54.1 million).

Operating cash flow of £7.4 million and cash conversion of 56% reflected the payment in the first half of 2008 of over £10.5 million of bonuses relating to 2007. This is before a £2.2 million cash impact relating to highlighted items provided for in prior years (H1 2007: £2.7 million).

For the full year, Huntsworth expects cash conversion to achieve the Group's target of 100%.

Other principal cash flows during the period were net payments for interest, tax and tangible fixed assets of £4.7 million, dividends received from associates of £1.1 million, and a net inflow in respect of acquisitions and disposals of £9.9 million. Overall, net debt decreased by £12.3 million to £41.8 million.

The Group's bank facilities comprise a revolving credit facility and a committed overdraft totalling £90 million in place until July 2012. EBITDA interest cover (excluding highlighted items) was 8.2 times (H1 2007: 6.0 times).

Hedging has been used to limit upward movements on the interest rate on £40 million of debt through a mixture of swaps and caps.

Earn-out Payments

Future earn-out payments as at 30 June 2008 are estimated at £22.2 million, comprising £13.9 million payable in cash, £7.6 million payable in cash/shares at Huntsworth's option and the remainder in shares. The timing of the aggregate of these payments is £4.6 million in 2008, £4.7 million in 2009, £2.9 million in 2010 and £10.0 million in 2011.

On current Group projections and assuming no corporate activity, we expect both earn-outs and debt to decline. If we satisfy all earn-outs in cash and continue a progressive dividend policy, we expect the Group to be debt free and earn-out free by the end of 2012.

Tymon Broadhead
GROUP FINANCE DIRECTOR
20 AUGUST 2008

Statement of directors' responsibilities

We confirm that to the best of our knowledge this interim report:

- Has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- Includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules ("DTR") 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- Includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Sally Withey

CHIEF OPERATING OFFICER

Tymon Broadhead

GROUP FINANCE DIRECTOR

Unaudited consolidated income statement

for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Audited Year ended 31 December 2007 £000
Turnover		106,915	94,995	202,318
Revenue	3	80,455	70,594	152,271
Operating expenses – excluding highlighted items		(67,178)	(59,217)	(128,052)
Operating expenses – highlighted items		(779)	(3,135)	(8,345)
Operating expenses – total		(67,957)	(62,352)	(136,397)
Operating profit before highlighted items	3	13,277	11,377	24,219
Highlighted items – operating expenses	4	(779)	(3,135)	(8,345)
Operating profit		12,498	8,242	15,874
Share of post-tax profit of associates		1,045	1,005	2,730
Highlighted item – impairment of associates	4	(1,045)	(999)	(2,716)
Finance income	5	442	108	585
Finance costs	5	(2,560)	(2,481)	(5,673)
Profit before tax and highlighted items		12,204	10,009	21,861
Highlighted items	4	(1,824)	(4,134)	(11,061)
Profit before tax		10,380	5,875	10,800
Taxation	6	(9,184)	(1,239)	1,778
Profit for the period		1,196	4,636	12,578
Attributable to:				
Parent company's equity shareholders		1,011	4,437	11,889
Minority interests		185	199	689
		1,196	4,636	12,578
Earnings per share:				
Basic – pence	8	0.5	2.2	5.9
Diluted – pence	8	0.5	2.1	5.9
Adjusted basic – pence*	8	4.2	3.7	7.9
Adjusted diluted – pence*	8	4.1	3.6	7.8

*Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items and the related tax effects (Note 8).

Unaudited consolidated balance sheet

as at 30 June 2008

	Notes	30 June 2008 £000	30 June 2007 £000	Audited 31 December 2007 £000
Non-current assets				
Intangible assets	9	236,502	223,202	225,283
Property, plant and equipment		5,596	5,603	6,050
Investment in associates		3,606	5,248	4,849
Derivative financial assets	10(c)	432	180	107
Deferred tax		3,788	2,816	8,532
		249,924	237,049	244,821
Current assets				
Work in progress		1,180	1,687	963
Trade and other receivables		47,637	51,170	49,858
Derivative financial assets		3	4	74
Cash and short-term deposits	10(d)	6,343	8,946	6,939
		55,163	61,807	57,834
Assets held for sale		—	—	12,825
Current liabilities				
Bank loans and overdrafts	10(d)	(163)	(154)	(77)
Loan notes payable	10(c)	—	—	(1,137)
Derivative financial liabilities		—	(4)	—
Obligations under finance leases	10(c)	(198)	(38)	(212)
Trade and other payables		(48,163)	(45,699)	(55,527)
Corporation tax payable		(7,797)	(8,409)	(5,664)
Provisions		(11,500)	(21,119)	(12,478)
		(67,821)	(75,423)	(75,095)
Non-current liabilities				
Bank loans and overdrafts	10(c)	(48,054)	(61,533)	(59,126)
Obligations under finance leases	10(c)	(175)	(64)	(270)
Provisions		(20,104)	(11,391)	(12,853)
Trade and other creditors		(316)	(634)	(256)
Derivative financial liabilities	10(c)	—	—	(361)
Deferred tax liabilities		(5,410)	(6,610)	(6,163)
		(74,059)	(80,232)	(79,029)
Liabilities held for sale		—	—	(918)
Net assets		163,207	143,201	160,438
Equity				
Called up share capital		105,017	101,876	105,000
Share premium account		23,623	23,237	23,620
Merger reserve		50,866	48,088	50,866
Foreign exchange translation reserve		4,191	(5,627)	(641)
Hedging reserve		98	200	(276)
Investment in own shares		(5,564)	(4,195)	(5,427)
Retained earnings		(15,923)	(21,751)	(14,664)
Equity attributable to equity holders of the parent		162,308	141,828	158,478
Minority interests		899	1,373	1,960
Total equity		163,207	143,201	160,438

Unaudited consolidated cash flow statement

for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Audited Year ended 31 December 2007 £000
Cash inflow/(outflow) from operating activities				
Cash inflow from operations	10(a)	5,227	2,729	25,230
Interest paid		(2,189)	(2,181)	(4,723)
Interest received		222	108	464
Cash flows from hedging activities		—	—	(411)
Corporation tax paid		(2,086)	(1,806)	(4,524)
Net cash inflow/(outflow) from operating activities		1,174	(1,150)	16,036
Cash inflow/(outflow) from investing activities				
Acquisition of subsidiaries		(2,828)	(12,334)	(26,238)
Repayment of loan notes issued as acquisition consideration		(1,137)	—	—
Disposal of subsidiaries		15,341	1,603	3,077
Acquisition of minority interest		(2,517)	(2)	—
Purchases of property, plant and equipment		(744)	(1,005)	(2,121)
Proceeds from sale of property, plant and equipment		68	53	84
Proceeds from sale of associates		231	3	3
Loans to associates		—	(1,683)	—
Dividends received from associates		1,127	872	1,682
Net cash acquired with subsidiaries		—	610	(477)
Net cash disposed of with subsidiaries		—	(558)	(558)
Net cash inflow/(outflow) from investing activities		9,541	(12,441)	(24,548)
Cash (outflow)/inflow from financing activities				
Proceeds from issue of ordinary shares		20	180	367
Purchase of own shares		(137)	(466)	(1,771)
Proceeds from sale of own shares to employees		—	38	—
Repayment of finance lease liabilities		(114)	(44)	(165)
(Repayment)/drawdown of borrowings		(11,161)	12,463	9,967
Dividends paid to minority interests		(14)	—	(74)
Dividends paid to shareholder of acquired business		(321)	—	(321)
Dividends paid to equity holders of the parent		—	—	(3,209)
Net cash (outflow)/inflow from financing activities		(11,727)	12,171	4,794
Decrease in cash and cash equivalents		(1,012)	(1,420)	(3,718)
Movements in cash and cash equivalents				
Decrease in cash and cash equivalents		(1,012)	(1,420)	(3,718)
Effects of exchange rate fluctuations on cash held		330	(113)	255
Cash and cash equivalents at 1 January		6,862	10,325	10,325
Cash and cash equivalents at end of period	10(c), (d)	6,180	8,792	6,862

Unaudited consolidated statement of changes in equity

for the six months ended 30 June 2008

	Called up share capital £000	Share premium account £000	Merger reserve £000	Foreign currency translation reserve £000	Hedging reserve £000	Investment in own shares £000	Retained earnings £000	Total £000	Minority interests £000	Total equity £000
At 1 January 2007	101,775	23,162	48,088	(3,670)	—	(4,000)	(24,511)	140,844	1,157	142,001
Currency translation	—	—	—	(1,926)	—	—	—	(1,926)	—	(1,926)
Disposal of subsidiaries	—	—	—	(31)	—	—	—	(31)	—	(31)
Gains on cash flow hedges taken to equity	—	—	—	—	200	—	—	200	—	200
Total income and expense recognised in equity	—	—	—	(1,957)	200	—	—	(1,757)	—	(1,757)
Profit for the period	—	—	—	—	—	—	4,437	4,437	199	4,636
Total recognised income and expense for the period	—	—	—	(1,957)	200	—	4,437	2,680	199	2,879
Shares issued for cash	101	83	—	—	—	—	—	184	—	184
Movement in minority interests	—	—	—	—	—	—	—	—	(2)	(2)
Purchase of own shares	—	—	—	—	—	(466)	—	(466)	—	(466)
Disposal of own shares	—	—	—	—	—	271	(52)	219	—	219
Share issue costs	—	(8)	—	—	—	—	—	(8)	—	(8)
Credit for share-based payments	—	—	—	—	—	—	1,003	1,003	19	1,022
Equity dividends	—	—	—	—	—	—	(2,628)	(2,628)	—	(2,628)
Balance at 30 June 2007	101,876	23,237	48,088	(5,627)	200	(4,195)	(21,751)	141,828	1,373	143,201
Currency translation	—	—	—	4,986	—	—	—	4,986	—	4,986
Gains on cash flow hedges taken to equity	—	—	—	—	(200)	—	—	(200)	—	(200)
Total income and expense recognised in equity	—	—	—	4,986	(200)	—	—	4,786	—	4,786
Profit for the period	—	—	—	—	—	—	7,452	7,452	490	7,942
Total recognised income and expense for the period	—	—	—	4,986	(200)	—	7,452	12,238	490	12,728
Shares issued for cash	139	44	—	—	—	—	—	183	—	183
Acquisition of subsidiaries	2,645	—	2,778	—	—	—	—	5,423	73	5,496
Movement in minority interests	—	—	—	—	—	—	—	—	2	2
Purchase of own shares	—	—	—	—	—	(1,305)	—	(1,305)	—	(1,305)
Disposal of purchased own shares	—	—	—	—	—	73	(4)	69	—	69
Share issue costs	—	(22)	—	—	—	—	—	(22)	—	(22)
Movement in financial instruments	—	—	—	—	(276)	—	—	(276)	—	(276)
Credit for share-based payments	—	—	—	—	—	—	917	917	22	939
Deferred tax on share-based payments	—	—	—	—	—	—	78	78	—	78
Scrip dividend	340	361	—	—	—	—	—	701	—	701
Equity dividends	—	—	—	—	—	—	(1,282)	(1,282)	—	(1,282)
Dividends to minority interests	—	—	—	—	—	—	(74)	(74)	—	(74)
Balance at 31 December 2007 (audited)	105,000	23,620	50,866	(641)	(276)	(5,427)	(14,664)	158,478	1,960	160,438
Currency translation	—	—	—	4,096	—	—	—	4,096	—	4,096
Disposal of subsidiaries	—	—	—	736	—	—	—	736	—	736
Gains in cash flow hedges taken to equity	—	—	—	—	374	—	—	374	—	374
Total income and expense recognised in equity	—	—	—	4,832	374	—	—	5,206	—	5,206
Profit for the period	—	—	—	—	—	—	1,011	1,011	185	1,196
Total recognised income and expense for the period	—	—	—	4,832	374	—	1,011	6,217	185	6,402
Shares issued for cash	17	3	—	—	—	—	—	20	—	20
Acquisition of minority interests	—	—	—	—	—	—	—	—	(1,158)	(1,158)
Purchase of own shares	—	—	—	—	—	(137)	—	(137)	—	(137)
Credit for share-based payments	—	—	—	—	—	—	978	978	—	978
Deferred tax on share-based payments	—	—	—	—	—	—	(78)	(78)	—	(78)
Equity dividends	—	—	—	—	—	—	(3,244)	(3,244)	—	(3,244)
Dividends to minority interests	—	—	—	—	—	—	—	—	(14)	(14)
Transfers	—	—	—	—	—	—	74	74	(74)	—
Balance at 30 June 2008	105,017	23,623	50,866	4,191	98	(5,564)	(15,923)	162,308	899	163,207

Notes to the financial statements

for the six months ended 30 June 2008

1. Basis of preparation

These consolidated interim financial statements, which are condensed and unaudited for the six months ended 30 June 2008, have been prepared in accordance with the Listing Rules of the Financial Services Authority. They have also been prepared in accordance with the accounting policies which the Group expects to adopt in its 2008 Annual Report and are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2007. These accounting policies are based on the EU-adopted International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that the Group expects to be applicable at that time. The IFRS and IFRIC interpretations that will be applicable at 31 December 2008, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements.

These consolidated interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with The Disclosure and Transparency Rules of the Financial Service Authority and with IAS 34, Interim Financial Reporting, as adopted by the EU and under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value.

The information relating to the six months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute statutory financial statements as defined in Section 240 of the Companies Act 1985. They have however been reviewed by the auditors and their report to the Board of Huntsworth PLC is set out at the end of this document. The comparative figures for the year ended 31 December 2007 have been extracted from the Group Report and Accounts, on which the auditors gave an unqualified opinion and did not include a statement under section 237 (2) or (3) of the Companies Act 1985. The Group Report and Accounts for the year ended 31 December 2007 have been filed with the Registrar of Companies.

CHANGES IN PRESENTATION

As disclosed in the 2007 Annual Report and Accounts, the Group has changed its segments to Public Relations and Huntsworth Health. The comparative figures for 30 June 2007 have been restated accordingly. For the period ended 30 June 2007, revenue of £2,651,000 and operating profit of £435,000 have been transferred from Events to Public Relations.

2. Acquisitions and disposals

I) ACQUISITIONS

The following acquisitions were made during the period:

(I) ACQUISITION OF GRAYLING INTERNATIONAL MINORITY INTEREST

On 14 March 2008, the Group purchased an additional stake of 20% of the issued share capital of Grayling International Limited for cash consideration of £2,398,000, taking the Group's overall shareholding in the company to 90%.

(II) ACQUISITION OF HUNTSWORTH FINANCIAL GROUP MINORITY INTEREST

On 6 May 2008, the Group purchased the remaining stake of 8% of the share capital of Huntsworth Financial Group Limited, for cash consideration of £102,000, taking the Group's overall shareholding in the company to 100%.

II) DISPOSALS

The following disposals were made during the period:

(I) CAPITALBRIDGE

On 20 February 2008, the Group sold the business and substantially all of the assets, properties and rights of CapitalBridge Inc. and CapitalBridge Limited, and the entire issued share capital of Citigate Data Consulting Limited and CapitalBridge (Pty) Limited (all together 'CapitalBridge') to Ipreo for US \$31.7 million before costs of US\$2 million (approximately £16.3 million and £1 million respectively). CapitalBridge was the Group's non-core shareholder identification, analytics and investor relations technology business.

The disposal generated profit before tax of £2,219,000 and an additional tax charge of £6,439,000.

The assets and liabilities of CapitalBridge were classified as held for sale as at 31 December 2007.

(II) BACHLER

On 1 February 2008, the Group sold its 35% investment in Bachler & Partners Crisis and Security Consulting GmbH for cash consideration of €300,000 (£231,000).

3. Segmental analysis

BUSINESS SEGMENTS

The Group's primary reporting segment is business divisions which corresponds with the way the operating businesses are organised and managed within the Group and its secondary segment is geographical origin. The following table analyses the results by business segment.

	Public Relations £000	Huntsworth Health £000	Eliminations £000	Total £000
6 months to 30 June 2008				
Revenue				
External	59,842	20,618	(5)	80,455
Intra-group	(5)	—	5	—
Segmental revenue	59,837	20,618	—	80,455
Operating profit				
Segment operating profit before highlighted items	12,874	4,129	—	17,003
Unallocated expenses				(3,726)
Operating profit before highlighted items				13,277
Highlighted items – operating expenses	155	(934)	—	(779)
Operating profit				12,498
Share of profit of associates	1,045	—	—	1,045
Highlighted items – impairment of investment in associates	(1,045)	—	—	(1,045)
Profit before interest and taxation				12,498
Net finance costs				(2,118)
Profit before tax				10,380
Taxation				(9,184)
Profit for the period				1,196

	Public Relations £000	Huntsworth Health £000	Eliminations £000	Total £000
6 months to 30 June 2007				
Revenue				
External	61,066	9,528	—	70,594
Intra-group	9	—	(9)	—
Segmental revenue	61,075	9,528	(9)	70,594
Operating profit				
Segment operating profit before highlighted items	12,524	1,854	—	14,378
Unallocated expenses				(3,001)
Operating profit before highlighted items				11,377
Highlighted items – operating expenses	(2,759)	(376)	—	(3,135)
Operating profit				8,242
Share of profit of associates	1,005	—	—	1,005
Highlighted items – impairment of investment in associates	(999)	—	—	(999)
Profit before interest and taxation				8,248
Net finance costs				(2,373)
Profit before tax				5,875
Taxation				(1,239)
Profit for the period				4,636

Notes to the financial statements

for the six months ended 30 June 2008

3. Segmental analysis continued

	Public Relations £000	Huntsworth Health £000	Eliminations £000	Total £000
12 months to 31 December 2007				
Revenue				
External	121,843	30,428	—	152,271
Intra-group	236	—	(236)	—
Segmental revenue	122,079	30,428	(236)	152,271
Operating profit				
Segment operating profit before highlighted items	25,770	6,281	—	32,051
Unallocated expenses				(7,832)
Operating profit before highlighted items				24,219
Highlighted items – operating expenses	(6,391)	(1,954)	—	(8,345)
Operating profit				15,874
Share of profit of associates	2,730	—	—	2,730
Highlighted items – impairment of investment in associates	(2,716)	—	—	(2,716)
Profit before interest and taxation				15,888
Net finance costs				(5,088)
Profit before tax				10,800
Taxation				1,778
Profit for the year				12,578

GEOGRAPHICAL SEGMENTS

The table below represents revenue and operating profit before highlighted items by geographical origin (the analysis by geographical destination is not materially different to that by origin).

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Revenue			
United Kingdom	36,373	35,222	71,750
Other European	20,854	19,109	38,408
USA	20,542	14,177	37,591
Rest of World	2,686	2,095	4,758
Eliminations	—	(9)	(236)
Total	80,455	70,594	152,271
Operating profit before highlighted items			
United Kingdom	8,288	7,499	15,610
Other European	4,097	4,027	8,091
USA	3,860	2,415	6,996
Rest of World	758	437	1,354
Unallocated expenses	(3,726)	(3,001)	(7,832)
Total	13,277	11,377	24,219

Unallocated expenses comprise central head office costs.

4. Highlighted items

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Charged to operating profit			
Amortisation of intangible assets	2,759	2,764	5,962
(Profit)/loss on disposal of subsidiaries	(2,350)	—	1,877
Acquisition payments to employees deemed to be remuneration	370	371	468
Net restructuring and other non-recurring costs	—	—	38
	779	3,135	8,345
Charged to profit before tax			
Impairment of investment in associates	1,045	999	2,716
	1,824	4,134	11,061

AMORTISATION OF INTANGIBLE ASSETS

Intangible assets are amortised systematically over their estimated useful lives, which vary from 3 to 20 years depending on the nature of the asset. These are significant non-cash charges which arise as a result of acquisitions.

PROFIT/LOSS ON DISPOSAL OF SUBSIDIARIES

The profit on disposal of subsidiaries principally arises from the sale of the CapitalBridge business to Ipree. The loss in 2007 related to the disposal of the Citigate Broadstreet events business.

ACQUISITION PAYMENTS TO EMPLOYEES DEEMED TO BE REMUNERATION

Certain payments of consideration to non-shareholding employees of acquired businesses under arrangements set up prior to acquisition are deemed to be remuneration in the post-acquisition period. These costs will cease once the relevant earn-outs have been settled. This remuneration is not payable to the individuals concerned until the end of the earn-out period. In the meantime, the related assets and liabilities are held in a separately managed fund within the Group. The balance on the fund is included in trade and other receivables.

IMPAIRMENT OF INVESTMENT IN ASSOCIATES

The recoverable amount of Sard Verbinnen is a fixed amount, determined by the sale agreement of 14 February 2006. Consequently all profits recognised subsequently are matched by an equal and opposite impairment of the Group's investment in the entity.

5. Finance costs and income

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Bank interest payable	2,175	2,135	4,699
Loan note interest	5	—	33
Finance lease interest	20	4	27
Financial instruments	—	—	314
Other interest payable	—	42	—
Imputed interest on property provisions	127	109	194
Imputed interest on deferred consideration	233	191	406
Finance costs	2,560	2,481	5,673
Bank interest receivable	(78)	(108)	(283)
Financial instruments	(239)	—	—
Other interest receivable	(125)	—	(302)
Finance income	(442)	(108)	(585)
Net finance costs	2,118	2,373	5,088

Notes to the financial statements

for the six months ended 30 June 2008

6. Taxation

The tax charge for the six months ended 30 June 2008 has been based on an estimated effective tax rate on profit before highlighted items for the full year of 27.5% (year ended 31 December 2007: 24.3%). The tax charge/(credit) is analysed as follows:

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Before highlighted items:			
Current tax	3,185	2,651	5,174
Deferred tax	171	(216)	22
	3,356	2,435	5,196
Highlighted items:			
Current tax	2,084	—	(462)
Deferred tax	3,744	(1,196)	(6,512)
	5,828	(1,196)	(6,974)
Total:			
Current tax	5,269	2,651	4,712
Deferred tax	3,915	(1,412)	(6,490)
	9,184	1,239	(1,778)

The tax charge on highlighted items primarily relates to the disposal of CapitalBridge.

7. Dividends

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Equity dividends on ordinary shares:			
Final dividend for year ended 2006 – 1.3 pence	—	2,649	2,649
Interim dividend for year ended 2007 – 0.65 pence	—	—	1,363
Final dividend for year ended 2007 – 1.85 pence	3,305	—	—
	3,305	2,649	4,012

Shareholders with total shareholdings of 5,138,154, 5,430,960 and 3,279,805 shares waived their rights to the 2006 final, 2007 interim and 2007 final dividends respectively.

The final dividend for the year ended 31 December 2007 of 1.85 pence per share was approved by shareholders at the Annual General Meeting on 15 May 2008 and was paid on 4 July 2008. The dividend is included in creditors at 30 June 2008.

The proposed 2008 interim dividend of 0.7 pence per share was approved by the Board on 20 August 2008 and in accordance with IFRS has not been included as a deduction from equity at 30 June 2008. The dividend will be paid on 7 November 2008 to those shareholders on the register at 3 October 2008.

8. Earnings per share

The data used in the calculation of the earnings per share numbers is summarised in the table below:

	Six months ended 30 June 2008		Six months ended 30 June 2007		Year ended 31 December 2007	
	Earnings £000	Weighted average number of shares 000's	Earnings £000	Weighted average number of shares 000's	Earnings £000	Weighted average number of shares 000's
Basic	1,011	204,570	4,437	199,411	11,889	200,957
Diluted	1,011	208,130	4,437	207,499	11,889	202,432
Adjusted basic	8,621	204,570	7,375	199,411	15,827	200,957
Adjusted diluted	8,621	208,130	7,375	207,499	15,827	202,432

The basic earnings per share calculation is based on the profit for the period attributable to parent company shareholders divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated based on the profit for the period attributable to parent company shareholders divided by the weighted average number of ordinary shares outstanding during the period adjusted for the potentially dilutive impact of employee share option schemes and shares to be issued as part of deferred consideration on acquisitions of subsidiaries.

Adjusted earnings per share is calculated in order to provide information to shareholders about continuing trading performance and is based on the profit attributable to parent company shareholders excluding highlighted items together with related tax effects as set out below:

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Earnings:			
Profit for the period attributable to parent company's shareholders	1,011	4,437	11,889
Highlighted items (net of tax) attributable to parent company's shareholders	7,610	2,938	3,938
Adjusted earnings	8,621	7,375	15,827

9. Intangible fixed assets

	Brands £000	Customer relationships £000	Goodwill £000	Total £000
Cost				
At 1 January 2008	21,446	17,373	213,807	252,626
Arising on acquisitions in the period	—	—	1,359	1,359
Adjustments to prior year acquisitions	—	—	9,415	9,415
Exchange differences	439	241	3,424	4,104
At 30 June 2008	21,885	17,614	228,005	267,504
Amortisation and impairment charges				
At 1 January 2008	5,364	10,364	11,615	27,343
Charge for the period	508	2,251	—	2,759
Exchange differences	178	212	510	900
At 30 June 2008	6,050	12,827	12,125	31,002
Net book value at 30 June 2008	15,835	4,787	215,880	236,502
Net book value at 31 December 2007	16,082	7,009	202,192	225,283

Brands and customer relationships are being amortised over their useful economic lives of between 3 and 20 years. Details of acquisitions made during the period are set out in Note 2.

Adjustments to prior year acquisitions comprise changes to estimated contingent deferred consideration and costs of acquisition.

Notes to the financial statements

for the six months ended 30 June 2008

10. Cash flow analysis

(A) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATIONS

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Operating profit	12,498	8,242	15,874
Depreciation	1,233	1,102	2,355
Share-based payment charge	897	1,376	2,628
Loss on disposal of property, plant and equipment	1	38	9
Amortisation of intangible assets	2,759	2,764	5,962
(Profit)/loss on disposal of subsidiaries	(2,350)	—	1,877
(Increase)/decrease in work in progress	(206)	(242)	1,922
Decrease/(increase) in debtors	1,931	(963)	(1,153)
Decrease in creditors	(10,721)	(8,049)	(1,019)
Decrease in provisions	(815)	(1,539)	(3,225)
Net cash inflow from operations	5,227	2,729	25,230

Net cash inflow from operations is analysed as follows:

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Before highlighted items	7,401	5,421	29,657
Highlighted items	(2,174)	(2,692)	(4,427)
Net cash inflow from operations	5,227	2,729	25,230

Highlighted cash flows relate to the cash impact of amounts provided for in prior periods.

(B) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Decrease in cash and cash equivalents in the period	(1,012)	(1,420)	(3,718)
Cash outflow/(inflow) from debt repayment/(drawdown)	11,161	(12,463)	(9,967)
New derivative financial instruments	—	—	212
Loan notes repaid	1,137	—	—
Repayment of capital element of finance leases	114	44	165
Change in net debt resulting from cash flows	11,400	(13,839)	(13,308)
Finance leases acquired with subsidiaries	—	—	(497)
Loan notes issued as acquisition consideration	—	—	(1,137)
Amortisation of loan fees	(89)	—	(89)
Movement in fair value of derivative financial instruments	686	180	(466)
Translation differences	325	(113)	251
Decrease/(increase) in net debt	12,322	(13,772)	(15,246)
Net debt at beginning of period	(54,137)	(38,891)	(38,891)
Net debt at end of period	(41,815)	(52,663)	(54,137)

10. Cash flow analysis continued

(C) ANALYSIS OF NET DEBT

	1 January 2008 £000	Cash flow £000	Other £000	30 June 2008 £000
Cash and short-term deposits	6,939	(934)	338	6,343
Bank loans and overdraft (current)	(77)	(78)	(8)	(163)
Net cash and cash equivalents	6,862	(1,012)	330	6,180
Bank loans and overdrafts (non-current)	(59,126)	11,161	(89)	(48,054)
Derivative financial assets	107	—	325	432
Derivative financial liabilities	(361)	—	361	—
Obligations under finance leases	(482)	114	(5)	(373)
Loan notes payable	(1,137)	1,137	—	—
Net debt	(54,137)	11,400	922	(41,815)

(D) CASH AND CASH EQUIVALENTS

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000	Year ended 31 December 2007 £000
Cash and short-term deposits	6,343	8,946	6,939
Bank loans and overdrafts (current)	(163)	(154)	(77)
Cash and cash equivalents	6,180	8,792	6,862

11. Contingent liabilities

Under the terms of certain acquisition agreements, additional consideration is payable by the Company and certain of its subsidiary undertakings contingent on the future financial performance of the acquired entities. The estimated amount of such contingent consideration is included in 'Provisions'.

12. Key risks and uncertainties

As detailed on page 19 of the 2007 Annual Report and Accounts, the Group's key risks and uncertainties are identified as: dependence on key personnel and relationships with clients; management of growth; failure of information systems; competition in the provision of services; fluctuations of revenues, expenses and operating results; currency rate risk; and exposure to a downturn in the public relations industry. These risks are not considered to have changed since the 2007 Annual Report and Accounts were published.

Huntsworth has been informed that it is likely that a disposed European subsidiary will receive in the near future certain tax assessments which have resulted from a tax audit covering a period prior to disposal. Under the terms of the disposal agreement, Huntsworth would expect to receive a tax covenant claim from the purchaser in relation to these tax assessments. Huntsworth is strongly disputing the validity of the anticipated assessments and intends to file an appeal with the relevant tax authorities. Based on information currently available and advice from professional advisers, management continue to assess the likely outcome of this matter in the context of claims-related provisions held in the Group accounts.

13. Related party transactions

The ultimate controlling party of the Group is Huntsworth PLC (incorporated in the United Kingdom). The Group has a related party relationship with its associates and with directors and executive officers.

TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

During the period the Group and its associate Sard Verbinnen LLC carried out work on behalf of each other's clients. Aggregate amounts included in turnover and cost of sales in the consolidated income statement in respect of transactions with associates were £73,000 and £10,000 respectively. At 30 June 2008, there was a net trading balance due from associates of £48,000.

Independent review report to Huntsworth PLC

for the six months ended 30 June 2008

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

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

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

LONDON

20 AUGUST 2008



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