HUNTSWORTH

Audited preliminary results for the year ended 31 December 2010

Huntsworth PLC, the global public relations and healthcare communications group, today announces its preliminary results for the year ended 31 December 2010.

Financial highlights[1]

Revenue

- Revenue up 11.1% to £173.6m (2009: £156.3m)
- Like-for-like[2] revenue decline of 0.7%
- Revenues from global clients up to 10% of Group revenues (2009: 5%)
- Multi-office revenues now 44% of the Group, up by 30%

Profits and margin

- 5% like-for-like[3] profit growth post central costs
- Operating margin before central costs up to 21.3% (2009: 20.3%)
- Operating profit post central costs up 27.8% to £29.6m (2009: £23.2m)
- Profit before tax up 14.4% to £26.7m (2009: £23.4m)
- Profit before tax after highlighted items up to £21.8m (2009: loss before tax £9.8m)

Diluted earnings per share

- Before highlighted items up 5.0% to 8.4p (2009: 8.0p)
- After highlighted items 7.1p (2009: loss per share of 4.2p)

Cash flow, net debt and banking facilities

- Increased banking facilities to £110m until 2015
- Cash flow from operating activities of £30.8m, representing a cash conversion of 104% (2009: 123%)
- Net debt at £52.9m (31 December 2009: £49.0m)

Other highlights

- Acquisition of Atomic PR which brings access to enhanced digital capabilities
- Proposed final dividend up 20.9% to 2.60p (2009: 2.15p), giving a total dividend up 20.7% to 3.50p (2009: 2.90p)

Notes:

1) All results in this statement are before taking account of highlighted items unless otherwise indicated. These comprise amortisation of intangible assets and acquisition related costs in 2010. Highlighted items in 2009 comprise amortisation and impairment of intangibles, loss on disposal of subsidiaries, impairment of investment in associates, acquisition payments deemed as remuneration and net brand rationalisation and other non-recurring items.
2) Like-for-like revenues are stated at constant exchange rates and are adjusted to include pre-acquisition revenues and exclude disposals/closures.
3) Like-for-like profits are stated at constant exchange rates and are adjusted to exclude results from acquisitions and disposals/closures.

Peter Chadlington, Chief Executive of Huntsworth, said:

"Our corporate reorganisation last year is proving of great benefit to the Group as we win more large mandates for which we would not have been considered a year ago. As we convert our expanding international pipeline into new clients, we will still continue to give our customary attention to margins and cash".

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A presentation to analysts will take place at 9.30am on 23 March 2011 at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London, EC2M 5SY.

CHIEF EXECUTIVE'S STATEMENT

Overview

Group revenues were up by 11.1% to £173.6 million and operating profits after central costs increased by 27.8% to £29.6 million. Margins before central costs are 21.3% (2009: 20.3%) and post central cost margins are 17.1% (2009: 14.8%). Profits before tax and highlighted items were up 14.4% to £26.7 million.

International Business

We rationalised our Group in 2009 in order to create a global network able to compete for significant contracts which will materially accelerate our like-for-like growth rates across the world.

Initial metrics in this regard are encouraging. Global and multi-office clients now represent 44% of Group revenues. We have four global clients going into 2011 (an increase from two in 2009) with fees of more than £3 million per annum representing 10% of 2010 Group revenues. Our average fee per client is up 18% to £69,000 and clients with divisional spend of more than £500,000 are up 4% on a like-for-like basis. Retainer revenues increased 20% year on year in 2010 and we have 72% of full year Group revenues committed for 2011.

In our IMS last November, we indicated that we were engaged in advanced contract negotiations for some significant international business. Some of these contracts have now been signed but in one instance we were unable to finalise an agreement the fees for which would have positively impacted both revenues and profits in 2010 and 2011.

Grayling has won three multi-million dollar accounts spanning a number of years. British Airways has authorised us to announce today that Grayling has been appointed to handle public relations for the airline in 38 countries from 1st April 2011 on a three year contract which we expect to sign over the next few days. This follows the announcement in December 2010 that Grayling had secured Huntsworth's largest ever international PR client contract, supporting Kapsch Telematic Services in its eight year contract with the General Directorate for National Roads and Motorways. Wins of this size take time to convert to revenue and therefore we expect fees in 2011 to be weighted towards the second half.

Digital Communications

Today's acquisition of our associate Atomic PR, with whom we have had a JV since 2009, is a key step for Huntsworth. It provides Grayling with an enhanced US presence from which to secure global business. It also enables the Group to roll out a web-based analytics application across our global platform offering a leading edge mix of traditional, digital and social media, video and search engine optimisation (SEO) to our client base.

The Atomic analytics application supports a number of clients including Citrix, Verizon and Hotwire. It evaluates the key messages in analogue, digital and social media communications, identifying their authors and devising communications methods – both analogue and digital – to build positive momentum while identifying and addressing misimpressions. It also analyses the results of these PR programmes and those of client competitors and is therefore a valuable tool for programme management and client collaboration.

Digital capabilities continue to be integrated into all our client work. Huntsworth Health reports digital revenues up 39.5%, Red is up over 13.0% and Citigate, besides winning a raft of specialist digital awards, were also finalists in the Best Integrated Campaign in the 2010 Digi Awards.

Like-for-like growth

Overall revenue for the Group declined 0.7% and profits after central costs were up 5% on a like-for-like basis.

The completion of our extensive corporate reorganisation and the global economic downturn, particularly in Europe, put pressure on our fee revenues in 2010. Additionally the Group was adversely impacted particularly in the second half by the loss of UK public sector revenues and low financial PR transaction fees.

Following the May election of the Coalition Government, we suffered the immediate loss of approximately £2 million of public sector fees resulting in a 1.5% decline in the UK. Continental Europe was very difficult (down 5.3%) although both Western Europe and the CEE markets showed some improvement in Q4 2010 and at the beginning of 2011.

The USA showed growth (up 3.8%) and our Rest of World presence (4% of Group revenues) saw a decline of 3.4% as our clients in Asia Pacific returned to their customary levels of PR activity after completing a number of corporate transactions in Q4 2009.

Balance Sheet and Dividends

Our balance sheet remains strong and we have refinanced the Group, increasing our banking facilities to £110 million until 2015. The incremental cost of finance is circa £1 million per annum.

Operating cash flow was £30.8 million and cash conversion was strong at 104%, ahead of our annual target. The Group remains comfortably within the terms of its banking facilities with net debt/EBITDA at 1.6 times and interest cover at 12.3 times.

The proposed total dividend has been increased by 20.7% to 3.5p, reflecting not only the highly cash generative nature of our business but also our confidence in the future.

Citigate

- 15% of Group revenues and operating margins of 20.6%
- 65% of annual revenues on retainers
- 71% of revenues committed for 2011

Citigate has won a number of new financial PR retained mandates including NIBC Bank, and WestlandUtrecht Bank. It continues to benefit from its international market position and is also establishing itself in the fledgling cleantech sector and recently handled an innovative EcoBond for Ecotricity, which was oversubscribed by nearly 50%.

Citigate continues to hold a strong position in the M&A market and was ranked third in the mergermarket league table of global PR advisors for 2010. Notable transactions include Vimplecom's $25 billion exchange offer and ABB's $4.2 billion acquisition of Baldor. Citigate is currently acting for the London Stock Exchange Group in its merger with TMX.

Citigate has a strong corporate practice and major wins in 2010 included Clifford Chance, RBS Corporate Banking and Morgan Stanley in China.

We are seeing an uplift in restructuring and shareholder activism mandates, but there is no significant sign of an upturn in IPO mandates in the UK. The level of transactional activity we saw in the last quarter of 2009, particularly in Asia, was not repeated in 2010. Nevertheless, Citigate remains very well placed to benefit from an upturn in this area.

Grayling

- 48% of Group revenues and operating margins of 19.8%
- 66% of annual revenues on retainers
- 70% of revenues committed for 2011

Grayling has won three multi-million dollar accounts spanning a number of years, since it rebranded just over a year ago and is routinely winning annual fees in excess of £500,000, for prestigious pan-European assignments. We won the Portuguese Cork Association in the first half of 2010 and in December added Kapsch Telematic Services to support them in their eight year contract with the General Directorate for National Roads and Motorways. British Airways has authorised us to announce today that Grayling has been appointed to handle public relations for the airline in 38 countries from 1st April 2011 on a three year contract which we expect to sign over the next few days.

Establishing Grayling as a global PR consultancy necessitates a presence in the USA. Our businesses in New York and California have been supplemented by the acquisition of Dutko in late 2009 and we have integrated and broadened our Washington D.C. offering from purely Government relations into other services including corporate reputation management and crisis communications. The acquisition of Atomic gives Grayling a further dimension on which to build global clients including those with head offices in the US.

We are proud of the progress we have made, delivering margins of 19.8% and returning to modest growth during the second half of the year.

With a strong international pipeline, we remain confident of our ability to win and deliver contracts of a size that are material to the Group.

Huntsworth Health

- 30% of Group revenues and operating margins of 24.0%
- 74% of revenues committed for 2011
- Entering 2011 with 4 global clients

Pharmaceutical company pipelines are loaded with new drugs in development and Huntsworth Health provides a range of integrated services that support development, commercialisation and the post-launch marketing lifecycle of new drugs. Our client relationships start early in the drug lifecycle and have the potential to last 15 to 20 years.

The healthcare explosion continues to drive 6% growth in the global healthcare market. Huntsworth Health is well positioned to take advantage of high growth rates in the "pharmerging markets" with new offices in Singapore and Hong Kong, new partnerships in

China, Russia and India, and the development of a European network in partnership with Grayling.

Our digital offering is at the core of Huntsworth Health and as a leader in consumer and patient communications we are well placed to benefit from the movement of promotional spend from traditional advertising to digital media. Digital revenues grew 39.5% in 2010 and our first iPhone application has been approved by Apple.

We believe that Huntsworth Health is exceptionally well placed to take advantage of current market trends. 2011 has started well with committed revenues over £2 million higher compared to 2010.

Red

- 7% of Group revenues and operating margins of 21.3%
- 91% of annual revenues on retainers
- 89% of revenues committed for 2011

Red is a strong niche UK agency with an enviable list of Fortune 500 and FTSE 100 clients. Despite public sector losses amounting to 10% of revenues which were cut in May 2010, Red posted modest growth for the year and maintained margins due to the strength of the blue chip client base in sectors as varied as telecoms and soft drinks.

2010 also saw Red's digital services being adopted with clients using digital services up 13% over 2009.

Red has shown growth for 16 consecutive years and its fees for top 5 clients (excluding the UK government) are up over 20%. Retainer business remains strong at over 90% of revenues and Red looks set to do well again in 2011 with new business up 6% compared to the same period in 2010.

We have transferred Red US, which has a complementary client base, to our Atomic acquisition which will in turn be combined with Grayling's operations in North America.

Group Outlook

Our corporate reorganisation last year is proving of great benefit to the Group as we win more large mandates for which we would never have been considered a year ago. As we convert our expanding international pipeline into new clients, we will still continue to give our customary attention to margins and to cash.

The acquisition of our associate company, Atomic in the USA, is the catalyst for further growth in our digital PR offering. With Atomic, we will drive digital communications throughout our global platform. We believe Huntsworth is set to become the only Healthcare and PR company that can offer global client programmes with digital communications at their core.

72% of our 2011 expected revenues are committed which is £5.5 million higher than 2010. Whilst we expect both revenues and profits to be weighted towards the second half of 2011, we remain confident that we are on target to meet management's full year expectations and achieve like-for-like growth of 7% plus during 2011.

To view an interview with Lord Chadlington and Sally Withey on the preliminary results following last year's brand rationalisation programme, and the outlook for Huntsworth, please view the following link:

http://www.huntsworth.com

Lord Chadlington
Chief Executive
23 March 2011

REVIEW OF FINANCIAL RESULTS

SUMMARY OF FINANCIAL RESULTS

	2010 £'m	Like-for-like growth	2009 £'m	
Revenue				
Citigate	26.3	(4.2)%	27.4	
Grayling	83.2	(2.0)%	70.0	
Huntsworth Health	51.4	3.3%	45.8	
Red	12.9	0.8%	13.2	
Eliminations	(0.2)		(0.1)	
Total operations	173.6	(0.7)%	156.3	
Operating profit		**Margin**		**Margin**
Citigate	5.4	20.6%	6.6	24.2%
Grayling	16.5	19.8%	13.0	18.6%
Huntsworth Health	12.3	24.0%	9.6	20.9%
Red	2.7	21.3%	2.6	19.8%
Total operations	36.9	21.3%	31.8	20.3%
Central costs	(7.3)		(8.6)	
Profit before highlighted items	29.6	17.1%	23.2	14.8%
Operating highlighted items	(4.9)		(31.1)	
Reported operating profit	24.7		(7.9)	
Adjusted basic EPS	8.7p		8.2p	
Reported basic EPS	8.4p		8.0p	

Revenue and Profits

Group revenue for the year ended 31 December 2010 increased by 11.1% to £173.6 million (2009: £156.3 million). This included the full year benefit of the acquisition of Dutko in December 2009. On a like-for-like basis, revenues declined 0.7% against the prior year. This reflected growth in Huntsworth Health of 3.3% and Red of 0.8% offset by revenue declines in Grayling of 2.0% and Citigate of 4.2%.

Group operating profits before central costs increased by 16.2% to £36.9 million (2009: £31.8 million). Group operating margin before central costs was 21.3% (2009: 20.3%) with divisional margins ranging from 19.8% (Grayling) to 24.0% (Huntsworth Health).

Operating margin after central costs was 17.1% (2009: 14.8%) reflecting a decrease in central costs from £8.6 million in 2009 to £7.3 million in 2010.

Operating profit after central costs for the year was up 27.8% to £29.6 million (2009: £23.2 million). On a like-for-like basis the increase was 5%.

Profit before tax increased by 14.4% to £26.7million (2009: £23.4 million).

Currency

Changes in exchange rates have had very little impact on the Group's results in the year.

Highlighted Items

Highlighted items of £4.9 million include £4.3 million for non-cash amortisation of intangible assets and £0.6 million of acquisition related costs which are now expensed through the income statement rather than capitalised as part of intangible assets following a revision to International Financial Reporting Standards effective for the Group from 1 January 2010.

After highlighted items, the statutory reported operating result was a profit of £24.8 million (2009: loss of £7.9 million).

Tax

The tax charge of £4.2 million comprises an underlying tax charge of £5.9 million together with a credit of £1.6 million on highlighted items. The full year underlying tax rate is 22.0% (2009: 25.5%).

Earnings

Profits attributable to ordinary shareholders were £20.8 million (2009: £17.1 million). Profits after highlighted items attributable to ordinary shareholders amounted to £17.5 million (2009: losses of £8.6 million).

Basic earnings per share were up 6% at 8.7p (2009: 8.2p). Diluted earnings per share were up 5% to 8.4p (2009: 8.0p). Basic earnings per share after highlighted items were 7.4p (2009: losses per share of 4.2p) and diluted earnings per share after highlighted items were 7.1p (2009: losses per share of 4.2p).

Dividends

The Board has continued its progressive dividend policy and will propose at the forthcoming AGM a final dividend of 2.6p per share which will provide an increased total dividend of 3.5p, up 20.7% on 2009. The record date for this dividend will be 27 May 2011 and it is payable on 6 July 2011. A scrip dividend alternative will be available.

Share Buyback Programme

In January 2009, the Company commenced a share buyback programme. During 2010, a total of 2.2 million shares were purchased at a cost of £1.5 million and held in treasury. During the year, 2.8 million shares have been transferred from treasury to the Huntsworth Employee Benefit Trust. In total since the start of the buyback 7.1 million shares have been bought back at a cost of £4.8 million.

Balance Sheet and Cash flow

Net debt at 31 December 2010 was £52.9 million (2009: £49.0 million), well within the Group's £87.0 million debt facilities.

Our continued focus on working capital management resulted in debtor days of 40 days at 31 December 2010.

Operating cash flow was £30.8 million and cash conversion was 104%. This is before a £5.1 million cash impact relating to exceptional items.

Other principal movements in net debt during the year were net payments for interest, tax and fixed assets of £8.0 million, acquisition and earn-out payments of £14.4 million, dividends of £5.7 million and purchase of shares under the share buyback programme of £1.5 million.

As at the year end, the Group's bank facilities comprised a revolving credit facility and a committed overdraft totalling £87 million. Net debt to continuing EBITDA was at a ratio of 1.6 times at 31 December 2010 and interest cover (excluding highlighted items and imputed interest) was 12.3 times.

In March 2011, the Group has refinanced and increased its banking facilities to May 2015. The new facilities comprise a revolving credit facility, a term loan and a committed overdraft totalling £110 million which have been provided by the Group's existing banks - Lloyds TSB and The Royal Bank of Scotland – and by Clydesdale who have joined as a new member to our banking group.

Earn-out Payments

Future earn-out payments as at 31 December 2010 are estimated at £28.2 million. The timing of these payments is £18.9 million in 2011, £2.4 million in 2012 and £6.9 million in 2013 and following years.

Key Risks and Uncertainties

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.

Forward Looking Statements

The preliminary announcement 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 an international public relations group with 70 principal offices in 31 countries. During 2010 the Group worked for over 2,500 clients and provided services to 41 companies in the FTSE 100, 103 in the Fortune 500, 105 in the Eurotop 300 and 40 of the world's 50 largest healthcare companies.

2. The Group comprises four divisions: Grayling, Citigate, Red and Huntsworth Health. At 31 December 2010, the Group employed approximately 1,640 staff with an average fee income per head of £106,000 up from £96,000 last year.

3. By industry sector the revenue profile is broadly 30% Pharmaceuticals, 11% Financial Services, 7% Technology, 7% Government & Public Sector, 6% Retail & Leisure, 6% Healthcare, 6% Industrial and 5% Food & Drink.

4. Geographically, 40% of Group revenue came from the UK, 35% from the US, 21% from European countries and 4% from the Rest of the World.

5. The Group now represents over 250 network clients, of which the top four are global in nature with annual revenues exceeding £3 million. The remaining network clients represent 34% of revenue. Our largest client represents 4.5% of revenue with the top 10 clients accounting for 20% and the top 25 clients 29%.

6. Shareholdings of Directors, employees and employee trusts represent approximately 14% of the Group's issued share capital. Institutional shareholdings hold 77% with the top 10 holding some 60% as of 22 March 2011.

Consolidated Income Statement

for the year ended 31 December 2010

	Notes	2010 Before highlighted items £000	2010 Highlighted items (Note 5) £000	2010 Total £000	2009 Before highlighted items £000	2009 Highlighted items (Note 5) £000	2009 Total £000
Turnover		**224,258**	**–**	**224,258**	209,033	–	209,033
Revenue	4	**173,599**	**–**	**173,599**	156,319	–	156,319
Operating expenses		**(143,950)**	**(4,879)**	**(148,829)**	(133,119)	(31,109)	(164,228)
Operating profit/(loss)	4	**29,649**	**(4,879)**	**24,770**	23,200	(31,109)	(7,909)
Share of post-tax profit of associates		**10**	**–**	**10**	2,095	(2,095)	–
Profit/(loss) before interest and taxation		**29,659**	**(4,879)**	**24,780**	25,295	(33,204)	(7,909)
Finance income	6	**140**	**–**	**140**	260	–	260
Finance costs	6	**(3,077)**	**–**	**(3,077)**	(2,190)	–	(2,190)
Profit/(loss) before tax		**26,722**	**(4,879)**	**21,843**	23,365	(33,204)	(9,839)
Taxation (expense)/credit	7	**(5,879)**	**1,630**	**(4,249)**	(5,958)	7,204	1,246
Profit/(loss) for the year		**20,843**	**(3,249)**	**17,594**	17,407	(26,000)	(8,593)
Attributable to:							
Parent Company's equity shareholders		**20,764**	**(3,247)**	**17,517**	17,128	(25,776)	(8,648)
Non-controlling interests		**79**	**(2)**	**77**	279	(224)	55
		20,843	**(3,249)**	**17,594**	17,407	(26,000)	(8,593)

	Note	2010	2009
Earnings/(loss) per share	9		
Basic – pence		**7.4**	(4.2)
Diluted – pence		**7.1**	(4.2)
Adjusted basic – pence[1]		**8.7**	8.2
Adjusted diluted – pence[1]		**8.4**	8.0

1 Adjusted basic and diluted earnings/(loss) per share are calculated based on profit/(loss) for the year adjusted for highlighted items and the related tax effects (Note 9).

Consolidated Statement of Comprehensive Income and Expense
for the year ended 31 December 2010

	2010 £000	2009 £000
Profit/(loss) for the year	**17,594**	(8,593)
Other comprehensive income and expense		
Movement in valuation of interest rate swaps	**(173)**	(264)
Tax effect of interest rate swaps	**37**	74
Currency translation differences	**2,404**	(11,726)
Tax effect of currency translation differences	**49**	(136)
Other comprehensive income and expense for the year	**2,317**	(12,052)
Total comprehensive income and expense for the year	**19,911**	(20,645)
Total comprehensive income and expense attributable to:		
Parent Company's equity shareholders	**19,834**	(20,700)
Non-controlling interests	**77**	55
	19,911	(20,645)

Consolidated Balance Sheet
as at 31 December 2010

	Notes	**2010 £000**	2009 £000
Non-current assets			
Intangible assets	10	**291,875**	287,264
Property, plant and equipment		**5,174**	4,933
Investment in associates		**22**	59
Available for sale financial assets		**104**	104
Other receivables		**370**	470
Derivative financial assets		**4**	71
Deferred tax assets		**652**	5,469
		298,201	298,370
Current assets			
Work in progress		**1,453**	1,472
Trade and other receivables		**43,898**	45,929
Corporation tax receivable		**387**	917
Derivative financial assets		**122**	304
Cash and short-term deposits	11(d)	**9,305**	9,394
		55,165	58,016
Current liabilities			
Bank loans and overdrafts		**(4,521)**	(3,023)
Obligations under finance leases		**(72)**	(59)
Trade and other payables		**(47,093)**	(53,750)
Derivative financial liabilities		**(91)**	(92)
Corporation tax payable		**(4,685)**	(6,086)
Provisions		**(19,944)**	(10,792)
		(76,406)	(73,802)
Non-current liabilities			
Bank loans and overdrafts		**(56,430)**	(54,550)
Obligations under finance leases		**(36)**	(88)
Trade and other payables		**(578)**	(417)
Derivative financial liabilities		**(1,164)**	(990)
Deferred tax liabilities		**(1,170)**	(4,309)
Provisions		**(11,156)**	(28,092)
		(70,534)	(88,446)
Net assets		**206,426**	194,138
Equity			
Called up share capital		**106,356**	106,233
Shares to be issued reserve		**–**	6,921
Share premium account		**25,840**	24,763
Merger reserve		**63,319**	56,506
Foreign currency translation reserve		**23,957**	21,553
Hedging reserve		**(1,189)**	(1,016)
Treasury shares		**(1,592)**	(2,654)
Investment in own shares		**(5,480)**	(4,446)
Retained earnings		**(4,785)**	(14,752)
Equity attributable to equity holders of the parent		**206,426**	193,108
Non-controlling interests		**–**	1,030
Total equity		**206,426**	194,138

Consolidated Cash Flow Statement

for the year ended 31 December 2010

	Notes	**2010 £000**	2009 £000
Cash inflow from operating activities			
Cash inflow from operations	11(a)	**25,623**	17,962
Interest paid		**(2,553)**	(1,689)
Interest received		**140**	242
Cash flows from hedging activities		**4**	(497)
Corporation tax paid		**(3,141)**	(2,555)
Net cash inflow from operating activities		**20,073**	13,463
Cash outflow from investing activities			
Acquisitions of subsidiaries, net of cash acquired and deferred consideration		**(12,218)**	(11,654)
Disposal and liquidation of subsidiaries, net of cash disposed		**–**	(1,402)
Acquisition of non-controlling interests		**(2,145)**	(315)
Cost of internally developed intangible assets		**(89)**	(186)
Purchase of non-current financial assets		**–**	(104)
Purchases of property, plant and equipment		**(2,408)**	(1,697)
Proceeds from sale of property, plant and equipment		**49**	46
Dividends received from associates		**40**	3,470
Net cash outflow from investing activities		**(16,771)**	(11,842)
Cash outflow from financing activities			
Purchase of own shares – investment in own shares		**–**	(1,499)
Purchase of own shares – treasury shares		**(1,525)**	(3,168)
Proceeds from sale of own shares to settle share options		**531**	–
Repayment of finance lease liabilities		**(78)**	(151)
Net drawdown of borrowings		**3,201**	4,654
Dividends paid to non-controlling interests		**–**	(20)
Dividends paid to equity holders of the parent		**(5,727)**	(4,579)
Net cash outflow from financing activities		**(3,598)**	(4,763)
Decrease in cash and cash equivalents		**(296)**	(3,142)
Movements in cash and cash equivalents			
Decrease in cash and cash equivalents		**(296)**	(3,142)
Effects of exchange rate fluctuations on cash held		**209**	(1,261)
Cash and cash equivalents at 1 January		**9,371**	13,774
Cash and cash equivalents at 31 December	11(d)	**9,284**	9,371

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Called up share capital £000	Shares to be issued reserve £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 £000	Non-controlling interests £000	Total £000
Balance at 1 January 2009	106,006	–	23,760	51,122	33,279	(752)	–	(5,965)	(8,196)	199,254	999	200,253
Loss for the year	–	–	–	–	–	–	–	–	(8,593)	(8,593)	–	(8,593)
Other comprehensive income/(expense)	–	–	–	–	(11,726)	(264)	–	–	(117)	(12,107)	55	(12,052)
Acquisitions of non-controlling interests	–	–	–	–	–	–	–	–	–	–	(4)	(4)
Acquisitions of subsidiaries	210	6,921	–	13,241	–	–	–	–	–	20,372	–	20,372
Purchase of own shares	–	–	–	–	–	–	(3,168)	(1,177)	–	(4,345)	–	(4,345)
Settlement of share options	–	–	–	–	–	–	–	3,210	(2,621)	589	–	589
Share issue costs	–	–	(9)	(10)	–	–	–	–	–	(19)	–	(19)
Credit for share-based payments	–	–	–	–	–	–	–	–	2,536	2,536	–	2,536
Scrip dividends	17	–	1,012	–	–	–	–	–	–	1,029	–	1,029
Equity dividends	–	–	–	–	–	–	–	–	(5,608)	(5,608)	–	(5,608)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(20)	(20)
Transfers	–	–	–	(7,847)	–	–	514	(514)	7,847	–	–	–
Balance at 31 December 2009	106,233	6,921	24,763	56,506	21,553	(1,016)	(2,654)	(4,446)	(14,752)	193,108	1,030	194,138
Profit for the year	–	–	–	–	–	–	–	–	17,517	17,517	77	17,594
Other comprehensive income/(expense)	–	–	–	–	2,404	(173)	–	–	86	2,317	–	2,317
Acquisitions of non-controlling interests	–	–	–	–	–	–	–	–	(1,038)	(1,038)	(1,107)	(2,145)
Acquisitions of subsidiaries	108	(6,921)	–	6,813	–	–	–	–	–	–	–	–
Purchase of own shares	–	–	–	–	–	–	(1,525)	–	–	(1,525)	–	(1,525)
Settlement of share options	–	–	–	–	–	–	665	888	(597)	956	–	956
Share issue costs	–	–	(10)	–	–	–	–	–	–	(10)	–	(10)
Credit for share-based payments	–	–	–	–	–	–	–	–	390	390	–	390
Deferred tax on share based payments	–	–	–	–	–	–	–	–	438	438	–	438
Scrip dividends	15	–	1,087	–	–	–	–	–	–	1,102	–	1,102
Equity dividends	–	–	–	–	–	–	–	–	(6,829)	(6,829)	–	(6,829)
Transfers	–	–	–	–	–	–	1,922	(1,922)	–	–	–	–
Balance at 31 December 2010	**106,356**	**–**	**25,840**	**63,319**	**23,957**	**(1,189)**	**(1,592)**	**(5,480)**	**(4,785)**	**206,426**	**–**	**206,426**

Notes to the Preliminary Consolidated Financial Statements
for the year ended 31 December 2010

1. Basis of preparation
The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. On 22 March 2011 the Consolidated Financial Statements of the Group and this preliminary announcement were authorised for issue in accordance with a resolution of the Directors and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory accounts for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditors' reports on the financial statements for the years ended 31 December 2010 and 31 December 2009 are unqualified and do not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

The annual financial information presented in this preliminary announcement for the year ended 31 December 2010 is based on, and is consistent with, that in the Group's audited financial statements for the year ended 31 December 2010. This preliminary announcement does not constitute statutory accounts of the Group within the meaning of Section 235 of the Companies Act 2006. Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Consolidated Financial Statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

Going concern
After reviewing the Group's performance, future cash flows and ability to draw down on its facilities, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's and the Group's financial statements.

2. Significant accounting policies
The preliminary consolidated financial statements have been prepared in accordance with the accounting policies of the Group which are set out on pages 45 to 50 of the 2009 Annual Report and Accounts, with the exception of the following new standards and amendments to standards were mandatory for the first time for the financial year beginning 1 January 2010:

IFRS 3 'Business Combinations' (revised 2008) made significant changes to the treatment of acquisition costs and deferred contingent consideration relating to an acquisition. The revised standard has been applied prospectively to business combinations for which the acquisition date was on or after 1 January 2010. As a consequence of the adoption of this standard, all acquisition related transaction costs are now recorded in the Income Statement as highlighted items. Contingent consideration relating to acquisitions is measured at fair value at the acquisition date; any subsequent revisions to these estimates will be recorded in the Income Statement as highlighted items.

Acquisitions completed prior to 1 January 2010 continue to be accounted for under the previous version of IFRS 3, with subsequent adjustments to the fair value of deferred contingent consideration being taken to Goodwill.

IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) no longer restricts the allocation to non-controlling interests of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. Any partial acquisition or disposal of equity interest in a subsidiary that does not result in a gain or loss of control will be accounted for as an equity transaction and will not impact goodwill or give rise to any gain or loss. This change has resulted in a reduction in equity of £1.0 million in the current year which would previously have increased goodwill.

The following new standards, amendments to standards and interpretations were mandatory for the first time for the financial year beginning 1 January 2010, but had no impact on the Group:

- IFRS 2 (amendments) - Share based payments (effective for accounting periods beginning on or after 1 January 2010) ;
- IFRS 5 (amendment) – Non-Current Assets Held for Sale and Discontinued Operations (effective for accounting periods beginning on or after 1 January 2010) ;
- IAS 39 (amendment) – Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 17 – Distributions of non-cash assets to owners (effective for accounting periods beginning on or after 1 July 2009) ;
- IFRIC 18 – Transfers of assets from customers (effective for accounting periods beginning on or after 1 July 2009).

Operating segments
As a result of the strategic branding initiative completed in January 2010, the Group has amended its operating segments in order to align them to the new group structure. The Group now has four operating segments – Grayling, Red, Citigate and Huntsworth Health. The new segments reflect the way in which the chief operating decision maker ("CODM") evaluates performance and decides how to allocate resources. Segment assets and liabilities are not reported to the CODM. The 2009 comparative data has been restated into the new segments. Transactions between operating segments are conducted on an arm's length basis.

3. Acquisitions

(i) ScopeMedical

On 9 July 2010, the Group acquired the entire share capital of ScopeMedical Limited, an international medical communications company incorporated in the UK. The acquisition expanded Huntsworth Health's international, blue-chip client list and its reach within the global market. The initial consideration was £4.6 million paid in cash. Additional consideration is payable dependent on future performance during the period to 31 December 2013 and will be paid either in cash or a combination of cash and shares at Huntsworth's discretion. Acquisition related costs of £0.2 million were incurred and these are included within highlighted items.

(ii) Grayling International non-controlling interest

On 30 March 2010 and 15 April 2010, the Group purchased the remaining 10% stake of the issued share capital of Grayling International Limited in two tranches taking the total ownership interest to 100%. The total cash consideration was £2.1 million.

(iii) Shiny Red non-controlling interest

On 12 February 2010 the Group purchased the remaining 25% stake of the issued share capital of Shiny Red Limited for cash consideration of £0.1 million, taking the total ownership interest to 100%.

(iv) HS Corporate Investments non-controlling interest

The Group purchased the remaining 20% stake of the issued share capital of HS Corporate Investments Limited for a nominal amount on a series of dates from 1 September 2010 to 31 December 2010, taking the total ownership interest to 100%.

4. Segmental analysis

Business segments

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

Year ended 31 December 2010	Citigate £000	Grayling £000	Red £000	Huntsworth Health £000	**Total £000**
Revenue					
Total revenue	26,260	83,179	12,932	51,395	**173,766**
Intra-group eliminations	(74)	(93)	–	–	**(167)**
Segment revenue	26,186	83,086	12,932	51,395	**173,599**
Segment operating profit before highlighted items	5,421	16,453	2,749	12,339	**36,962**

Year ended 31 December 2009 - restated	Citigate £000	Grayling £000	Red £000	Huntsworth Health £000	**Total £000**
Revenue					
Total revenue	27,450	70,029	13,161	45,790	156,430
Intra-group eliminations	(111)	–	–	–	(111)
Segment revenue	27,339	70,029	13,161	45,790	156,319
Segment operating profit before highlighted items	6,632	13,001	2,607	9,581	31,821

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

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

	2010 £000	2009 £000
Segment operating profit before highlighted items	**36,962**	31,821
Unallocated costs	**(7,313)**	(8,621)
Operating profit before highlighted items	**29,649**	23,200
Highlighted items	**(4,879)**	(31,109)
Operating profit/(loss)	**24,770**	(7,909)
Share of profit of associates	**10**	2,095
Highlighted items – impairment of investment in associates	**–**	(2,095)
Net finance costs	**(2,937)**	(1,930)
Profit/(loss) before tax	**21,843**	(9,839)

Unallocated expenses comprise central head office costs which are not considered attributable to any segment.

4. Segmental analysis (continued)

Geographical information

The tables below present revenue from external customers and non-current assets by geographical origin:

	2010 £000	2009 £000
Revenue		
United Kingdom	**69,692**	66,823
Other European	**35,907**	38,718
USA	**60,718**	43,584
Rest of the World	**7,449**	7,305
Eliminations	**(167)**	(111)
Total	**173,599**	156,319

	2010 £000	2009 £000
Non-current assets		
United Kingdom	**139,515**	132,238
Other European	**63,133**	64,289
USA	**84,898**	86,823
Rest of the World	**9,999**	9,480
Total	**297,545**	292,830

Non-current assets exclude financial instruments and deferred tax assets.

5. Highlighted items

The following highlighted items have been recognised in arriving at profit/(loss) for the year:

	2010 £000	2009 £000
Charged to operating profit		
Amortisation of intangible assets (Note 10)	**4,331**	4,770
Impairment of intangible assets (Note 10)	**–**	9,141
Loss on disposal and liquidation of subsidiaries	**–**	7,527
Acquisition payments to employees deemed as remuneration	**–**	827
Net brand rationalisation and other non-recurring costs	**–**	8,844
Acquisition related costs	**548**	–
	4,879	31,109
Charged to profit before tax		
Impairment of investment in associates	**–**	2,095
	4,879	33,204
Taxation credit	**(1,630)**	(7,204)
Charged to profit/(loss) for the year	**3,249**	26,000

Highlighted items charged to profit before tax comprise significant non-cash charges and/or 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.

Amortisation of intangible assets

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

Impairment of intangible assets

The impairment of intangible assets in 2009 comprised £9.1 million relating to brands. As a result of the brand rationalisation initiative, brands which are no longer used were impaired to nil carrying value. There was no impairment in 2010.

Loss on disposal and liquidation of subsidiaries

The loss in 2009 principally related to the liquidation of the Group's operations in Italy and comprised £5.8 million of goodwill and other asset impairments and £1.7 million of cash cost.

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 were deemed to be remuneration in the post-acquisition period. These costs ceased once the relevant earn-out was settled during 2009. Up until the relevant earn-out was settled, the related assets and liabilities were held in a separately managed fund within the Group.

5. Highlighted items (continued)

Net brand rationalisation and other non-recurring costs

As a result of the strategic rebranding initiative, costs of £8.8 million were incurred in 2009. This charge included £1.3 million of rebranding, £6.0 million severance costs and £1.5 million of property costs relating to restructuring of teams and offices to align to the new structure.

Impairment of investment in associates

On 15 February 2006 the Company announced that it had reached an agreement to sell Citigate Sard Verbinnen ('CSV') by the end of 31 December 2009. Under the sale agreements, 51% was acquired by certain executives of CSV on 5 January 2007 and the remaining 49% was acquired on 15 December 2009 for a fixed amount.

Following the sale of the initial 51%, the Group's investment in CSV was accounted for as an associated undertaking until the remaining 49% was disposed of following receipt of the final payment on 15 December 2009. All profits recognised from the date of the initial disposal until the date of the final disposal were matched by an equal and opposite impairment of the Group's investment in the entity. There was no further gain or loss resulting from the final disposal of the remaining 49%.

Acquisition related costs

In line with the requirements of *IFRS 3 (revised) 'Business Combinations',* costs incurred in relation to acquisitions and any adjustments to the fair value of deferred consideration liabilities are now taken to the Income Statement rather than being included as part of the cost of investment or as an adjustment to goodwill. These costs are presented as highlighted items as the Directors consider that this gives a clearer understanding of the underlying performance of the business.

Taxation

Further details of the tax credit on highlighted items are disclosed in Note 7.

6. Finance costs and income

	2010 £000	2009 £000
Bank interest payable	**2,647**	1,768
Finance lease interest	**17**	26
Fair value movement on financial instruments	**66**	–
Imputed interest on property and other provisions	**61**	64
Imputed interest on deferred consideration	**286**	332
Finance costs	**3,077**	2,190
Bank interest receivable	**(26)**	(73)
Other interest receivable	**(114)**	(169)
Fair value movement on financial instruments	**–**	(18)
Finance income	**(140)**	(260)
Net interest payable	**2,937**	1,930

7. Taxation

The tax expense for the year is lower than the effective standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below.

	Before highlighted items 2010 £000	**Highlighted items 2010 £000**	**Total 2010 £000**	Before highlighted items 2009 £000	Highlighted items 2009 £000	Total 2009 £000
Profit/(loss) before tax	**26,722**	**(4,879)**	**21,843**	23,365	(33,204)	(9,839)
Notional income tax expense/(credit) at the effective UK statutory rate of 28% (2009: 28%) on profit/(loss) before tax	**7,482**	**(1,366)**	**6,116**	6,542	(9,297)	(2,755)
Permanent differences	**140**	**69**	**209**	772	937	1,709
Impact of share-based payments	**(189)**	**–**	**(189)**	(901)	–	(901)
Different tax rates on overseas profits	**1,170**	**(421)**	**749**	49	(554)	(505)
Impact of changes in statutory tax rates	**70**	**(64)**	**6**	(18)	–	(18)
Adjustments in respect of prior years	**(2,452)**	**152**	**(2,300)**	738	(389)	349
Utilisation and recognition of tax losses	**(889)**	**–**	**(889)**	(1,831)	–	(1,831)
Unrelieved current year losses	**547**	**–**	**547**	607	2,099	2,706
Income tax expense/(credit)	**5,879**	**(1,630)**	**4,249**	5,958	(7,204)	(1,246)

The income tax expense for the year is based on the United Kingdom effective statutory rate of corporation tax of 28% (2009: 28%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

8. Dividends

	2010 £000	2009 £000
Equity dividends on ordinary shares:		
Final dividend for the year ended 2009 – 2.15 pence (2008 – 2.0 pence)	**4,802**	4,081
Interim dividend for the year ended 2010 – 0.9 pence (2009 – 0.75 pence)	**2,027**	1,527
	6,829	5,608

Shareholdings under the Group's Employee Benefit Trust of 6,160,673 and 6,184,938 shares waived their rights to the 2009 final and 2010 interim dividends respectively (2009: 7,243,586 and 6,278,726 shares respectively).

A final dividend of 2.6 pence per share has been proposed for approval at the Annual General Meeting in 2011 and has not been recognised as a liability at 31 December 2010.

9. Earnings per share

The data used in the calculations of the earnings/(loss) per share numbers is summarised in the table below:

	2010 Earnings £000	2010 Weighted average number of shares 000s	2009 (Loss)/earnings £000	2009 Weighted average number of shares 000s
Basic	**17,517**	**237,566**	(8,648)	208,335
Diluted	**17,517**	**247,297**	(8,648)	208,335[1]
Adjusted basic	**20,764**	**237,566**	17,128	208,335
Adjusted diluted	**20,764**	**247,297**	17,128	214,821

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/(loss) per share calculation is based on the profit/(loss) for the year attributable to Parent Company shareholders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share is calculated based on the profit/(loss) for the year attributable to Parent Company shareholders divided by the weighted average number of ordinary shares outstanding during the year adjusted for the potentially dilutive impact of employee share option schemes and shares to be issued as part of contingent 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:

	2010 £000	2009 £000
Earnings:		
Profit/(loss) for the year attributable to Parent Company's shareholders	**17,517**	(8,648)
Highlighted items (net of tax) attributable to the Parent Company's shareholders	**3,247**	25,776
Adjusted earnings	**20,764**	17,128

	2010 000s	2009 000s
Number of shares:		
Weighted average number of ordinary shares – basic and adjusted	**237,566**	208,335
Effect of share options in issue	**8,531**	6,486
Effect of deferred contingent consideration	**1,200**	–
Weighted average number of ordinary shares – diluted	**247,297**	214,821

10. Intangible assets

	Brands £000	Customer relationships £000	Goodwill £000	Software development costs £000	Total £000
Cost					
At 1 January 2009	25,216	20,314	250,850	265	296,645
Arising on acquisitions in the year	1,187	7,983	45,130	–	54,300
Adjustment to prior year acquisitions	–	–	4,134	–	4,134
Capitalised development costs	–	–	–	186	186
Exchange differences	(1,329)	(972)	(10,685)	(19)	(13,005)
At 31 December 2009	25,074	27,325	289,429	432	342,260
Arising on acquisitions in the year	–	851	3,499	–	4,350
Adjustment to prior year acquisitions	–	–	1,078	–	1,078
Capitalised development costs	–	–	–	89	89
Exchange differences	308	320	2,860	8	3,496
At 31 December 2010	**25,382**	**28,496**	**296,866**	**529**	**351,273**
Amortisation and impairment charges					
At 1 January 2009	7,403	16,288	14,074	23	37,788
Charge for the year	1,197	3,573	–	109	4,879
Impairment	9,141	–	5,347	–	14,488
Exchange differences	(344)	(842)	(968)	(5)	(2,159)
At 31 December 2009	17,397	19,019	18,453	127	54,996
Charge for the year	745	3,586	–	159	4,490
Exchange differences	251	69	(412)	4	(88)
At 31 December 2010	**18,393**	**22,674**	**18,041**	**290**	**59,398**
Net book value at 31 December 2010	**6,989**	**5,822**	**278,825**	**239**	**291,875**
Net book value at 31 December 2009	7,677	8,306	270,976	305	287,264

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

Adjustments to goodwill on prior year acquisitions represent changes to contingent deferred consideration payable. This adjustment is made for acquisitions completed prior to 1 January 2010. Adjustments to deferred consideration payable for acquisitions completed after this date are taken to the Income Statement as highlighted items.

11. Cash flow analysis

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

	2010 £000	2009 £000
Operating profit/(loss)	**24,770**	(7,909)
Depreciation	**2,351**	2,547
Share option charge, including social security costs	**556**	2,005
Loss/(profit) on disposal of property, plant and equipment	**107**	(34)
Amortisation of intangible assets	**4,490**	4,879
Impairment of intangible assets	**–**	9,141
Loss on disposal and liquidation of subsidiaries	**–**	7,527
Expense incurred on hedging activities	**273**	497
Unrealised foreign exchange gain	**(95)**	–
Decrease/(increase) in work in progress	**56**	(184)
Decrease in debtors	**4,099**	818
Decrease in creditors	**(6,893)**	(318)
Decrease in provisions	**(4,091)**	(1,007)
Net cash inflow from operations	**25,623**	17,962

Net cash inflow from operations is analysed as follows:

	2010 £000	2009 £000
Before highlighted items	**30,769**	28,450
Highlighted items	**(5,146)**	(10,488)
Net cash inflow from operations	**25,623**	17,962

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

	2010 £000	2009 £000
Decrease in cash and cash equivalents in the year	**(296)**	(3,142)
Cash inflow from movements in debt	**(3,201)**	(4,654)
Bank loans acquired	**–**	(6,558)
New derivative financial instruments	**(277)**	497
Repayment of capital element of finance leases	**78**	151
Change in net debt resulting from cash flows	**(3,696)**	(13,706)
Amortisation of loan fees	**(179)**	(81)
Movement in fair value of derivative financial instruments	**(144)**	(438)
Disposals/cancellations of finance leases	**(34)**	9
Translation differences	**203**	(1,317)
Increase in net debt	**(3,850)**	(15,533)
Net debt at beginning of year	**(49,033)**	(33,500)
Net debt at end of year	**(52,883)**	(49,033)

(c) Analysis of net debt

	2010 £000	2009 £000
Cash and short-term deposits	**9,305**	9,394
Overdrafts (current)	**(21)**	(23)
Net cash and cash equivalents	**9,284**	9,371
Bank loans (current)	**(4,500)**	(3,000)
Bank loans (non-current)	**(56,430)**	(54,550)
Derivative financial assets	**126**	375
Derivative financial liabilities	**(1,255)**	(1,082)
Obligations under finance leases	**(108)**	(147)
Net debt	**(52,883)**	(49,033)

11. Cash flow analysis (continued)

(d) Cash and cash equivalents

	2010 **£000**	2009 £000
Cash and short-term deposits	**9,305**	9,394
Overdrafts (current)	**(21)**	(23)
Cash and cash equivalents	**9,284**	9,371

12. Contingent liabilities

In the normal course of business, the Group is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors the ultimate resolution of these matters will not have a material adverse effect on the Consolidated Financial Statements.

The Company and its subsidiaries have entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which give rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Group which indicates that any material outflow will occur as a result of these indemnities and guarantees.

13 Key risks and uncertainties

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.

14. 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 subsidiaries, associates, and with its Directors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

15. Events after the balance sheet date

On 15 March 2011, the Group signed a new £105 million multi-currency facility with Lloyds TSB Bank plc, The Royal Bank of Scotland and Clydesdale Bank plc and a new £5 million committed overdraft facility with Lloyds TSB Bank plc. Both facilities are due to expire in May 2015.

On 22 March 2011, the Group acquired the entire share capital of Atomic Communications, LLC (a company incorporated in the United States), 50% of the shares in Atomic Communications Holdings Limited (a company incorporated in the United Kingdom) and the bespoke web-based data analytics application ComContext. The initial cash consideration was US$13.3 million (£8.3 million). Additional consideration is payable dependent on future performance during the period to December 2015 and will be paid in cash or a combination of cash and shares at Huntsworth's discretion. The maximum total consideration payable is US$50 million (£31.3 million). As at the date of this report, it is impracticable to determine the fair values of the assets and liabilities acquired and the goodwill recognised.

Directors' responsibility statement

The Annual Report and Accounts comply with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report. The responsibility statement below has been prepared in connection with the Company's Annual Report, certain parts of which are not included within this announcement.

We confirm on behalf of the Board that to the best of our knowledge:

- the Group financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and Accounts include a fair review of the development and performance of the business and the positions of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Lord Chadlington	**Tymon Broadhead**
Chief Executive	Group Finance Director