

HASGROVE plc

First day of dealings

Hasgrove plc (“Hasgrove”, “the Group”), the pan-European marketing and communications services group, announces the commencement of dealings in its Ordinary Shares on AIM today under the ticker code HGV and the ISIN number of GB00B1FRDB45

Hasgrove is the holding company for a diverse group of profitable and cash generative companies which provide communication services in public relations, public affairs, graphic design, advertising and digital online marketing. The Group has a network of eight offices in four European countries.

Placing statistics

Placing price per ordinary share.	120p
Number of new Ordinary shares placed on behalf of the Company	5,208,333
Gross proceeds of the Placing	£6.25 million
Net proceeds of the Placing available to the Company	£5.4 million
Market capitalisation at the placing price	£22.25 million
Number of Ordinary shares in issue following admission	18,537,619

KBC Peel Hunt Ltd is acting as Nominated Adviser and Broker.

Rod Hyde, Hasgrove Chief Executive commented:

"As a well established, profitable and cash generative group with good revenue visibility, we have been very encouraged by the positive response and support we have receive from institutional investors as well as the Chairman, Godfrey Taylor who recently increased his holding to 10.79%.

"Our listing provides us with an excellent platform to continue our rapid growth and a currency for acquisitions. We are currently investigating a number of high quality companies and expect that a number of the opportunities should complete within nine months."

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Business summary

- Hasgrove was established to capitalise on the evolving and fragmented European communications and marketing services sectors with the intention of acquiring and developing companies within this market.
- The Group largely operates in niche areas where its operating companies can be leading brands providing services to a blue chip client base.
- The Group is focussed on high growth areas including public affairs, public relations, design and online marketing and digital services. This diverse set of disciplines provides many synergistic revenue opportunities.
- The Directors believe that the Group will benefit by providing cross-disciplinary and cross-border services to clients that are increasingly seeking multi-channel European-wide solutions for their marketing communications needs. This is being achieved by a combination of organic development and acquisitions.
- Currently there are more than 170 personnel in the Group, serving a broad client base of more than 130 clients, working in the three well established, profitable and strongly cash generative operating businesses:
 - **Connectpoint** specialises in advertising, public relations, public affairs and digital services.
 - **The Chase** is a leading UK graphic design agency.
 - **Interel** is a leading continental European communications consultancy specialising in corporate communications, European public affairs, Governmental relations and brand marketing communications.
- In the six months to 30 June 2006, on a proforma basis, Group sales were £9.6 million with gross margins of 64.1%. Operating profit was £1.2 million.

Strategy

The Board's strategy is to build a group capable of capitalising on the changing world of communications and marketing services across Europe. Hasgrove intends to create value for shareholders through a combination of organic growth and selective acquisitions by expanding its European operations, becoming a brand leader in high growth areas, acquiring other 'Best of Breed' brands and generating revenue synergies across the Group.

Current trading and prospects

Since acquiring The Chase and Interel, the Board has been pleased with the integration process and a number of significant new business wins have been achieved. Current trading is in line with the Board's expectations.