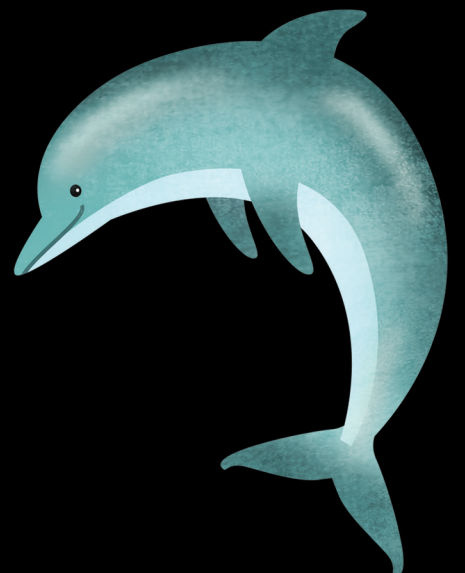


# Creston...

Interim Report  
for the six months to 30 September 2011



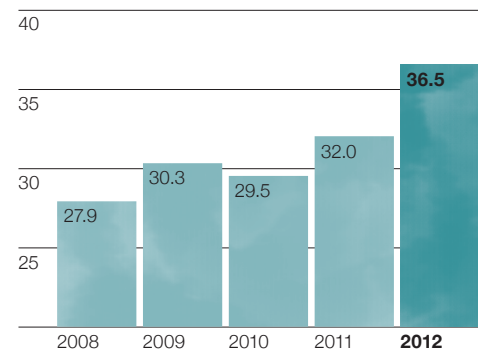
Understanding,  
influencing and  
inspiring



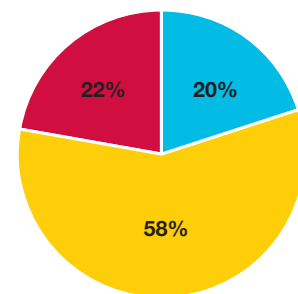
# Creston...

Creston plc is a marketing services company focused on insight-led communications. The Group delivers a range of marketing services, including digital marketing, market research, health communications, public relations, direct marketing, advertising and brand consultancy to a broad spectrum of blue-chip clients. All our companies share a common commitment to understanding, influencing and inspiring consumers on behalf of our clients and to creating value through innovative collaborative working.

## Interim Group revenue (£m)



## Interim Group revenue by division (%)

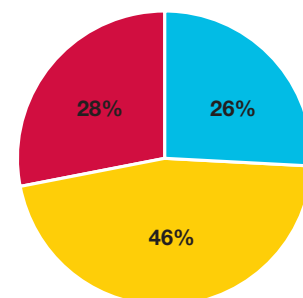


■ Insight  
■ Communications  
■ Health

## Contents

- 01 Highlights
- 02 Chief Executive's Statement
- 04 Unaudited consolidated income statement
- 05 Unaudited consolidated statement of comprehensive income
- 06 Unaudited consolidated balance sheet
- 07 Unaudited statement of changes in equity
- 09 Unaudited consolidated statement of cash flows
- 10 Statement of Directors' responsibilities
- 11 Notes to the Interim Report
- 19 Shareholder information

## Interim Group Headline PBIT by division (%)



■ Insight  
■ Communications  
■ Health

# Highlights

## Financial highlights

- Revenue up 14 per cent to £36.5 million (H1 2011: £32.0 million)
- Like-for-like<sup>1</sup> revenue up 3.3 per cent (H1 2011: 8.5 per cent)
- Headline<sup>2</sup> PBIT<sup>3</sup> up 9 per cent to £4.9 million (H1 2011: £4.4 million)
- Headline PBT<sup>4</sup> up 13 per cent to £4.8 million (H1 2011: £4.2 million)
- Headline DEPS<sup>5</sup> up 11 per cent to 5.63 pence (H1 2011: 5.06 pence)
- Dividend per share increased by 11 per cent to 0.83 pence (H1 2011: 0.75 pence) per share

## Corporate and operational highlights

- Good performance by the Communications division: 6 per cent revenue growth and 24 per cent Headline PBIT growth
- Digital and online revenue up 16 per cent and represents 42 per cent of Group revenue (H1 2011: 41 per cent)
- Acquisition of The Corkery Group, a New York based health and medical public relations company specialising in product and issues communications, complementing Creston's US healthcare company Cooney/Waters

## Group financial results

	Headline results		Reported results	
	H1 2012 £ million	H1 2011 £ million	H1 2012 £ million	H1 2011 £ million
Revenue	<b>36.5</b>	32.0	<b>36.5</b>	32.0
PBIT	<b>4.9</b>	4.4	<b>4.3</b>	4.4
PBT	<b>4.8</b>	4.2	<b>4.1</b>	4.2
DEPS (pence)	<b>5.63</b>	5.06	<b>4.67</b>	5.02
Dividend per share (pence)	<b>0.83</b>	0.75	<b>0.83</b>	0.75

1 Like-for-like compares current year performance to prior year performance, excluding the results from any acquisitions.

2 Headline results reflect the underlying performance of the Group and excludes acquisition, start-up and restructuring related costs, deemed remuneration charges and notional finance costs. A full reconciliation is presented in note 4 to this interim announcement.

3 Profit before finance income, finance costs and taxation (PBIT).

4 Profit before taxation (PBT).

5 Diluted earnings per share (DEPS) from continuing operations.

# Chief Executive's Statement

## Group performance

The Group has delivered another solid performance over the course of the last six months, with revenue and Headline PBT rising 14 and 13 per cent respectively, compared to the same prior year period.

The growth drivers in the first half of the year have predominantly been the continued increase in net new business wins, a good performance by our Communications division and growing our international business.

The Group continues to demonstrate steady progress in growing its new and existing clients and won net new business of £2.6 million in revenue on an annualised basis during the period. Like-for-like revenue growth rose from 2 per cent in the first quarter to over 4 per cent in the second quarter to achieve 3.3 per cent growth for the first half, versus a tough comparison of 8.5 per cent in the same period last year.

Creston's Communications division, which accounted for 58 per cent of the Group's revenue at the half year, performed well delivering 6 per cent revenue growth and an increase of 24 per cent in Headline PBIT. This growth is being driven by our refocus in 2010 towards the faster growing areas of clients' marketing budgets, namely the digital and online services aimed at engaging directly with consumers, rather than mass advertising.

At the half year, enhanced by the Group's acquisition in December 2010 of Cooney/Waters, revenue derived from services outside of the UK increased to £9.6 million, to represent 26 per cent of the Group's revenue. We continue to pursue opportunities to further diversify the Group and minimise our reliance on any one market or geographical area. Our announcement of the acquisition of The Corkery Group, more details of which are provided later, supports this strategy.

The above growth drivers have enabled the Group to report for the period a Headline PBT increase of 13 per cent to £4.8 million (H1 2011: £4.2 million); and a Headline DEPS increase of 11 per cent to 5.63 pence (H1 2011: 5.06 pence) per share. Reported PBT decreased by 2 per cent to £4.1 million (H1 2011: £4.2 million); and Reported DEPS decreased by 7 per cent to 4.67 pence (H1 2011: 5.02 pence) per share.

## Corporate developments

On 30 November 2011 the Group announced the acquisition of The Corkery Group a New York based full service health and medical public relations company specialising in product and issues communications. As well as being immediately earnings enhancing, this acquisition strengthens the Health division and complements Cooney/Waters, the Group's US healthcare communications specialist.

The Group has also strengthened its Executive Board by the appointment of Tim Bonnet as Chairman of the Communications division. Tim has a wealth of experience in the communications sector and will be responsible for the strategic direction, growth and development of the division. Tim's considerable international and client management experience will assist us in pursuing new business and international growth opportunities.

In September, the Group appointed Richard Huntingford to the Board as Non-Executive Director and Chairman of its Remuneration Committee. Richard has over 25 years' experience in Board level positions, the majority of which has been in the media industry.

## Business review Insight

	H1 2012 £ million	H1 2011 £ million
Revenue	7.5	7.7
Contribution to Group revenue (%)	20%	24%
Headline PBIT	1.7	2.2
Reported PBIT	1.7	2.2
Headline PBIT margin (%)	22%	28%

The Insight division saw a small year-on-year revenue decline of 3 per cent for the six month period to 30 September 2011. It was a robust performance in a market which contracted by 8 per cent in terms of UK commissions for the six months to September according to *The Market Research Society Quarterly Trend Analysis*. It is especially encouraging to report an increase in revenue in absolute terms in the first half of the current financial year against the second half of the last financial year, and we anticipate this momentum to continue into the second half of the current financial year.

We believe that the growth potential of our Insight division remains positive. The *ESOMAR 2011 Global Report*, indicates that the UK has the highest global market research spend per capita and that provides an excellent on-going opportunity for us. Led by the new divisional management team, we are looking to build market share through strategic growth initiatives including increasing our international work and product development. The report also highlights that 24 per cent of UK market research spend is now online. Within our own Insight business 31 per cent of revenue is currently derived from online research and this above market weighting, coupled with our list of blue-chip clients, demonstrates how we are at the forefront of capitalising on this growing market opportunity.

The Headline PBIT decline for the division is a result of the small reduction in revenue and our on-going investment in the division in order to broaden our skillset to drive the future growth opportunities we highlight above.

New business won during the period by the Insight division from new and existing clients includes work for: Intel, Danone Dairies, Tesco, Heineken and the BBC.

## Communications

	H1 2012 £ million	H1 2011 £ million
Revenue	21.0	19.8
Contribution to Group revenue (%)	58%	62%
Headline PBIT	2.9	2.3
Reported PBIT	2.6	2.3
Headline PBIT margin (%)	14%	12%

As highlighted earlier, the Group's Communications division had a strong first-half, growing revenue by 6 per cent to £21.0 million and Headline PBIT by 24 per cent to £2.9 million compared to the prior year. This is an encouraging performance by a division that accounted for 58 per cent of revenues and 46 per cent of PBIT for the Group as a whole at the half year.

The increase in profitability is as a result of the prior year investments in the business to expand our offer, such as mobile marketing and social media; a good profit conversion on the revenue growth since last year's investment in personnel; and lastly, from a continued focus on cost control.

Additionally, according to the IPA's latest *Bellwether* survey published in October 2011, even though business confidence overall remains low, marketing budgets were revised upwards up in Q3. This ended three periods of quarterly decline, as companies increased expenditure to promote new products and maintain market share amid strong competitive pressure.

Following a re-tender process due to the client's re-location to Paris, we have lost one contract within a top five client account. The rest of the account remains unaffected, our relationship with the client remains strong and for this financial year, it continues to be a top five client of the Group in terms of revenue contribution.

New business won by our Communications division during the period from new and existing clients includes campaigns for: HTC (Asia Pacific region), Brother, Red Stripe and Schweppes from existing client Diageo, Open University, Walkers Sensations and post the period end T-Mobile.

## Health

	H1 2012 £ million	H1 2011 £ million
Revenue	8.0	4.5
Contribution to Group revenue (%)	22%	14%
Headline PBIT	1.8	1.2
Reported PBIT	1.5	1.2
Headline PBIT margin (%)	22%	27%

Revenue for the Health division rose by 78 per cent to £8.0 million and Headline PBIT increased by 45 per cent to £1.8 million, as a result of the six month contribution from Cooney/Waters and a small like-for-like revenue increase.

We believe that the long-term market fundamentals for the health sector are good both in the UK and the US. Ageing patient populations, increasing chronic diseases and the expansion of public healthcare coverage to an additional 32 million citizens in the US will all act as major drivers of growth. Indeed, according to *Pharmaceutical Key Trends 2011*, a report by Datamonitor, the net effect of the drivers and resisters for global sales growth of prescription products from the top 50 pharmaceutical companies between 2010 and 2015 will be a US\$40 billion upside to the industry. We therefore believe that further investment at this time will allow us to take advantage of future upside both in the UK and US and our acquisition of The Corkery Group demonstrates this belief.

In the near-term, the market has experienced a temporary slow-down in new business opportunities as the pharmaceutical industry prepares for inevitable changes. These well documented changes include a reduction in branded sales as a result of patent expiry, a lack of blockbuster drug launches and the more general impact of state welfare cutbacks as governments look to reduce their overall spending. However, with these changes come opportunities. For example, the decentralisation of purchasing decisions in the NHS has led us to combine our specialist health and local marketing expertise to form a unique new client offer, Grapevine, to help clients adapt. While in the US, targeting a new market, Cooney/Waters has last month launched a dedicated Hispanic health communications service *Cultúr Health*. This service is aimed at providing more culturally resonant communications for the Hispanic population in the US – which currently stands at more than 50 million people and is estimated to be increasing at a rate of one million per year.

New business won during the period by the Health division from new and existing clients includes work for: UCB, MSD, GSK, Celgene, Novartis and Abbott RA.

## New bank facility

Due to the impending decrease in March 2012 of Creston's existing bank facility from £25 million to £5 million, a new £20 million revolving credit facility expiring on 30 September 2015, plus an accordion loan facility of up to £10 million, has been agreed with Barclays Corporate. This new facility offers the Group maximum flexibility in terms of draw down and has been agreed on terms which the Board regards as favourable. This new facility, in addition to the Group's operating cash flow and strong balance sheet, provides a solid financial base to continue investment in the Group's organic and acquisitive growth.

The Group's long-term average cash conversion target remains 95 per cent. There has been a short-term increase in the Group's working capital position from £2.8 million at the year-end to £9.6 million (H1 2011: £5.3 million), which has resulted in a cash outflow of £1.8 million (H1 2011: £1.9 million inflow) from operating activities. This is predominantly due to a decrease in pre-billing, however the Group is focused on improving this over the second half of the year.

## Dividend

As reported at the 2011 financial year-end, the Board has resumed its progressive dividend policy in light of the Group's continuing growth. Reflecting that growth in the first half, the Board has declared an interim dividend of 0.83 pence (H1 2011: 0.75 pence) per share, representing an 11 per cent increase, that will be paid on 10 January 2012 to shareholders registered at 9 December 2011.

## Outlook

We have performed well during the first half, growing revenue and Headline PBT by 14 per cent and 13 per cent respectively. Our like-for-like growth has been driven by new business wins from both new and existing clients, a growing amount of which is from referrals across our agencies and divisions.

During the first half we continued to diversify, through servicing new geographies, launching new products and continuing to grow our digital business. We are confident of seeing the first half's positive momentum continue in the second half and believe our diversification does afford us some protection against market uncertainty. However, macro-economic events lead us to maintain a cautious outlook for the remainder of our financial year.

## Don Elgie

Group Chief Executive  
30 November 2011

# Unaudited consolidated income statement

for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
<b>Continuing operations:</b>				
<b>Turnover (billings)</b>		<b>55,975</b>	45,887	100,542
<b>Revenue</b>	5	<b>36,500</b>	32,011	67,769
Operating costs		<b>(31,642)</b>	(27,566)	(57,008)
<b>Headline profit before finance income, finance costs and taxation</b>	4	<b>4,858</b>	4,445	10,761
Headline items	4	<b>(543)</b>	(38)	(2,015)
<b>Profit before finance income, finance costs and taxation</b>	4	<b>4,315</b>	4,407	8,746
Finance income		-	1	1
Finance costs		<b>(217)</b>	(212)	(382)
<b>Profit before taxation</b>	4	<b>4,098</b>	4,196	8,365
Taxation	6	<b>(1,277)</b>	(1,170)	(2,695)
<b>Profit for the period from continuing operations</b>	4	<b>2,821</b>	3,026	5,670
<b>Discontinued operations:</b>				
Loss for the period from discontinued operations	7	-	(3,159)	(3,323)
<b>Profit/(loss) for the period</b>		<b>2,821</b>	(133)	2,347
Basic and diluted earnings/(loss) per share (pence):				
From continuing operations	8	<b>4.67</b>	5.02	9.41
From discontinued operations		-	(5.24)	(5.52)
		<b>4.67</b>	(0.22)	3.89

# Unaudited consolidated statement of comprehensive income

for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
<b>Profit/(loss) for the period</b>		<b>2,821</b>	(133)	2,347
<b>Other comprehensive income/(expense)</b>				
Exchange differences on translation of foreign operations		211	–	(190)
Cash flow hedge:				
Fair value gain in period	11	–	188	188
Tax effect of fair value gain		–	(53)	(53)
<b>Other comprehensive income/(expense) for the period, net of tax</b>		<b>211</b>	135	(55)
<b>Total comprehensive income for the period</b>		<b>3,032</b>	2	2,292

# Unaudited consolidated balance sheet

as at 30 September 2011

	Note	As at 30 September 2011 £'000	As at 30 September 2010 £'000	As at 31 March 2011 £'000
<b>Non-current assets</b>				
Intangible assets				
Goodwill	10	101,611	88,548	101,280
Other	10	1,303	1,148	1,379
Property, plant and equipment	10	2,111	1,754	2,144
Financial assets – available for sale		–	550	–
Deferred tax assets		732	533	688
		<b>105,757</b>	92,533	105,491
<b>Current assets</b>				
Inventories and work in progress		1,688	1,842	1,444
Trade and other receivables		28,793	22,914	29,053
Cash and short term deposits	14	436	232	1,677
		<b>30,917</b>	24,988	32,174
<b>Current liabilities</b>				
Trade and other payables		(20,903)	(19,503)	(27,713)
Corporation tax payable		(2,811)	(2,593)	(3,087)
Obligations under finance leases	14	(7)	(7)	(7)
Bank overdraft, loans and loan notes	14	(6,258)	(30)	(1,716)
		<b>(29,979)</b>	(22,133)	(32,523)
<b>Net current assets/(liabilities)</b>		<b>938</b>	2,855	(349)
<b>Total assets less current liabilities</b>		<b>106,695</b>	95,388	105,142
<b>Non-current liabilities</b>				
Deferred tax liabilities		(17)	–	–
Provision for other liabilities and charges	12	(8,569)	–	(8,376)
Obligations under finance leases	14	(2)	(8)	(2)
		<b>(8,588)</b>	(8)	(8,378)
<b>Net assets</b>		<b>98,107</b>	95,380	96,764
<b>Equity</b>				
Called up share capital		6,134	6,134	6,134
Share premium account		35,943	35,943	35,943
Own shares		(656)	(779)	(779)
Shares to be issued		1,286	1,463	1,545
Other reserves		30,822	31,357	30,822
Foreign currency translation reserve		21	–	(190)
Retained earnings		24,557	21,262	23,289
<b>Total equity</b>		<b>98,107</b>	95,380	96,764

# Unaudited statement of changes in equity

for the six months ended 30 September 2011

## Six months ended 30 September 2011

	Called up share capital £'000	Share premium £'000	Own shares £'000	Shares to be issued £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
<b>Changes in equity for the period</b>								
At 1 April 2011	6,134	35,943	(779)	1,545	30,822	(190)	23,289	<b>96,764</b>
Profit for the period	-	-	-	-	-	-	2,821	<b>2,821</b>
<i>Other comprehensive income:</i>								
Exchange differences on translation of foreign operations	-	-	-	-	-	211	-	<b>211</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211</b>	<b>2,821</b>	<b>3,032</b>
Credit for share-based incentive schemes	-	-	-	56	-	-	-	<b>56</b>
Exercise of share award	-	-	123	(315)	-	-	-	<b>(192)</b>
Gain on treasury scheme/employee benefit trust	-	-	-	-	-	-	81	<b>81</b>
Fair value adjustment of own shares	-	-	-	-	-	-	(274)	<b>(274)</b>
Dividends (note 9)	-	-	-	-	-	-	(1,360)	<b>(1,360)</b>
<b>At 30 September 2011</b>	<b>6,134</b>	<b>35,943</b>	<b>(656)</b>	<b>1,286</b>	<b>30,822</b>	<b>21</b>	<b>24,557</b>	<b>98,107</b>

## Six months ended 30 September 2010

	Called up share capital £'000	Share premium £'000	Own shares £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>Changes in equity for the period</b>							
At 1 April 2010	6,134	35,943	(801)	1,461	31,357	21,860	<b>95,954</b>
Loss for the period	-	-	-	-	-	(133)	<b>(133)</b>
<i>Other comprehensive income:</i>							
Fair value gain on financial liability	-	-	-	-	-	188	<b>188</b>
Tax effect of fair value gain	-	-	-	-	-	(53)	<b>(53)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
Credit for share-based incentive schemes	-	-	-	30	-	-	<b>30</b>
Exercise of share award	-	-	22	(28)	-	-	<b>(6)</b>
Gain on treasury scheme/employee benefit trust	-	-	-	-	-	6	<b>6</b>
Fair value adjustment of own shares	-	-	-	-	-	(3)	<b>(3)</b>
Dividends (note 9)	-	-	-	-	-	(603)	<b>(603)</b>
<b>At 30 September 2010</b>	<b>6,134</b>	<b>35,943</b>	<b>(779)</b>	<b>1,463</b>	<b>31,357</b>	<b>21,262</b>	<b>95,380</b>

# Unaudited statement of changes in equity continued

for the six months ended 30 September 2011

## Year ended 31 March 2011

	Called up share capital £'000	Share premium £'000	Own shares £'000	Shares to be issued £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
<b>Changes in equity for the year</b>								
At 1 April 2010	6,134	35,943	(801)	1,461	31,357	–	21,860	<b>95,954</b>
Profit for the year	–	–	–	–	–	–	2,347	<b>2,347</b>
<i>Other comprehensive income:</i>								
Exchange differences on translation of foreign operations	–	–	–	–	–	(190)	–	<b>(190)</b>
Fair value gain on financial liability	–	–	–	–	–	–	188	<b>188</b>
Tax effect of fair value gain	–	–	–	–	–	–	(53)	<b>(53)</b>
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(190)</b>	<b>2,482</b>	<b>2,292</b>
Credit for share-based incentive schemes	–	–	–	112	–	–	–	<b>112</b>
Exercise of share award	–	–	22	(28)	–	–	–	<b>(6)</b>
Gain on treasury scheme/employee benefit trust	–	–	–	–	–	–	6	<b>6</b>
Fair value adjustment of own shares	–	–	–	–	–	–	(4)	<b>(4)</b>
Dividends (note 9)	–	–	–	–	–	–	(1,055)	<b>(1,055)</b>
Disposal of investment	–	–	–	–	(535)	–	–	<b>(535)</b>
<b>At 31 March 2011</b>	<b>6,134</b>	<b>35,943</b>	<b>(779)</b>	<b>1,545</b>	<b>30,822</b>	<b>(190)</b>	<b>23,289</b>	<b>96,764</b>

# Unaudited consolidated statement of cash flows

for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
<b>Operating cash flow</b>	13	<b>(1,760)</b>	1,869	9,937
Tax paid		(1,588)	(261)	(1,593)
Cash outflow from discontinued operating activities		–	(1,058)	(1,058)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(3,348)</b>	550	7,286
<b>Investing activities</b>				
Finance income		–	1	1
Purchase of subsidiary undertakings		(377)	(3,057)	(9,010)
Net cash acquired with subsidiaries		–	–	497
Purchase of property, plant and equipment	10	(511)	(532)	(1,381)
Proceeds from sale of property, plant and equipment		–	–	4
Purchase of intangible assets	10	(29)	(81)	(164)
Net proceeds from disposal of subsidiary		–	27,374	27,374
Cash outflow from discontinued investing activities		–	(1,376)	(1,373)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(917)</b>	22,329	15,948
<b>Financing activities</b>				
Finance costs		(66)	(221)	(324)
Net increase/(decrease) in borrowings		3,000	(24,600)	(24,600)
Dividends paid		(1,360)	(603)	(1,055)
Capital element of finance lease payments		–	(1)	(7)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>1,574</b>	(25,425)	(25,986)
<b>Decrease in cash and cash equivalents</b>		<b>(2,691)</b>	(2,546)	(2,752)
<b>Cash and cash equivalents at start of period</b>		<b>(19)</b>	2,778	2,778
<b>Effect of foreign exchange rates</b>		<b>(92)</b>	–	(45)
<b>Cash and cash equivalents at end of period</b>	14	<b>(2,802)</b>	232	(19)

---

# Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge these condensed consolidated set of financial statements have been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R; namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Creston plc are listed in the Creston Group Annual Report and Accounts 2011. A list of current Directors is maintained on the Creston website: [www.creston.com](http://www.creston.com).

By order of the Board

**Don Elgie**

Group Chief Executive Officer  
30 November 2011

# Notes to the Interim Report

for the six months ended 30 September 2011

## 1 Presentation of financial information

The financial information contained in this Interim Report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2011 were approved by the Board of Directors on 18 July 2011 and delivered to the Registrar of Companies. The report of the auditors, by PricewaterhouseCoopers LLP on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 448 of the Companies Act 2006.

The Interim Report has not been audited or reviewed by the Group's auditors.

## 2 Basis of preparation

The Interim Report of Creston plc for the six months ended 30 September 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union.

The accounting policies applied in the preparation of the annual financial statements are based on the European Union adopted International Financial Reporting Standards (IFRS) and IFRIC interpretations that are applicable at this time.

The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011 which have been prepared in accordance with IFRS as adopted by the European Union.

## 3 Accounting policies

The interim consolidated financial statements of Creston plc for the six months ended 30 September 2011 have been prepared in accordance with the accounting policies contained in the Group's Annual Report and Accounts 2011 and the policies as described in note 2 above.

The following new standard has been issued, but is not effective for the financial year beginning 1 April 2011 and has not been early adopted:

IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not a mandatory requirement until 1 January 2013 but is available for early adoption.

## 4 Reconciliation of Headline profit to Reported profit

In order to enable a better understanding of the underlying trading of the Group, the Directors refer to Headline PBIT, PBT and PAT which eliminate certain amounts from the Reported figures. These break down into two parts:

- (i) certain accounting policies which have a material impact and introduce volatility to the Reported figures include acquisition-related charges deemed as remuneration arising on payments made by Creston to non-shareholding employees in respect of the consideration on the business acquisitions; and notional finance costs on deferred consideration. In the financial year ending 31 March 2011, there were also charges relating to the amortisation of acquired intangible assets; and
- (ii) exceptional non-recurring operating charges which include acquisition, start-up and restructuring related costs.

### Six months ended 30 September 2011

	PBIT £'000	PBT £'000	PAT £'000
<b>Headline</b>	<b>4,858</b>	<b>4,779</b>	<b>3,398</b>
Acquisition, start-up and restructuring related costs	(300)	(300)	(300)
Future acquisition payments to employees deemed as remuneration	(243)	(243)	(243)
Notional finance cost on future deferred consideration	–	(138)	(138)
Taxation impact			104
<b>Reported</b>	<b>4,315</b>	<b>4,098</b>	<b>2,821</b>
Headline basic and diluted EPS (pence)			5.63
Reported basic and diluted EPS (pence)			4.67

# Notes to the Interim Report continued

## 4 Reconciliation of Headline profit to Reported profit continued

Six months ended 30 September 2010

	PBIT £'000	PBT £'000	PAT £'000
<b>Headline</b>	<b>4,445</b>	<b>4,234</b>	<b>3,053</b>
Future acquisition payments to employees deemed as remuneration	(38)	(38)	(38)
Taxation impact			11
<b>Reported</b>	<b>4,407</b>	<b>4,196</b>	<b>3,026</b>
Headline basic and diluted EPS (pence)			5.06
Reported basic and diluted EPS (pence)			5.02

Year ended 31 March 2011

	PBIT £'000	PBT £'000	PAT £'000
<b>Headline</b>	<b>10,761</b>	<b>10,448</b>	<b>7,467</b>
Acquisition, start-up and restructuring related costs	(1,557)	(1,557)	(1,557)
Amortisation of acquired intangible assets	(219)	(219)	(219)
Future acquisition payments to employees deemed as remuneration	(239)	(239)	(239)
Notional finance costs on future deferred consideration	–	(68)	(68)
Taxation impact			286
<b>Reported</b>	<b>8,746</b>	<b>8,365</b>	<b>5,670</b>
Headline basic and diluted EPS (pence)			12.39
Reported basic and diluted EPS (pence)			9.41

## 5 Segmental analysis

The chief operating decision-maker has been identified as the Board of Directors ('the Board') who make the strategic decisions. The Board has determined the operating segments in a manner consistent with the internal reporting provided to the Board. The Board considers the business from a divisional perspective, that being Insight, Communications and Health.

The principal activities of the three divisions are as follows:

### Insight

The Insight division performs a complete range of market research services on behalf of its clients, through both qualitative and quantitative means using face-to-face, telephone and online techniques.

### Communications

The Communications division offers clients an integrated approach to their marketing and communications strategy, offering a range of services which include advertising, brand strategy, customer relationship marketing (CRM), data analytics, digital marketing, events marketing, mobile marketing, local marketing, public relations and social media.

### Health

The Health division provides an integrated communications solution to the healthcare and pharmaceuticals sectors and offers services which include advertising, direct marketing, digital marketing, issue management, market research, medical education, public relations and social media.

The Board assesses the performance of the operating segments based on a measure of revenue and Headline PBIT. This measurement basis excludes the effects of certain amounts from the operating segments, such as amortisation of acquired intangible assets, acquisition, start-up and restructuring related costs, deemed remuneration and notional finance costs on deferred consideration.

Accounting policies are consistent across the reportable segments.

All significant assets and liabilities are located within the UK and the US. The Board does not review the assets and liabilities of the Group on a divisional basis and as such has not segmented the assets and liabilities of the Group.

Other information provided to the Board of Directors is measured in a manner consistent with that in the financial statements.

## 5 Segmental analysis continued

### Divisional segmentation

Turnover, revenue, Headline and Reported profit before finance income and finance costs (PBIT), and profit before tax attributable to group activities are shown below.

#### Six months ended 30 September 2011

	Insight £'000	Communications £'000	Health £'000	Head office £'000	Group £'000
Turnover (billings)	13,444	31,819	10,712	–	55,975
<b>Revenue</b>	<b>7,495</b>	<b>21,044</b>	<b>7,961</b>	<b>–</b>	<b>36,500</b>
<b>Headline PBIT</b>	<b>1,668</b>	<b>2,896</b>	<b>1,764</b>	<b>(1,470)</b>	<b>4,858</b>
Acquisition, start-up and restructuring related costs	–	(300)	–	–	(300)
Future acquisition payments to employees deemed as remuneration	–	–	(221)	(22)	(243)
<b>Reported PBIT</b>	<b>1,668</b>	<b>2,596</b>	<b>1,543</b>	<b>(1,492)</b>	<b>4,315</b>
Finance costs	–	–	–	(79)	(79)
Notional finance cost on future deferred consideration	–	–	(138)	–	(138)
<b>Profit before taxation</b>	<b>1,668</b>	<b>2,596</b>	<b>1,405</b>	<b>(1,571)</b>	<b>4,098</b>
Taxation					(1,277)
<b>Profit for the period</b>					<b>2,821</b>

#### Six months ended 30 September 2010

	Insight £'000	Communications £'000	Health £'000	Head office £'000	Group £'000
Turnover (billings)	14,114	26,249	5,524	–	45,887
<b>Revenue</b>	<b>7,705</b>	<b>19,841</b>	<b>4,465</b>	<b>–</b>	<b>32,011</b>
<b>Headline PBIT</b>	<b>2,177</b>	<b>2,340</b>	<b>1,217</b>	<b>(1,289)</b>	<b>4,445</b>
Future acquisition payments to employees deemed as remuneration	–	–	–	(38)	(38)
<b>Reported PBIT</b>	<b>2,177</b>	<b>2,340</b>	<b>1,217</b>	<b>(1,327)</b>	<b>4,407</b>
Finance income	–	–	–	1	1
Finance costs	–	–	–	(212)	(212)
<b>Profit before taxation</b>	<b>2,177</b>	<b>2,340</b>	<b>1,217</b>	<b>(1,538)</b>	<b>4,196</b>
Taxation					(1,170)
<b>Profit for the period</b>					<b>3,026</b>

#### Year ended 31 March 2011

	Insight £'000	Communications £'000	Health £'000	Head office £'000	Group £'000
Turnover (billings)	25,580	60,096	14,866	–	100,542
<b>Revenue</b>	<b>14,828</b>	<b>41,142</b>	<b>11,799</b>	<b>–</b>	<b>67,769</b>
<b>Headline PBIT</b>	<b>4,094</b>	<b>6,197</b>	<b>3,437</b>	<b>(2,967)</b>	<b>10,761</b>
Acquisition, start-up and restructuring related costs	(240)	(144)	(1,173)	–	(1,557)
Amortisation of acquired intangible assets	–	–	(219)	–	(219)
Future acquisition payments to employees deemed as remuneration	–	–	(110)	(129)	(239)
<b>Reported PBIT</b>	<b>3,854</b>	<b>6,053</b>	<b>1,935</b>	<b>(3,096)</b>	<b>8,746</b>
Finance income	–	–	–	1	1
Finance costs	–	–	–	(314)	(314)
Notional finance cost on future deferred consideration	–	–	(68)	–	(68)
<b>Profit before taxation</b>	<b>3,854</b>	<b>6,053</b>	<b>1,867</b>	<b>(3,409)</b>	<b>8,365</b>
Taxation					(2,695)
<b>Profit for the period</b>					<b>5,670</b>

# Notes to the Interim Report continued

## 5 Segmental analysis continued

### Geographical segmentation

The following table provides an analysis of the Group's turnover and revenue by geographical market, irrespective of the origin of the services.

	Six months ended 30 September 2011 £'000	Revenue		Six months ended 30 September 2011 £'000	Turnover	
		Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000		Six months ended 30 September 2011 £'000	Year ended 31 March 2011 £'000
UK	26,916	25,250	51,127	42,578	37,354	77,787
Rest of Europe	5,466	6,001	11,673	7,598	7,472	16,103
Rest of the World	4,118	760	4,969	5,799	1,061	6,652
	<b>36,500</b>	32,011	67,769	<b>55,975</b>	45,887	100,542

## 6 Taxation

The effective Reported tax rate for the period ended 30 September 2011 is 31.2 per cent (H1 2011: 27.9 per cent). The reason for the increased rate is due to the inclusion of Cooney/Waters, which is domiciled in the US, and has a higher effective tax rate. The effective Headline tax rate for the period ended 30 September 2011 is 28.9 per cent (H1 2011: 27.9 per cent). The difference between the Headline and the Reported effective rate is due to the effect of non-trading related tax charges.

## 7 Discontinued operations

In the prior year the Group disposed of Delaney Lund Knox Warren and Partners, Dialogue DLKW and The Composing Room ('DLKW') for £28.0 million. DLKW was therefore reported as a discontinued operation in the prior year.

Below shows the financial information of DLKW for the year ending 31 March 2011 and the period ending 30 September 2010.

	Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
Turnover (billings)	9,180	9,180
<b>Revenue</b>	<b>4,472</b>	4,472
Headline operating costs	(4,307)	(4,307)
<b>Headline PBIT</b>	<b>165</b>	165
Loss on disposal	(3,459)	(3,474)
Restructuring costs	-	-
<b>Reported loss before tax</b>	<b>(3,294)</b>	(3,309)
Taxation	135	(14)
<b>Loss for the period</b>	<b>(3,159)</b>	(3,323)

## 8 Earnings per share

	Six months ended 30 September 2011 £'000	Headline Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000	Six months ended 30 September 2011 £'000	Reported Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
<b>Earnings</b>						
Profit for the period from continuing operations	3,398	3,053	7,467	2,821	3,026	5,670
Profit/(loss) from discontinued operations	–	125	125	–	(3,159)	(3,323)
	<b>3,398</b>	3,178	7,592	<b>2,821</b>	(133)	2,347
<b>Number of shares</b>						
Weighted average number of shares	<b>60,374,966</b>	60,285,576	60,285,576	<b>60,374,966</b>	60,285,576	60,285,576
<b>Earnings per share</b>						
Basic and diluted earnings/(loss) per share (pence):						
– continuing operations	5.63	5.06	12.39	4.67	5.02	9.41
– discontinued operations	–	0.21	0.20	–	(5.24)	(5.52)
	<b>5.63</b>	5.27	12.59	<b>4.67</b>	(0.22)	3.89

The Headline EPS and Headline DEPS are based on the Headline PBT analysed in note 4 less attributable tax and divided by the weighted average number of shares and by the weighted average number of diluted shares, respectively.

## 9 Dividends

The prior year final dividend of 2.25 pence (H1 2011: 1.00 pence) per share was paid to shareholders on 12 September 2011 giving a total of £1,360,000 (H1 2011: £603,000).

The Board has declared an interim dividend to be paid on 10 January 2012 of 0.83 pence (H1 2011: 0.75 pence) per share to all ordinary shareholders on the register at 9 December 2011.

## 10 Non-current assets

### Six months ended 30 September 2011

	Property, plant and equipment £'000	Intangible assets – goodwill £'000	Intangible assets – other £'000	Total £'000
Net book amount at 1 April 2011	2,144	101,280	1,379	104,803
Additions	511	–	29	540
Depreciation and amortisation	(546)	–	(111)	(657)
Exchange differences	2	331	6	339
<b>Net book amount at 30 September 2011</b>	<b>2,111</b>	<b>101,611</b>	<b>1,303</b>	<b>105,025</b>

### Six months ended 30 September 2010

	Property, plant and equipment £'000	Intangible assets – goodwill £'000	Intangible assets – other £'000	Total £'000
Net book amount at 1 April 2010	2,065	119,081	1,551	122,697
Additions – continuing group	532	–	81	613
Additions – discontinued operations	44	–	–	44
Disposal of subsidiary	(350)	(30,533)	(250)	(31,133)
Charge for the year – continuing group	(461)	–	(234)	(695)
Charge for the year – discontinued operations	(76)	–	–	(76)
<b>Net book amount at 30 September 2010</b>	<b>1,754</b>	<b>88,548</b>	<b>1,148</b>	<b>91,450</b>



### 13 Reconciliation of profit for the period to operating cash flow

	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
<b>Profit for the period</b>	<b>2,821</b>	3,026	5,670
Taxation	<b>1,277</b>	1,170	2,695
<b>Profit before taxation</b>	<b>4,098</b>	4,196	8,365
Finance costs	<b>217</b>	212	382
Finance income	<b>–</b>	(1)	(1)
<b>Profit before finance income, finance costs and taxation</b>	<b>4,315</b>	4,407	8,746
Depreciation of property, plant and equipment	<b>546</b>	461	955
Amortisation of intangible assets	<b>111</b>	234	599
Share based payments	<b>53</b>	5	17
Deemed remuneration	<b>243</b>	38	239
Profit on disposal of property, plant and equipment	<b>–</b>	–	(1)
Loss on disposal of intangible assets	<b>–</b>	–	22
(Increase)/decrease in inventories and work in progress	<b>(239)</b>	(260)	196
Decrease/(increase) in trade and other receivables	<b>301</b>	1,187	(468)
Decrease in trade and other payables	<b>(7,090)</b>	(4,203)	(368)
<b>Operating cash flow</b>	<b>(1,760)</b>	1,869	9,937

### 14 Analysis of net and total debt

As at 30 September 2011

	As at 1 April 2011 £'000	Acquisitions £'000	Cash flow £'000	Foreign exchange £'000	As at 30 September 2011 £'000
Cash and short term deposits	1,677	–	(1,149)	(92)	<b>436</b>
Bank overdraft	(1,696)	–	(1,542)	–	<b>(3,238)</b>
Cash and cash equivalents	(19)	–	(2,691)	(92)	<b>(2,802)</b>
Revolving credit facility	–	–	(3,000)	–	<b>(3,000)</b>
Acquisition loan notes	(20)	–	–	–	<b>(20)</b>
Finance leases	(9)	–	–	–	<b>(9)</b>
Net debt	(48)	–	(5,691)	(92)	<b>(5,831)</b>
Provision for deferred consideration	(8,376)	(138)	–	(55)	<b>(8,569)</b>
<b>Total debt</b>	<b>(8,424)</b>	<b>(138)</b>	<b>(5,691)</b>	<b>(147)</b>	<b>(14,400)</b>

As at 30 September 2010

	As at 1 April 2010 £'000	Acquisitions £'000	Cash flow £'000	Foreign exchange £'000	As at 30 September 2010 £'000
Cash and cash equivalents	2,778	–	(2,546)	–	232
Revolving credit facility	(13,000)	–	13,000	–	–
Acquisition loan notes	(3,087)	–	3,057	–	(30)
Bank loans	(11,600)	–	11,600	–	–
Finance leases	(16)	–	1	–	(15)
<b>Net and total (debt)/cash</b>	<b>(24,925)</b>	<b>–</b>	<b>25,112</b>	<b>–</b>	<b>187</b>

# Notes to the Interim Report continued

## 14 Analysis of net and total debt continued

Year ended 31 March 2011

	As at 1 April 2010 £'000	Acquisitions £'000	Cash flow £'000	Foreign exchange £'000	As at 31 March 2011 £'000
Cash and short term deposits	2,778	–	(1,056)	(45)	1,677
Bank overdraft	–	497	(2,193)	–	(1,696)
Cash and cash equivalents	2,778	497	(3,249)	(45)	(19)
Revolving credit facility	(13,000)	–	13,000	–	–
Acquisition loan notes	(3,087)	–	3,067	–	(20)
Bank loans	(11,600)	–	11,600	–	–
Finance leases	(16)	–	7	–	(9)
Net (debt)/cash	(24,925)	497	24,425	(45)	(48)
Provision for deferred consideration	–	(8,376)	–	–	(8,376)
<b>Total (debt)/cash</b>	<b>(24,925)</b>	<b>(7,879)</b>	<b>24,425</b>	<b>(45)</b>	<b>(8,424)</b>

## 15 Related-party transactions

During the six months ended 30 September 2011 total fees of £29,730 (H1 2011: £29,245) were paid to City Group P.L.C., £14,730 (H1 2011: £14,245) for the provision of company secretarial services and £15,000 (H1 2011: £15,000) for the services of Mr D C Marshall, a Non-Executive Director. During the period the Group, through its wholly owned subsidiary Emery McLaven Orr Limited, provided services to Vanessa Knox Limited, a company owned by Vanessa Knox, the wife of Mr B C Brien, a Director of Creston plc. The value of the services amounted to £25,417 (H1 2011: £nil). The balance due at 30 September 2011 was £30,500 (30 September 2010: £nil). All transactions were conducted on an arm's length basis.

## 16 Key risks and uncertainties

As detailed on page 29 of the 2011 Annual Report and Accounts, the Group's key risks and uncertainties are associated with the retention of key personnel and customers. These risks are not considered to have changed since the 2011 Annual Report and Accounts were published.

## 17 Post balance sheet events

On 30 November 2011 we announced the acquisition of The Corkery Group, a New York based full service health and medical public relations company specialising in product and issues communications, for an initial cash consideration payment of US\$6.0 million (£3.8 million) payable on completion. The acquisition will be by Cooney/Waters LLC, a 100 per cent subsidiary of Creston plc, and as part of the acquisition David Corkery, the sole shareholder of The Corkery Group, will become a recipient of future consideration due under the existing Cooney/Waters asset purchase agreement. There is no increase to the Cooney/Waters deferred consideration cap. The acquisition is due to complete at close of business on 30 November 2011.

On 29 November 2011 the Group entered into a new bank facility with Barclays Corporate. This facility replaces the existing facility (the majority of which matured on 31 March 2012) and provides a new £20.0 million revolving credit facility which remains fully available until it expires on 30 September 2015 and an accordion loan facility of up to £10.0 million.

## 18 Forward-looking statements

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

---

# Shareholder information

## Directors

D J Grigson Non-Executive Chairman  
D H Elgie Chief Executive Officer  
B C Brien Chief Operating and Financial Officer  
D C Marshall Non-Executive Director  
A J H Dougal Non-Executive Director  
R N L Huntingford Non-Executive Director

## Creston plc

16 Charles II Street  
London  
SW1Y 4QU

Registered in England  
Company registration no. 210505  
Company website: [www.creston.com](http://www.creston.com)

## Company Secretary and Registered Office

City Group P.L.C.  
30 City Road  
London  
EC1Y 2AG  
Tel: 020 7448 8950

## Broker and Financial Advisor

Investec Bank (UK) Limited  
2 Gresham Street  
London  
EC2V 7QP  
[www.investec.com](http://www.investec.com)

## Bank

Barclays Bank PLC  
United Kingdom House  
180 Oxford Street  
London  
W1D 1EA

## Auditor

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## Solicitor

Olswang  
90 High Holborn  
London  
WC1V 6XX

## Registrar

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Telephone: 0871 664 0300 (UK callers, calls cost 10 pence per minute including VAT plus any additional network charges; lines are open 8.30am-5.30pm, Monday-Friday) or +44 20 8639 3399 (non-UK callers).

Email: [Shareholder.services@capitaregistrars.com](mailto:Shareholder.services@capitaregistrars.com)  
Website: [www.capitashareportal.com](http://www.capitashareportal.com)

## Shareholding information

Enquiries and notifications concerning dividends, share certificates, transfers and address changes should be sent to the Registrar (address above).

Other shareholder enquiries should be addressed to the Company Secretary at the registered office.

**Creston plc**  
16 Charles II Street  
London  
SW1Y 4QU

Tel: 020 7930 9757  
Fax: 020 7930 8727  
Web: [www.creston.com](http://www.creston.com)