HUNTSWORTH

Interim results for the six months to 30 June 2015

Strategic review completed
Restructuring underway

Huntsworth plc, the healthcare communications and public relations group, today announces its interim results for the six months to 30 June 2015.

Paul Taaffe, Chief Executive of Huntsworth, said:

"Our focus in the first half of 2015 has been to improve the competitiveness of all operations in the Group. Every business has been reviewed to determine which businesses are delivering, or could deliver, sustainable profit growth. The impact of the restructuring actions already implemented, and the reinvestment of some of the savings, should see Huntsworth Health continue on its double-digit growth trajectory, and Grayling return to stronger profitability as it exits 2015."

Financial highlights[1]

Revenue

- Revenue before highlighted items £83.2m (H1 2014: £83.1m; H2 2014: £81.6m)
- Like-for-like[2] revenue decline of 0.7%; constant currency revenue decline of 2.7%

Profit before highlighted items

- Operating profit of £6.3m (H1 2014: £8.9m; H2 2014: £9.3m)
- Operating margin before central costs 11.9% (H1 2014: 14.6%)
- Operating margin post central costs 7.6% (H1 2014: 10.7%)
- Profit before tax of £5.3m (H1 2014: £7.7m)

Loss after highlighted items

- Operating loss of £44.8m including Goodwill impairment of £48.8m (H1 2014: profit £7.9m)
- Loss before tax £45.9m (H1 2014: profit £6.3m)

Cash flow and net debt

- Cash flow from operations before highlighted items of £7.3m (H1 2014: £4.0m)
- Cash flow from operations after highlighted items of £5.8m (H1 2014: £3.7m)
- Net debt of £33.5m (30 June 2014: £35.5m; 31 December 2014: £35.6m)

Diluted earnings/(loss) per share

- Earnings per share before highlighted items at 1.2p (H1 2014: 1.8p)
- Loss per share after highlighted items at 13.5p (H1 2014: 1.4p earnings per share)

Dividend

- Interim dividend of 0.5 pence per share (H1 2014: 1.0 pence)

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Chief Executive's Statement

Group overview[1]

Revenues for the first half of 2015 were £83.2 million (2014: £83.1 million), a like-for-like decline of 0.7% and a constant currency decline of 2.7%. Profit before tax was £5.3 million (2014: £7.7 million).

Strategic Review

Over the last three months, I have met the leaders of all of Huntsworth's operations around the World, to review and assess every business in the Group. Each business has been evaluated against its level of specialisation, its market competitiveness relative to its peers, its ability to deliver operating profit growth and its ability to scale.

We continue to attract excellent clients to the Group but recognise that there is still more work to be done across the entire portfolio to deliver our full potential. I have worked with the senior management teams around the World to develop detailed plans to increase scale, improve efficiency and strengthen their points of difference, and ultimately to plan investment in growth where appropriate. Unless we can achieve sustainable growth with each business, we will consider it for divestment or investigate alternative ways of securing its future.

Our main focus for growth is, and will continue to be, Huntsworth Health, which is on track to continue delivering market share gains. Healthcare is a growing sector as clients seek a more differentiated offer for their medical and marketing communications needs, and our integrated boutique agency offer continues to prove its capabilities to perform strongly in this area.

There are a number of opportunities to expand into new markets and geographies to better support clients at Huntsworth Health, Citigate, Red and Grayling. We are establishing a new Huntsworth Health presence in Shanghai, have begun to expand Grayling into Africa with the opening of a new office in Kenya, and we further expanded our Middle East presence with new offices in Oman and Abu Dhabi. Red has created a deeper digital content capability. Further opportunities are being investigated across the Group.

Finally, there is also an opportunity to re-evaluate the scope and cost of central services, to be more appropriate for a Group of our current size. The increase in these costs in 2015 reflects the additional cost of retaining the previous CEO as a special adviser to the Board.

Restructuring

Our focus in the first half of 2015 has been to improve the competitiveness of all operations in the Group.

Grayling has been the particular focus, with actions undertaken so far including:

- The realignment of roles and structures throughout the Group, affecting over 100 positions as staff costs are reduced in some areas and capabilities expanded in others;
- The redeployment of resources to support the rapid growth in the Middle East and Africa;
- The closure of 5 offices, and the co-location of another with Huntsworth Health;
- The appointment of new leaders in Continental Europe, the UK, Dubai, Seattle, San Francisco and Singapore, as well as a newly created position of Global Creative Director, and a new CFO for the division.

Across the rest of the Group, we have enhanced our current capabilities with new leadership appointed at Nitrogen, Apothecom and Tonic agencies within Huntsworth Health, a new Managing Director at Citigate in Beijing, and an extended digital team at Red.

The process of reducing central costs has also begun, with the results expected to be seen in 2016.

Whilst revenues in a number of Grayling operations across Europe and the Middle East are now growing, returning Grayling's UK, US and Asia operations to growth requires further work. In light of the continuing challenges encountered in the first half, it was clear that we needed to readdress the carrying value of Grayling's goodwill, leading to a further impairment of £38.0 million.

Chief Executive's Statement

Citigate has seen a fall in both revenue and margins in the first half of 2015 and whilst investment is planned to reverse this in future periods, the Board has determined that the carrying value of Citigate's goodwill should be written down by £10.8 million.

The impact of the group-wide restructuring should see Huntsworth Health continue on its double-digit growth trajectory and Grayling return to stronger profitability as it exits 2015.

Divisional overview[1]

Huntsworth Health

First half-year 2015 revenues grew 10.3% on a like-for-like basis to £35.2 million, delivering 14.8% operating profit growth with a margin of 18.7%.

This double-digit revenue and operating profit growth is well above industry averages and reflects strong performance for the Huntsworth Health division as a whole, led by our digital consumer agency which grew like-for-like revenues by 33% and operating profit by 72%.

New business momentum remains solid going into the second half-year with 92% of full year revenue committed. In the first half the business won new client mandates with 7 of the top 20 pharmaceutical companies, generating £7 million of 2015 revenues as part of multi-year assignments. Huntsworth Health currently works with 19 of the top 20 Pharma companies in the World.

Awards won in the first half of 2015 include a Communique Award for Writing Excellence for work done for Bayer and the LTEN Innovation Excellence Award for an innovative training programme created for Astra Zeneca.

Huntsworth Health continues to invest in new growth opportunities and we have appointed two people to open a new Huntsworth Health office in Shanghai. We also continue to build our healthcare business in the Middle East in collaboration with Grayling under our new partnership – 'Grayling Health'.

Citigate

Citigate group revenues were down 7.2% on a like-for-like basis to £10.0 million delivering margins of 14.7%.

The fall in first half-year revenues and margins reflects intense price competition for transaction mandates, particularly in the UK market where, despite high volumes of cross-border as well as domestic M&A, new business wins have been much lower than expected throughout the first half-year. UK revenues declined by 16.2% on a like-for-like basis compared with the first half of 2014 and margins fell to 6.3% (from 18.6% in the first half of 2014). Investment to increase Citigate's scale and strengthen margins is planned for the second half of the year.

The Continental European business saw like-for-like revenue growth of 4.9% with margins of 28.1%. The Asia Pacific division of Citigate achieved like-for-like growth of 5.3% in the first half of 2015 with margins of 18.1% as the division continued to develop its regional corporate communications portfolio and transactional business.

Despite the disappointing results, Citigate has advised on a number of IPO listings including, HSS Hire, Sanne, Grand Vision, Nordic Nanovector, Abivax and Lucas Bols. Citigate also worked on significant international projects during the period including Slovak Telekom, continuing work on GFI, Lakestreet Capital Partners and Türkiye İş Bankası A.Ş. (Isbank).

Other Citigate client mandates won in the first half of the year included Saudi Electricity Company, China Three Gorges Corporation, and new financial communications mandates for AECOM and Vectura.

Chief Executive's Statement

Grayling

Grayling revenues fell 8.8% on a like-for-like basis to £31.7 million, delivering margins of 2.3%.

In the first half of 2015, Grayling began its transition to become a more efficient organisation, however, with the implementation of these changes occurring mainly in the second quarter, margins were diluted for the half-year as a result of lower revenues. Exceptional restructuring costs have been treated as highlighted items. These included putting a new senior leadership team in place, as well as completing significant operational restructuring, including the closure of loss-making or non-core offices, and the downsizing of some other operations in proportion to their current revenue base.

Further restructuring will be completed in the second half of the year. Margins are expected to strengthen significantly by year-end and into 2016 once this restructuring is complete.

Whilst revenue has fallen, Grayling continues to win significant new client mandates, which include Mitel (EMEA), The Westin (Qatar), BBC Earth (Turkey), Hotels.com (Turkey), Croatian National Tourist Board and Uber (USA).

A significant source of future revenue growth is expected to be the Middle East and Africa. In April, Grayling was appointed as the global PR agency for the Ministry of East African Affairs, Commerce and Tourism in Kenya, and is developing a number of opportunities across Africa.

The new leadership teams are fully engaged in turning Grayling into a business with organic revenue growth and far better profit-conversion. This activity will take the rest of 2015 and will continue into 2016. Whilst the current period results continue the disappointing trends of the last few years, significant changes are being implemented and there are early signs that revenue is now stabilising.

Red

A number of blue-chip client wins helped ensure that Red achieved one of its key objectives of returning to revenue growth in the first half-year of 2015, achieving 9.7% like-for-like revenue growth in Q2 2015 versus Q2 2014.

First half year revenues overall grew by 0.7% on a like-for-like basis, to £6.4 million. Operating profit for the half year was in line with management expectations at £1.1 million, which represents a margin of 17.0%.

Significant new contracts include Heathrow Airport and leading UK House builder Crest Nicholson. The agency remains well on track to accelerate revenue growth in the second half year.

Dividend

As outlined in the 31 December 2014 Results announcement, the Board have rebalanced the 2015 interim dividend. The interim dividend will be 0.5 pence (H1 2014: 1.0 pence).

Group outlook

The second half of 2015 is expected to show an improvement in profitability as the Group begins to realise the benefits of restructuring actions taken in the first half. Further work to ready the Group for revenue growth in 2016 will now be undertaken.

Notes:

1. Unless otherwise stated, results have been adjusted to exclude highlighted items. Highlighted items comprise amortisation of intangible assets £0.4m (H1 2014: £0.6m), goodwill impairment £48.8m (H1 2014: £nil), restructuring costs £1.3m (H1 2014: £0.0m), impairment of software development costs £0.6m (H1 2014: £nil), and acquisition/transaction related costs £0.0m (H1 2014: £0.1m).

   In H1 2014 there were also highlighted revenues in respect of start-up operations of £0.5m that produced £0.4m of operating losses, and facility fees written off of £0.4m.

2. Like-for-like revenues are stated at constant exchange rates and are adjusted to include pre-acquisition revenues and exclude disposals/closures.

Review of Financial Results

Summary of financial results for the six months ended 30 June 2015

	2015 £'m	Like-for-like growth %	2014 £'m
Revenue			
Citigate	10.0	(7.2)%	10.9
Grayling	31.7	(8.8)%	36.5
Huntsworth Health	35.2	10.3%	29.4
Red	6.4	0.7%	6.3
Total revenue before highlighted items	**83.2**	**(0.7)%**	**83.1**
Highlighted revenues	-		0.5
Total revenue	**83.2**		**83.6**

	2015 £'m	Margin %	2014 £'m	Margin %
Operating profit				
Citigate	1.5	14.7%	2.2	20.6%
Grayling	0.7	2.3%	2.9	7.9%
Huntsworth Health	6.6	18.7%	5.7	19.5%
Red	1.1	17.0%	1.3	20.4%
Total operations	9.9	11.9%	12.1	14.6%
Central costs	(3.6)		(3.2)	
Operating profit before highlighted items	**6.3**	**7.6%**	**8.9**	**10.7%**
Highlighted items	(51.1)		(1.0)	
Reported operating (loss)/profit	**(44.8)**		**7.9**	
Adjusted basic EPS	1.2p		1.8p	
Reported basic EPS	(13.5)p		1.5p	

Revenue and profits before highlighted items

Revenue in the six months to 30 June 2015 increased by £0.1 million to £83.2 million (H1 2014: £83.1 million).

On a like-for-like basis, revenues grew by 10.3% in Huntsworth Health and by 0.7% in Red, but declined by 7.2% in Citigate and 8.8% in Grayling. Overall, Group revenue fell by 0.7% on a like-for-like basis in the first half of the year.

Operating margins have declined across the Group, mostly as a direct result of the revenue declines noted above. Overall Group operating profits before central costs declined by £2.2 million to £9.9 million, generating a Group operating margin before central costs of 11.9% (H1 2014: 14.6%).

Review of Financial Results (continued)

Highlighted items

Highlighted operating expenses in the first half of 2015 are the amortisation of intangible assets (£0.4 million), goodwill impairment (£48.8 million), acquisition and transaction related costs (£0.0 million), impairment of software development costs (£0.6 million) and restructuring costs (£1.3 million). After total highlighted operating expenses of £51.1 million, statutory reported operating losses were £44.8 million (H1 2014: profit £7.9 million).

Revenue conversion to profits at Grayling has been and may continue to be challenging against a background of organisational change throughout 2015. The Board has therefore determined that we should now recognise an impairment charge against the carrying value of Grayling goodwill of £38.0 million.

The performance of Citigate London in the context of intense competitive pressures has seen revenue decline and sharply reduced margins. The Board has determined that we should now recognise an impairment charge against the carrying value of Citigate goodwill of £10.8 million.

Currency

The impact of changes in exchange rates versus H1 2014 was to increase revenues by £2.3 million and increase reported operating profits by £0.7 million.

The strengthening of Sterling against the Euro and the Dollar has also resulted in a £2.6 million charge to Other Comprehensive Income and Expense resulting from the retranslation of the Group's overseas assets.

Tax

The total tax credit of £2.7 million comprises a pre-highlighted tax expense of £1.4 million together with a credit of £4.1 million on highlighted items. The pre-highlighted tax expense is based on the expected full year tax rate of 27.0% (year ended 31 December 2014: 25.0%). The highlighted tax credit of £4.1 million includes a £3.7 million deferred tax credit relating to the goodwill impairment charge in the period.

Earnings

Profits attributable to ordinary shareholders before highlighted items were £3.8 million (H1 2015: £5.8 million). Adjusted basic earnings per share fell to 1.2p (H1 2014: 1.8p) and adjusted diluted earnings per share also fell to 1.2p (H1 2014: 1.8p).

Losses attributable to ordinary shareholders after highlighted items were £43.2 million (H1 2014: profit £4.7 million), resulting in basic loss per share of 13.5p (H1 2014: earnings 1.5p) and diluted loss per share of 13.5p (H1 2014: earnings 1.4p).

Dividends

The interim dividend will be 0.5 pence per share (H1 2014: 1.0 pence). The record date for this dividend will be 2 October 2015 and it is payable on 6 November 2015. A scrip dividend alternative will be available.

Balance sheet and cash flow

Cash inflow from operations totalled £7.3 million (H1 2014: £4.0 million), before highlighted cash outflows of £1.5 million. Other principal cash outflows during the period were net payments for interest, tax and fixed assets of £2.7 million. Earn-out payments totalled £0.7 million.

Net debt at 30 June 2015 is £33.5 million (30 June 2014: £35.5 million; 31 December 2014: £35.6 million) which is well within the Group's available facilities. Financial covenants based on the Group's facility agreements continue to be comfortably met.

Earn-out obligations

Future earn-out obligations as at 30 June 2015 are estimated to be £1.2 million, payable in cash or shares. The expected timing of the settlement of this obligation is 2017.

Key risks and uncertainties

The Directors monitor the risks the Group is exposed to and the risk management and internal controls in place to mitigate these risks. The Directors have considered whether the nature or level of risk that the Group is exposed to has changed significantly in the first half of 2015 and have concluded that there have been no significant changes since the 2014 Annual Report and Accounts were published.

As described more fully on pages 18 to 21 of the 2014 Annual Report and Accounts, the Group's key risks and uncertainties are identified as:

- economic downturn – this can result in fewer new client mandates, longer procurement processes, pricing pressures and an increased risk of bad debt;
- country and currency risk – arising from the Group having significant operations in the USA and Europe;
- increased industry competition – both from the number of competing agencies in the marketplace and price competition, impacting revenue and margins;
- performance of acquired businesses – acquisitions may be less financially beneficial than anticipated;
- loan facility and covenant headroom risk – resulting in reputational damage and/or impairing the Group's ability to make future acquisitions or settle existing obligations;
- dependence on key personnel – loss of key staff can impact client relationships and service quality;
- loss of key clients – impacting revenue and profit;
- information systems access and security – breaches could compromise operations;
- working capital risk – increased levels of working capital can have a cash cost to the Group;
- unethical business practices – potentially leading to reputational and/or financial damage; and
- legal and regulatory compliance – potentially giving rise to reputational and/or financial damage.

The Group performs a comprehensive annual review of the effectiveness of the Group's risk management processes, involving the Board of Directors and all senior management teams around the Group to ensure that appropriate actions are undertaken to manage these risks.

Forward looking statements

The interim management report contains certain forward looking statements in respect of Huntsworth plc and the operation of its subsidiaries. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

Notes to editors:

1. Huntsworth plc is a healthcare communications and public relations group with 67 principal offices across 30 countries. In the first half of 2015 the Group worked for circa 1,520 clients.
2. The Group comprises four divisions: Grayling, Citigate, Red and Huntsworth Health. At 30 June 2015 the Group employed approximately 1,570 staff with an average annual fee income per FTE of £104,900.
3. By industry sector the revenue profile is broadly 31% Pharmaceuticals; 15% Healthcare; 9% Technology; 9% Financial Services; 6% Retail and Leisure; 6% Industrial and Transport; 5% Food and Drink; 5% Government and Public Sector; and 14% Other sectors.
4. Geographically, 31% of Group revenue in the first half of 2015 was from the UK; 15% from European countries; 47% from the US; and 7% from the Asia Pacific, the Middle East and Africa.
5. 51% of the Group's revenue is derived from companies in the FTSE 100, Fortune 500, FTSEurofirst 300 or Top 50 Pharma Companies (Top 50 Pharma Companies list as published by the Med Ad News).
6. In the last 12 months the Group had 21 clients with the revenue in excess of £1 million. In the first half of 2015 our largest client represents 6% of revenue with the top 10 clients accounting for 30% and the top 25 clients accounting for 43%.

Condensed Consolidated Income Statement

for the six months ended 30 June 2015

	Notes	**Six months ended 30 June 2015 £000**	Six months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
Turnover before highlighted items		**100,959**	97,506	204,793
Turnover – highlighted items		**-**	642	1,247
Turnover		**100,959**	98,148	206,040
Revenue before highlighted items	2	**83,245**	83,085	164,719
Revenue – highlighted items	3	**-**	492	1,013
Revenue		**83,245**	83,577	165,732
Operating expenses before highlighted items		**(76,928)**	(74,193)	(146,491)
Operating expenses – highlighted items	3	**(51,106)**	(1,476)	(76,161)
Operating expenses		**(128,034)**	(75,669)	(222,652)
Operating profit before highlighted items	2	**6,317**	8,892	18,228
Highlighted items	3	**(51,106)**	(984)	(75,148)
Operating (loss)/profit		**(44,789)**	7,908	(56,920)
Finance income	4	**3**	7	17
Finance costs before highlighted items	4	**(1,064)**	(1,158)	(2,222)
Finance costs – highlighted items	3,4	**-**	(427)	(427)
Net finance costs		**(1,061)**	(1,578)	(2,632)
Profit before tax and highlighted items		**5,256**	7,741	16,023
Highlighted items	3	**(51,106)**	(1,411)	(75,575)
(Loss)/profit before tax		**(45,850)**	6,330	(59,552)
Tax expense before highlighted items	5	**(1,419)**	(1,939)	(4,002)
Tax credit – highlighted items	3,5	**4,109**	334	7,382
Tax credit/(expense)		**2,690**	(1,605)	3,380
Profit for the period before highlighted items		**3,837**	5,802	12,021
Highlighted items, net of tax	3	**(46,997)**	(1,077)	(68,193)
(Loss)/profit for the period attributable to Parent Company's equity shareholders		**(43,160)**	4,725	(56,172)

(Loss)/earnings per share:				
Basic – pence	7	**(13.5)**	1.5	(17.6)
Diluted – pence	7	**(13.5)**	1.4	(17.6)
Adjusted basic – pence*	7	**1.2**	1.8	3.8
Adjusted diluted – pence*	7	**1.2**	1.8	3.7

*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 7).

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2015

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
(Loss)/profit for the period	**(43,160)**	4,725	(56,172)
Other comprehensive income and expense			
Items that may be reclassified subsequently to the Income Statement			
Currency translation movement	**(2,634)**	(4,895)	2,750
Tax expense on currency translation differences	**(167)**	(75)	(118)
Amounts recognised in the Income Statement on interest rate swaps	**77**	96	96
Movement in valuation of interest rate swaps	**37**	(3)	(66)
Tax expense on interest rate swaps	**(23)**	(19)	(7)
Total items that may be reclassified subsequently to profit or loss	**(2,710)**	(4,896)	2,655
Other comprehensive income and expense for the period	**(2,710)**	(4,896)	2,655
Total comprehensive income and expense for the period attributable to Parent Company's equity shareholders	**(45,870)**	(171)	(53,517)

Condensed Consolidated Balance Sheet

as at 30 June 2015

	Notes	30 June 2015 £000	30 June 2014 £000	Audited 31 December 2014 £000
Non-current assets				
Intangible assets	8	**173,926**	291,040	225,678
Property, plant and equipment		**7,442**	6,879	7,772
Other receivables		**199**	208	279
Derivative financial assets	9	**51**	-	-
Deferred tax assets		**2,961**	634	116
		184,579	298,761	233,845
Current assets				
Work in progress		**4,259**	5,292	3,241
Trade and other receivables		**44,183**	49,059	41,338
Current tax receivable		**638**	601	481
Derivative financial assets	9	**68**	55	17
Cash and short-term deposits	12	**13,680**	9,137	8,826
		62,828	64,144	53,903
Current liabilities				
Obligations under finance leases		**(4)**	(5)	(7)
Trade and other payables		**(47,391)**	(56,256)	(41,356)
Derivative financial liabilities	9	**-**	(21)	-
Current tax payable		**(922)**	(1,237)	(1,060)
Provisions	11	**(1,250)**	(946)	(1,892)
		(49,567)	(58,465)	(44,315)
Non-current liabilities				
Bank loans	10,12	**(47,260)**	(44,651)	(44,327)
Obligations under finance leases		**(23)**	-	(24)
Trade and other payables		**(1,254)**	(1,183)	(2,045)
Derivative financial liabilities	9	**-**	-	(63)
Deferred tax liabilities		**(243)**	(5,743)	(396)
Provisions	11	**(2,920)**	(3,013)	(2,704)
		(51,700)	(54,590)	(49,559)
Net assets		**146,140**	249,850	193,874
Equity				
Called up share capital		**107,166**	107,139	107,157
Share premium account		**62,655**	61,722	62,635
Merger reserve		**32,543**	65,255	43,422
Foreign currency translation reserve		**17,620**	12,609	20,254
Hedging reserve		**51**	-	(63)
Treasury shares		**(1,475)**	(1,577)	(1,568)
Investment in own shares		**(4,389)**	(4,775)	(4,775)
Retained earnings		**(68,031)**	9,477	(33,188)
Equity attributable to equity holders of the parent		**146,140**	249,850	193,874

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2015

	Notes	**Six months ended 30 June 2015 £000**	Six months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
Cash inflow from operating activities				
Cash inflow from operations	12(a)	**5,800**	3,743	17,353
Interest paid		**(874)**	(1,176)	(2,089)
Interest received		**3**	7	17
Cash flows from hedging activities		**17**	-	68
Net current tax paid		**(708)**	(767)	(1,317)
Net cash inflow from operating activities		**4,238**	1,807	14,032
Cash outflow from investing activities				
Acquisition of subsidiaries, net of cash acquired		**-**	(421)	(514)
Deferred consideration payments		**(662)**	(609)	(609)
Cost of internally developed intangible assets		**(122)**	(211)	(592)
Purchases of property, plant and equipment		**(1,000)**	(2,066)	(4,113)
Proceeds from sale of property, plant and equipment		**4**	19	37
Net cash outflow from investing activities		**(1,780)**	(3,288)	(5,791)
Cash inflow/(outflow) from financing activities				
Issue costs from issue of ordinary shares, net of costs		**-**	(1,074)	(1,074)
Proceeds from sale of own shares to settle share options		**16**	-	9
Repayment of finance lease liabilities		**(5)**	(6)	(12)
Net drawdown of borrowings		**2,801**	3,627	3,170
Dividends paid to equity holders of the parent		**-**	-	(10,113)
Net cash inflow/(outflow) from financing activities		**2,812**	2,547	(8,020)
Increase in cash and cash equivalents		**5,270**	1,066	221
Movements in cash and cash equivalents				
Increase in cash and cash equivalents		**5,270**	1,066	221
Effects of exchange rate fluctuations on cash held		**(416)**	(417)	117
Cash and cash equivalents at 1 January		**8,826**	8,488	8,488
Cash and cash equivalents at end of period		**13,680**	9,137	8,826

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015

	Called up share capital £000	Share premium account £000	Merger reserve £000	Foreign currency translation reserve £000	Hedging reserve £000	Treasury shares £000	Investment in own shares £000	Retained earnings £000	Total Equity £000
At 1 January 2014	**107,139**	**61,722**	**65,255**	**17,504**	**(93)**	**(1,577)**	**(4,775)**	**12,469**	**257,644**
Profit for the period	-	-	-	-	-	-	-	4,725	4,725
Other comprehensive income/(expense)	-	-	-	(4,895)	93	-	-	(94)	(4,896)
Total comprehensive income	**-**	**-**	**-**	**(4,895)**	**93**	**-**	**-**	**4,631**	**(171)**
Credit for share-based payments	-	-	-	-	-	-	-	500	500
Tax on share-based payments	-	-	-	-	-	-	-	(237)	(237)
Equity dividends	-	-	-	-	-	-	-	(7,886)	(7,886)
At 30 June 2014	**107,139**	**61,722**	**65,255**	**12,609**	**-**	**(1,577)**	**(4,775)**	**9,477**	**249,850**
Loss for the period	-	-	-	-	-	-	-	(60,897)	(60,897)
Other comprehensive income/(expense)	-	-	-	7,645	(63)	-	-	(31)	7,551
Total comprehensive income	**-**	**-**	**-**	**7,645**	**(63)**	**-**	**-**	**(60,928)**	**(53,346)**
Settlement of share options	-	-	-	-	-	9	-	-	9
Share issue costs	-	(12)	-	-	-	-	-	-	(12)
Charge for share-based payments	-	-	-	-	-	-	-	(398)	(398)
Credit for unclaimed dividends	-	-	-	-	-	-	-	8	8
Tax on share based payments	-	-	-	-	-	-	-	(10)	(10)
Scrip dividends	18	925	-	-	-	-	-	-	943
Equity dividends	-	-	-	-	-	-	-	(3,170)	(3,170)
Transfer	-	-	(21,833)	-	-	-	-	21,833	-
At 31 December 2014 (audited)	**107,157**	**62,635**	**43,422**	**20,254**	**(63)**	**(1,568)**	**(4,775)**	**(33,188)**	**193,874**
Loss for the period	-	-	-	-	-	-	-	(43,160)	(43,160)
Other comprehensive income/(expense)	-	-	-	(2,634)	114	-	-	(190)	(2,710)
Total comprehensive income	-	-	-	(2,634)	114	-	-	(43,350)	(45,870)
Acquisition of subsidiaries	8	-	338	-	-	-	-	-	346
Settlement of share options	1	20	-	-	-	93	386	(483)	17
Credit for share-based payments	-	-	-	-	-	-	-	162	162
Tax on share-based payments	-	-	-	-	-	-	-	(4)	(4)
Equity dividends	-	-	-	-	-	-	-	(2,385)	(2,385)
Transfer			(11,217)					11,217	-
At 30 June 2015	**107,166**	**62,655**	**32,543**	**17,620**	**51**	**(1,475)**	**(4,389)**	**(68,031)**	**146,140**

Notes to the Financial Statements

for the six months ended 30 June 2015

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, IAS 34 "Interim Financial Reporting" and the Group's accounting policies.

The Group's accounting policies are in accordance with International Financial Reporting Standards as adopted by the European Union and are set out in the Group's Annual Report and Accounts 2014 on pages 60-64, except as noted below. These are consistent with the accounting policies which the Group expects to adopt in its 2015 Annual Report. The Group has not early adopted any Standard, Interpretation or Amendment that has been issued but is not yet effective.

The information relating to the six months ended 30 June 2015 and 30 June 2014 is unaudited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The information has however been reviewed by the auditors and their report to the Board of Huntsworth plc is set out on page 26 of this document. The comparative figures for the year ended 31 December 2014 have been extracted from the Group's Annual Report and Accounts 2014, on which the auditors gave an unmodified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The Group Annual Report and Accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies.

Changes in accounting policies

The following new standards, amendments to standards and interpretations were also mandatory for the first time for the financial year beginning 1 January 2015, but had no significant impact on the Group:

- Annual Improvements (2011- 2013 Cycle)
- IFRIC 21 Levies

Going concern

After reviewing the Group's performance, future forecasted performance and cash flows, ability to draw down on its facilities and the covenant requirements of those facilities, and after considering the key risks and uncertainties set out on page 8, the Directors consider that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

Notes to the Financial Statements continued

for the six months ended 30 June 2015

2. Segmental analysis

The following is an analysis of the Group's revenue and operating profit before highlighted items by reportable segment.

6 months to 30 June 2015	Citigate £000	Grayling £000	Red £000	Huntsworth Health £000	**Total £000**
Revenue					
Total revenue	9,965	31,739	6,372	35,169	**83,245**
Intra-group eliminations	-	-	-	-	**-**
Segment revenue	9,965	31,739	6,372	35,169	**83,245**
Segment operating profit before highlighted items	1,470	737	1,086	6,592	**9,885**

6 months to 30 June 2014	Citigate £000	Grayling £000	Red £000	Huntsworth Health £000	**Total £000**
Revenue					
Total revenue	10,917	36,469	6,325	29,374	**83,085**
Intra-group eliminations	-	-	-	-	**-**
Segment revenue	10,917	36,469	6,325	29,374	**83,085**
Segment operating profit before highlighted items	2,244	2,873	1,292	5,740	**12,149**

Year ended 31 December 2014	Citigate £000	Grayling £000	Red £000	Huntsworth Health £000	**Total £000**
Revenue					
Total revenue	21,939	70,760	12,313	59,713	**164,725**
Intra-group eliminations	-	(6)	-	-	**(6)**
Segment revenue	21,939	70,754	12,313	59,713	**164,719**
Segment operating profit before highlighted items	4,470	5,419	2,571	12,264	**24,724**

Highlighted items are not presented to the Board on a segmental basis.

Notes to the Financial Statements continued

for the six months ended 30 June 2015

2. Segmental analysis continued

A reconciliation of segment operating profit before highlighted items to profit before tax is provided below:

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Segment operating profit before highlighted items	**9,885**	12,149	24,724
Central costs	**(3,568)**	(3,257)	(6,496)
Operating profit before highlighted items	**6,317**	8,892	18,228
Highlighted items	**(51,106)**	(984)	(75,148)
Operating (loss)/profit	**(44,789)**	7,908	(56,920)
Net finance costs before highlighted items	**(1,061)**	(1,151)	(2,205)
Highlighted finance costs	**-**	(427)	(427)
(Loss)/profit before tax	**(45,850)**	6,330	(59,552)

3. Highlighted items

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Credited to revenue			
Start-up revenues	**-**	(492)	(1,013)
Charged to operating expenses			
Amortisation of intangible assets	**397**	570	985
Goodwill impairment	**48,764**	-	71,471
Impairment of software development costs	**579**	-	-
Restructuring costs/(credit)	**1,322**	(18)	1,932
Start-up costs	**-**	846	1,543
Acquisition and transaction related costs	**44**	78	230
Total charged to operating expenses	**51,106**	1,476	76,161
Charged to operating profit	**51,106**	984	75,148
Charged to finance costs			
Facility fees written off	**-**	427	427
Charged to profit before tax	**51,106**	1,411	75,575
Tax credit	**(4,109)**	(334)	(7,382)
Charged to profit for the year	**46,997**	1,077	68,193

Highlighted items charged to profit before tax comprise significant non-cash charges and non-recurring items which are highlighted in the Income Statement because, in the opinion of the Directors, separate disclosure is helpful in understanding the underlying performance of the business.

3. Highlighted items continued

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.

Goodwill impairment

Impairments totalling £48.8 million (2014: £71.5 million) were recognised relating to goodwill in the Grayling and Citigate CGUs. Further details are given in Note 8.

Impairment of software development costs

The impairment relates to significant adverse changes in the extent to which internally developed software is expected to be used. The recoverable amount is value in use which was determined to be £nil.

Restructuring costs/(credit)

Restructuring costs comprise cost-saving initiatives including severance payments, compensation for loss of office, property and other contract termination costs. Restructuring credits comprise the release of excess restructuring cost accruals.

Start-up revenues and costs

Start-up revenues and costs are the operating results of new businesses started by the Group. The profile of revenue and costs in start-up businesses is different to that of more mature operations within the Group and hence the Directors consider that separate disclosure is helpful for investors. The results of start-up operations will cease being included within this category once they become consistently profitable or after two years of operation, whichever is earlier.

Acquisition and transaction related costs

Costs incurred in relation to acquisitions and any adjustments to the fair value of deferred contingent consideration liabilities are taken to the Income Statement rather than being included as part of the cost of investment or as an adjustment to goodwill.

Facility fees written off

Amounts capitalised in respect to the previous loan facility were written off in H1 2014 when the Group refinanced in May 2014.

Taxation

The taxation credit relates to the tax impact of the above highlighted items.

4. Finance costs and income

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Bank interest payable	**1,053**	1,144	2,174
Finance lease interest	**1**	4	7
Imputed interest on property and other provisions	**4**	4	9
Imputed interest on deferred consideration	**4**	-	20
Imputed interest on non-current trade and other payables	**2**	6	12
Finance costs	**1,064**	1,158	2,222
Bank interest receivable	**(2)**	-	(2)
Other interest receivable	**(1)**	(7)	(15)
Finance income	**(3)**	(7)	(17)
Net finance costs before highlighted items	**1,061**	1,151	2,205
Finance costs – highlighted items	**-**	427	427
Net finance costs	**1,061**	1,578	2,632

Notes to the Financial Statements continued

for the six months ended 30 June 2015

5. Tax

The tax expense/(credit) for the six months ended 30 June 2015 has been based on an estimated effective tax rate on profit before tax and highlighted items for the full year of 27.0% (year ended 31 December 2014: 25.0%). The tax expense/(credit) is analysed as follows:

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Before highlighted items:			
Current tax	**570**	960	2,142
Deferred tax	**849**	979	1,860
	1,419	1,939	4,002
Highlighted items:			
Current tax	**(320)**	(228)	(900)
Deferred tax	**(3,789)**	(106)	(6,482)
	(4,109)	(334)	(7,382)
Total:			
Current tax	**250**	732	1,242
Deferred tax	**(2,940)**	873	(4,622)
Total tax (credit)/expense	**(2,690)**	1,605	(3,380)

The UK Government has enacted a reduction in the main rate of corporation tax to 20% with effect from 1 April 2015. The impact of this change is incorporated in the reported numbers.

The UK Government has also announced its intention to lower the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. The impact of this is not incorporated in the numbers as the Finance Bill 2015 was not substantively enacted at 30 June 2015.

6. Dividends

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Equity dividends on ordinary shares			
Final dividend for the year ended 2013 – 2.50 pence	**-**	7,886	7,886
Interim dividend for the year ended 2014 – 1.0 pence	**-**	-	3,170
Final dividend for the year ended 2014 – 0.75 pence	**2,385**	-	-
	2,385	7,886	11,056

The final dividend for the year ended 31 December 2014 of 0.75 pence per share was approved by shareholders at the Annual General Meeting on 16 June 2015 and was paid on 6 July 2015. This dividend is included in trade and other payables at 30 June 2015.

The proposed 2015 interim dividend of 0.5 pence per share was approved by the Board on 27 August 2015. The dividend will be paid on 6 November to those shareholders on the register on 2 October.

Notes to the Financial Statements continued

for the six months ended 30 June 2015

7. 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 2015		Six months ended 30 June 2014		Year ended 31 December 2014	
	(Loss)/earnings £000	**Weighted average number of shares 000's**	Earnings £000	Weighted average number of shares 000's	(Loss)/earnings £000	Weighted average number of shares 000's
Basic	**(43,160)**	**319,995**	4,725	318,025	(56,172)	318,848
Diluted	**(43,160)**	**319,995**[1]	4,725	326,099	(56,172)	318,848[1]
Adjusted basic	**3,837**	**319,995**	5,802	318,025	12,021	318,848
Adjusted diluted	**3,837**	**326,693**	5,802	326,099	12,021	329,241

[1] Because basic EPS results in a loss per share the diluted EPS is calculated using the undiluted weighted average number of shares

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 contingent consideration on acquisition 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 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
(Loss)/earnings:			
Profit for the period attributable to the Parent Company's shareholders	**(43,160)**	4,725	(56,172)
Highlighted items (net of tax) attributable to the Parent Company's shareholders	**46,997**	1,077	68,193
Adjusted earnings	**3,837**	5,802	12,021

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
Number of shares:			
Weighted average number of ordinary shares – basic and adjusted basic	**319,995**	318,025	318,848
Effect of share options in issue	**5,371**	6,991	7,951
Effect of deferred contingent consideration	**1,327**	1,083	2,442
Weighted average number of ordinary shares – diluted and adjusted diluted	**326,693**	326,099	329,241

Notes to the Financial Statements continued

for the six months ended 30 June 2015

8. Intangible assets

	Brands	Customer relationships	Goodwill	Intellectual property	Software development costs	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2015	25,022	29,868	307,026	1,564	2,963	366,443
Capitalised development costs	-	-	-	-	122	122
Foreign exchange movement	(326)	(330)	(3,841)	(132)	(10)	(4,639)
At 30 June 2015	**24,696**	**29,538**	**303,185**	**1,432**	**3,075**	**361,926**
Amortisation and impairment charges						
At 1 January 2015	20,309	29,829	88,351	1,154	1,122	140,765
Charge for the period	240	9	-	148	146	543
Impairment	-	-	48,764	-	579	49,343
Foreign exchange movement	(294)	(331)	(1,919)	(105)	(2)	(2,651)
At 30 June 2015	**20,255**	**29,507**	**135,196**	**1,197**	**1,845**	**188,000**
Net book value at 30 June 2015	**4,441**	**31**	**167,989**	**235**	**1,230**	**173,926**
Net book value at 31 December 2014	4,713	39	218,675	410	1,841	225,678
Net book value at 30 June 2014	4,931	93	283,935	593	1,488	291,040

The performance of the Citigate and Grayling CGUs in the first half of 2015 was considered to be an indicator of impairment as at 30 June 2015. The Group revised its forecasts to current expectations of the future performance of these CGUs based on the prevailing conditions prior to any future restructuring and investment. The ensuing reduction in value in use has resulted in goodwill in Grayling being impaired by £38.0m and goodwill in Citigate being impaired by £10.8 million. The total impairment of £48.8 million is included in highlighted items in the Income Statement.

Value in use has been calculated using a consistent methodology to that disclosed in the 2014 Annual Report. Operating cash flow forecasts for the initial five year period reflect management's latest short and medium term forecasts for the business, and an updated assessment of pre-tax discount rate.

9. Financial risk management and financial instruments

The group's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's Annual Financial Statements as at 31 December 2014. There have been no changes in the Group's risk management policies since the year end.

Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements continued

for the six months ended 30 June 2015

9. Financial risk management and financial instruments continued

Fair value measurement continued

At 30 June 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign exchange derivative	**-**	**68**	**-**	**68**
Interest rate swaps	**-**	**51**	**-**	**51**
	-	**119**	**-**	**119**
Financial liabilities				
Deferred contingent consideration (Note 11)	**-**	**-**	**1,205**	**1,205**
	-	**-**	**1,205**	**1,205**

At 30 June 2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign exchange derivative	-	55	-	55
	-	55	-	55
Financial liabilities				
Interest rate swaps	-	21	-	21
Deferred contingent consideration	-	-	3,884	3,884
	-	21	3,884	3,905

At 31 December 2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign exchange derivative	-	17	-	17
	-	17	-	17
Financial liabilities				
Interest rate swap	-	63	-	63
Deferred contingent consideration (Note 11)	-	-	1,507	1,507
	-	63	1,507	1,570

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives comprise foreign exchange derivatives and interest rate swaps. The foreign exchange derivatives have been fair valued using exchange rates that are quoted in an active market. Interest rate swaps are valued using forward interest rates extracted from observable yield curves.

Fair values of other financial liabilities and assets

All financial assets and financial liabilities have been recognised at their carrying values which are not materially different to their fair values.

10. Bank loans and overdrafts

The Group has a £90 million multi-currency facility agreement with Lloyds Bank plc, HSBC Bank plc and Barclays Bank plc and a £5 million committed overdraft facility with Lloyds Bank plc. Both facilities are due to expire in May 2019. The margin payable on the facility is variable between 1.60% and 2.50% depending on the Group's net debt to EBITDA ratio.

The previous facility was repaid in full in May 2014. Remaining capitalised loan fees in respect of this facility were written off at this time, with the incremental charge included within highlighted items (see Note 3).

11. Provisions

	Deferred contingent consideration £000	Property £000	Reorganisation and other £000	Total £000
At 1 January 2015	1,507	2,277	812	4,596
Arising during the period	44	266	1,141	1,451
Foreign exchange movement	(3)	(11)	(5)	(19)
Release of provision not utilised	-	(79)	-	(79)
Utilised	(347)	(179)	(1,261)	(1,787)
Unwind of discount	4	4	-	8
At 30 June 2015	**1,205**	**2,278**	**687**	**4,170**
Current	**-**	**566**	**684**	**1,250**
Non-current	**1,205**	**1,712**	**3**	**2,920**

Deferred contingent consideration for acquisitions

Acquisitions made by the Group typically involve an earn-out arrangement whereby the consideration payable includes a deferred element, payable in either cash or a combination of cash and shares at the Company's option, which is contingent on the future financial performance of the acquired entity. The Group anticipates settling the deferred contingent consideration provisions over the next two years. The amount arising in the period represents the change in the earn-out based on the latest financial performance of the acquired businesses. The amount utilised in the period represents the cash paid or shares issued under the earn-out arrangements. Where deferred consideration is not contingent on the outcome of future events the amount is included in trade and other payables; during 2014 the presentation of these balances was adjusted accordingly.

Property provisions

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of these provisions has been determined based on external professional advice and is dependent on the Group's ability to exit the leases early or to sublet the properties. In general, property costs are expected to be incurred over a range of one to nine years.

Reorganisation and other provisions

This provision relates principally to compensation for loss of office. In addition, when acquiring businesses, provisions have been made to cover the best estimate of the Group's exposure to liabilities arising due to the acquisition.

Notes to the Financial Statements continued

for the six months ended 30 June 2015

12. Cash flow analysis

(a) Reconciliation of operating profit to net cash inflow from operations

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Operating (loss)/profit	**(44,789)**	7,908	(56,920)
Depreciation	**1,235**	1,087	2,441
Share option charge	**162**	500	102
Loss/(gain) on disposal of property, plant and equipment	**35**	(3)	17
Amortisation of intangible assets	**543**	715	1,270
Impairment of intangible assets	**49,343**	-	71,471
Unrealised foreign exchange loss/(gain) on hedging instrument	**-**	13	-
(Increase)/decrease in work in progress	**(1,022)**	723	2,893
(Increase)/decrease in debtors	**(3,576)**	(5,395)	3,257
Increase/(decrease) in creditors	**3,990**	(1,479)	(9,406)
(Decrease)/increase in provisions	**(121)**	(326)	2,228
Net cash inflow from operations	**5,800**	3,743	17,353

Net cash inflow from operations is analysed as follows:

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Before highlighted items	**7,299**	4,001	17,871
Highlighted items	**(1,499)**	(258)	(518)
Net cash inflow from operations	**5,800**	3,743	17,353

(b) Reconciliation of net cash flow to movement in net debt

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Increase in cash and cash equivalents in the period	**5,270**	1,066	221
Cash inflow from movements in debt	**(2,801)**	(3,627)	(3,170)
Repayment of capital element of finance leases	**5**	6	12
Change in net debt resulting from cash flows	**2,474**	(2,555)	(2,937)
Amortisation and write off of loan fees	**(132)**	(623)	(756)
New finance lease	**-**	-	(32)
Movement in fair value of derivative financial instruments	**164**	123	43
Translation differences	**(416)**	(417)	117
Decrease/(increase) in net debt	**2,090**	(3,472)	(3,565)
Net debt at beginning of period	**(35,578)**	(32,013)	(32,013)
Net debt at end of period	**(33,488)**	(35,485)	(35,578)

Notes to the Financial Statements continued

for the six months ended 30 June 2015

12. Cash flow analysis continued

(c) Analysis of net debt

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
Cash and short-term deposits	**13,680**	9,137	8,826
Bank loans and overdrafts (non-current)	**(47,260)**	(44,651)	(44,327)
Derivative financial assets	**119**	55	17
Derivative financial liabilities	**-**	(21)	(63)
Obligations under finance leases	**(27)**	(5)	(31)
Net debt	**(33,488)**	(35,485)	(35,578)

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 Directors and executive officers. There were no material related party transactions other than the remuneration of key management personnel of £0.6 million in the six months ended 30 June 2015 (2014: £1.0 million).

Independent Review Report

To the Board of Huntsworth plc

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 2015 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated balance sheet, Condensed consolidated cash flow statement, Condensed consolidated statement of changes in equity, and 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 2410 (UK and Ireland) “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 Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs 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 endorsed by and adopted for use in 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 2015 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 Conduct Authority.

Ernst & Young LLP
London
27 August 2015

Statement of Directors' Responsibilities

for the six months ended 30 June 2015

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 Conduct 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

Paul Taaffe
Chief Executive