

30 November 2011

Hogg Robinson Group plc
(‘HRG’, ‘the Company’ or ‘the Group’)

Results for the six months ended 30 September 2011

Strong first-half results
Continuing good prospects

Summary of results

Six months ended 30 September

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Revenue	£186.8m	£169.2m	+10%
Underlying earnings ⁽¹⁾			
- Operating profit	£23.4m	£19.5m	+20%
- Operating profit margin	12.5%	11.5%	+1.0 pp
- Profit before tax	£18.7m	£15.3m	+22%
- Earnings per share	4.1p	3.3p	+24%
Reported earnings			
- Operating profit	£21.3m	£17.5m	+22%
- Profit before tax	£16.6m	£13.3m	+25%
- Earnings per share	3.6p	2.8p	+29%
Interim dividend per share	0.6p	0.5p	+20%
Net debt	£68.9m	£85.8m	-£16.9m
Free cash outflow ⁽²⁾	(£0.7m)	(£6.1m)	+£5.4m

Financial Highlights

- Revenue up 10% to £187m, up 6% at constant currency (2010: up 6% at constant currency) with growth across all travel regions and Spendvision
- Underlying operating profit margin up from 11.5% to 12.5%
 - Profitability up across all travel regions and Spendvision
 - Cost management demonstrates continued flexibility
- Underlying EPS up by 24% to 4.1p
- Free cash flow ⁽²⁾ improvement of £5.4m for the six months
- Net debt down £16.9m from September 2010 at £68.9m; equivalent to 1.2x EBITDA⁽³⁾ (2010: 1.6x)
- New UK triennial pension valuation finalised with a modest increase in cash contributions
- Interim dividend up 20% to 0.6p per share (2010: 0.5p per share)
 - Full-year dividend to be at least 1.8p per share (+20% over last year)

Operational Highlights

- Client travel transaction activity up 7% (2010: up 18%)
- Client travel spend up 13%, up 9% at constant currency (2010: up 18% at constant currency)
- Client retention rate remains above 90%
- HRG enters exploratory discussions with American Airlines on ‘direct connect’
- New business wins including AIG, Allianz, CGI, CSL, MMG and Posten Norge
- New sales pipeline provides further support for growth

David Radcliffe, Chief Executive of Hogg Robinson Group plc, said:

“The strong first-half performance continues the momentum we reported earlier in the year. This steady and consistent growth serves to highlight the strength of our business model, which is underpinned by our ability to help clients maximise the value of their corporate travel budgets.

“Our strong cash flow has reduced net debt over the last 12 months and recently we have reached a positive agreement with the UK pension trustees which provides greater certainty regarding funding.

“We remain mindful of prevailing macroeconomic uncertainty but have confidence that our compelling customer proposition, strong foundations and momentum will see HRG deliver a full year in line with expectations.”

Notes:

(1) Before amortisation of acquired intangibles

(2) Free cash flow is the change in net debt before acquisitions and disposals, Employee Benefits Trust purchases, dividends and the impact of foreign exchange movements

(3) Earnings before interest, tax, depreciation and amortisation (EBITDA)

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A briefing by conference call for analysts and institutional investors will be held at 0900h GMT today. For conference call details, please contact Tulchan Communications on +44 (0)20 7353 4200. The presentation slides used in this briefing will be available at <http://investors.hoggrobinsongroup.com/hrg/en/investor-relations/presentation> from 0845h today.

A replay recording of the conference call will be available via audio webcast and podcast at <http://investors.hoggrobinsongroup.com/hrg/en/investor-relations/presentation> later today.

Notes to Editors

Hogg Robinson Group plc (HRG) is the award-winning international corporate services company. Established in 1845 and headquartered in Basingstoke, Hampshire, UK, HRG specialises in travel, expense and data management underpinned by proprietary technology solutions and products. With a worldwide network that comprises over 120 countries, HRG provides unparalleled local knowledge and global expertise in North America, Europe, Asia Pacific, Africa, Latin America and MEWA.

www.hoggrobinsongroup.com

This announcement may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial conditions, business performance and results of Hogg Robinson Group Plc (HRG). By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of HRG, including amongst other things, HRG's future profitability, competition with the markets in which the Company operates and its ability to retain existing clients and win new clients, changes in economic

conditions generally or in the travel and airline sectors, terrorist and geopolitical events, legislative and regulatory changes, the ability of its owned and licensed technology to continue to service developing demands, changes in taxation regimes, exchange rate fluctuations, and volatility in the Company's share price. As a result, HRG's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. HRG undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules). No statement in this announcement is intended to be a profit forecast or be relied upon as a guide to future performance.

Chief Executive's Statement

Overview

I am pleased to report that HRG has produced another strong set of results. The good momentum that we achieved last financial year has continued despite the uncertain macroeconomic conditions. We have delivered steady and consistent growth, providing further testament to the strength of the Group's business model and strategy. This good performance is even more creditable given the tougher year-on-year comparatives.

The corporate travel market has continued to recover from the effects of the recession. Following growth of 8% in 2010, industry forecasts are for a similar growth rate in 2011. We have seen our own business expand during the first six months of our financial year, with client spend increasing by 13%.

As our interim results indicate, our clients are travelling more frequently and spending more on their travel than they did a year ago. However, their focus remains one of cost consciousness balanced with a stated aim of maximising the overall value of their travel-related expenditure. With this has come a more mandatory approach to travel policy compliance and a geographic consolidation of service. The application of HRG's proprietary technology and its ease of connectivity with third-party systems continues to play an important role here, and the increasing use of lower-cost online self-booking tools is one example of how clients are gaining better value in their travel spend.

We have maintained our client retention rate of over 90%. Amongst several new clients secured during the first half were AIG, Allianz, CGI, CSL, MMG and Posten Norge.

The breadth of the Group's service offering has widened as it has grown in recent years. HRG is an international corporate services company specialising in travel, expense and data management underpinned by proprietary technology solutions and products. We remain focused on delivering value through excellent service that is tailored to the specific needs of each client. This approach enforces our reputation as a leading international corporate services company and will help sustain a business which delivers value to all stakeholders.

Financial results

Revenue of £186.8m was up 10% as reported, or up 6% at constant exchange rates. Underlying operating profit, which is stated before charging the amortisation of acquired intangibles, rose by 20% (£3.9m) to £23.4m, showing a margin improvement from 11.5% to 12.5% as a result of our continued focus on operational efficiency and cost control. Favourable movements in exchange rates contributed £0.8m to the operating profit improvement. Underlying profit before tax was up by 22% to £18.7m and underlying EPS increased by 24% to 4.1p.

After reflecting the amortisation of acquired intangibles, reported operating profit was higher by 22% at £21.3m, profit before tax was up by 25% to £16.6m and EPS rose by 29% from 2.8p to 3.6p.

We continue to demonstrate strong cash flow generation. Net debt of £68.9m was £16.9m lower than September 2010 and represented 1.2x EBITDA for the last 12 months. This improvement has been achieved at the same time as reducing our active working capital programme by £7.2m since September 2010.

We have noted in the past that inflation and discount rates are volatile and that the current low interest rate environment increases the accounting valuation of pension liabilities, even in our principal UK scheme which has been closed to new entrants for several years and has benefit caps in place. On an accounting basis, the Group-wide pre-tax pension deficits have increased by £30.1m since the year end to £144.8m as the impact of a further reduction in the discount rate and weak investment performance was only partially offset by inflation rate changes. Importantly, the actuary for the principal UK scheme estimates that the actuarial deficit at March 2011 was £21.5m lower than the equivalent accounting basis and, therefore, in our latest triennial valuation we have agreed a new ten-year recovery plan with the Trustees with annual deficit reduction payments increasing by £0.7m to £7.3m in the current

financial year and in line with RPI thereafter. This relatively small increase in cash contributions provides greater certainty for the funding requirements whilst allowing HRG to retain balance sheet flexibility.

Dividend

In line with our progressive dividend policy and in recognition of our continued strong performance and improved financial position, the Board has declared an interim dividend of 0.6p per share, up 20% on the interim payout a year ago. This dividend will be paid on 5 January 2012 to shareholders on the register at the close of business on 9 December 2011. We expect the full-year dividend to be at least 1.8p per share which would represent a 20% increase over the 1.5p per share paid last year.

Outlook

Whilst we are mindful of the prevailing economic uncertainty, the Board is confident that HRG will continue to progress and deliver profit before tax for the full year in line with expectations.

David Radcliffe
Chief Executive

Operational Review

Market overview

The recovery in corporate travel which began in late calendar 2009 continued during the first six months of our financial year. As we have stated before, HRG's fee-based business model is not as cyclical as that of suppliers such as airlines and hotel groups.

In its latest forecast, the IMF projects that global growth will be about 4% in 2011 and 2012, down from 5% in 2010, and notes that the outlook is for continuing, but bumpy, expansion.

According to IATA, air travel expanded more strongly than expected during the first half of this calendar year and airlines managed to restore asset utilisation during the second quarter. For the six months to the end of September, IATA figures show that the overall growth rate in passenger traffic, which includes leisure travel, was 7%. HRG's client transactions were up 7% during the period. IATA's forward view shows a weaker picture than this.

The hotel industry has shown greater robustness during the first six months of our financial year, according to data published by STR Global. Globally, year-on-year growth in monthly revenue per available room averaged 9% during the period, similar to the growth of 10% in the same period last year. Generally, room rates in Europe have risen sharply since last year while, in contrast, those in the Middle East and Africa have fallen.

Following growth of 8% in 2010, the Global Business Travel Association forecasts that global spending on corporate travel will grow by 9% in calendar 2011, while the World Travel & Tourism Council forecasts a 6% increase for the same period.

IATA currently forecasts airline industry profitability of \$6.9 billion in 2011 (2010: \$16 billion) reducing to \$4.9 billion in 2012.

Client activity

In general, business confidence has held up well across our global and diversified portfolio of clients. While there remains a keen focus on optimising travel expenditure and reducing costs, a majority of our clients are keen to use our value-adding services to manage their total travel spend and HRG continues to play a pivotal role in helping them achieve these objectives.

Client spend rose by 13%, or 9% at constant currency, during the first six months of the financial year, while transaction activity rose by 7%. In the prior year, spend rose by 22% (18% at constant currency) and transactions rose by 18%.

There is increasing evidence of clients seeking to consolidate their travel management through fewer locations. This is often part of a general move by companies to move to a more centralised model for all outsourced services. In the case of travel management, this trend is increasing as companies look for greater policy compliance, security monitoring, consistency of service and economies of scale. We anticipated this trend and continue to develop our multi-country service capability through fewer locations.

Risk and security advice has also become a priority for many of our clients, especially since the earthquakes and tsunami in Asia Pacific and during the period of ongoing civil unrest in certain countries in the Middle East and North Africa region.

Costs associated with corporate meetings have often been overlooked and we are now helping our clients gain better control of this expenditure.

Demand for relevant data and analysis to manage these issues has increased. These trends represent additional revenue opportunities for HRG and enable us to demonstrate the true breadth of the Group's service offering using HRG's proprietary tools and solutions.

HRG's business model is centred on providing excellent bespoke travel management solutions to each of its clients. Our value proposition, delivered through superior client service, has once again been rewarded in terms of client retention and new business as our client retention rate remained above 90%.

We are very focused on our clients and value all of our relationships. One of our key assets is the diversification of our client portfolio and the fact that no one client has a material effect on our financial performance. Inevitably, we lose some clients each year but we continue to attract new clients and expand our relationships with existing clients.

We were pleased to welcome several new clients during the period including AIG, Allianz, CGI, CSL, MMG and Posten Norge. These new client wins have added to the great diversity of HRG's client base, in terms of both sector and geography. In addition, we secured expanded contracts with existing clients such as BG Group, Polarcus and Sweco. Notable amongst many clients renewing their contracts with HRG in the first half were ABB, Agilent, Bloomberg, Ergon Energy, Liebherr, Timberland, Weatherford and Wells Fargo. Earlier this month, we were also awarded Lot 1 of the UK Central Government business which represents those departments with predominance in international travel. This renewal of our existing business also brings four new Government departments.

Corporate Travel Management

Europe

Six months ended 30 September	2011	2010	Change
Revenue	£125.1m	£115.1m	+8.7%
Operating profit	£13.4m	£12.1m	+10.7%
Underlying operating profit ⁽¹⁾	£15.0m	£13.6m	+10.3%
Underlying margin ⁽¹⁾	12.0%	11.8%	+0.2 pp

(1) Before amortisation of acquired intangibles

Revenue was up by 3.4% at constant currency. Underlying operating profit rose by £1.4m, including a £0.7m benefit from currency movements. Client travel spend rose by 6% year-on-year in real terms and travel activity was up 4%.

Our business in Europe returned another good set of results with strong performances in each of our key businesses in the UK, Germany and Switzerland. Our continuing commitment to improve efficiency has enabled the uplift in revenue to help improve our operating margin.

We continue to rationalise our service network in Europe to focus, where appropriate, on fewer service points or strategic hubs, and to seek further service and cost efficiencies without compromising the excellent service quality that is core to our business. Our investment in online self booking offers scope for further efficiency.

In the UK, overall client transaction activity and spending was broadly unchanged as we focused on delivering excellent service for our clients.

Client activity and spend rose sharply in Germany during the period, driven by existing clients and Volkswagen, a major new client that commenced trading with us in October 2010. HRG's sports-related business performed well against a prior year that benefitted from the success of the national team in the football World Cup and the Bundesliga teams in the Champions league.

Our business in Switzerland returned a typically robust performance, with a majority of existing clients increasing their activity and spend. A key development was the initiation of service for new client Novartis in June 2010.

North America

Six months ended 30 September	2011	2010	Change
Revenue	£39.0m	£38.0m	+2.6%
Operating profit	£6.4m	£5.2m	+23.1%
Underlying operating profit ⁽¹⁾	£6.8m	£5.6m	+21.4%
Underlying margin ⁽¹⁾	17.4%	14.7%	+2.7 pp

(1) Before amortisation of acquired intangibles

Revenue was up by 4.7% at constant currency. Underlying operating profit rose by £1.2m with little currency impact. Underlying operating profit margin showed strong improvement, up from 14.7% to 17.4%, with client spend up by 8% in real terms and activity up by 6%.

Our business in North America performed steadily during the first half, with top-line growth resulting from increased client activity and the provision of additional travel management products and services to existing clients. Meetings management is one example of a specialist area that is gaining popularity with clients in this region, particularly with those with limited internal resource. Our online self-booking solutions, using HRG's proprietary technology or third-party booking tools, continue to prove attractive and account for more than half of all client air transactions.

Our loyalty business in Canada, which manages the redemption of credit card loyalty points programmes, continued to perform well. This business is currently being restructured to take account of a significant move into an online environment in cooperation with another supplier. We have recently entered the loyalty market in the USA with new client Miles and More.

The North American travel market remains very competitive and we are continuing to look for additional productivity opportunities to mitigate pressure on margins. Our ongoing investment in efficient systems is enabling us to handle high volumes of lower-priced transactions while continuing to grow our operating margin.

Asia Pacific

Six months ended 30 September	2011	2010	Change
Revenue	£15.6m	£10.1m	+54.5%
Operating profit / (loss)	£0.7m	(£0.1m)	+£0.8m
Underlying operating profit / (loss) ⁽¹⁾	£0.7m	(£0.1m)	+£0.8m
Underlying margin ⁽¹⁾	4.5%	(1.0%)	+5.5%

(1) Before amortisation of acquired intangibles

Revenue was up by 42% at constant currency with good growth across the region while underlying operating margin climbed 5.5% into positive territory. Client travel spend rose by 38% year-on-year in real terms and activity was up 49%.

Growth in Australia has been fuelled in recent years by the boom in its resources sector with strong demand coming from the emerging economies of China and India. Our business performed well during the period as we expanded our service to existing clients and won several new clients. As in other parts of the world, we are seeing a desire for more detailed data and analysis and this is offering scope for additional revenue. Self booking of travel now accounts for more than 50% of all bookings, and we continue to refine our service configurations to take advantage of the opportunities that this trend offers.

Singapore has shown strong recovery in corporate travel since the end of the global recession, with clients in the financial sectors leading the way. With Singapore a natural key hub for client travel consolidation in the region, we opened a regional after-hours service during the period. We also expanded our events and meetings service to cope with a rise in demand.

Our joint ventures in China and Hong Kong also performed strongly benefiting from a background of good economic growth. As associates, their results are not included in the table above.

Spendvision

Six months ended 30 September	2011	2010	Change
Revenue	£7.1m	£6.0m	+18.3%
Operating profit	£0.8m	£0.3m	+166.7%
Underlying operating profit ⁽¹⁾	£0.9m	£0.4m	+125.0%
Underlying margin ⁽¹⁾	12.7%	6.7%	+6.0 pp

(1) Before amortisation of acquired intangibles

Revenue was up 16.6% at constant currency, largely driven by increased business with clients in the banking sector. Underlying operating profit rose by £0.5m, aided by £0.1m impact from currency movements. The sharp rise in underlying margin is encouraging and has come as a result of much sharper focus within the business.

Spendvision is a leading innovator in the development and support of transaction management solutions, including end-to-end expense management and payables automation. The online platform makes it easy for companies to capture, pay for, manage and understand all their corporate transactions, giving complete control over spend and increased cost efficiency. It also automates expense claims processing for employees. The solution is available to corporate clients directly and through banking partners. Spendvision handles over 100 million transactions a year and its platform is accessed by users in nearly 130 countries and is available in 16 languages.

The uptake of the Visa IntelliLink Spend Management solution, a white-label version of the Spendvision platform provided through an alliance with Visa, has been a major focus during the period with 65 issuers signed up for the product. Spendvision has provided consultative support to assist Visa with the roll-out to issuers and their customers.

Spendvision has a strong pipeline of new business opportunities, particularly in the banking sector through white-label offerings. As part of an end-to-end travel management and expenses solution, we see good opportunities for contactless payments and eMoney, together with our payables financing functionality.

Technology

The thirst for more and more information delivered in a convenient and timely manner shows little sign of being quenched in the area of corporate travel as in any other part of corporate life. Both travel managers and travellers continue to seek more relevant information delivered faster, and the phenomenal growth of smartphone usage, particularly in the corporate environment, is testament to this trend. Our clients' dependence on HRG's technology was heightened during the recession as they sought to manage their expenditure, and we have seen many of the practices adopted during that period retained as conditions have improved. HRG's technology is flexible and independent, and focused on the needs of our clients. It is our ability to develop and adapt our technology to changes in client requirements that is one of the key attractions of our technology offering.

During the first half of the year, we released upgrades to several of our technology products. HRG Online™, our in-house developed online booking tool, was enhanced with many client-driven new features and further integration. This integration includes access to additional content from low-cost carriers and high-speed rail providers through the new Travelport Universal application programming interface as a complement to its core GDS content. The latest version of HRG i-Suite™, our online portal offering clients access to both HRG and third-party products, enables users within a company to share and write reviews on their hotel stay with this social content only available to fellow employees.

Provision of travel information and functionality via smartphone mobile devices continued during the period. Pilot testing of TripCase, a mobile itinerary management application developed through our partnership with Sabre Travel Network, was extended to include clients in Australia and Germany in addition to those in the UK. A version for Sabre and Amadeus is being developed.

One of the important debates in the travel industry is that of 'direct connect', whereby an airline sells its inventory directly rather than via a global distribution system. HRG's systems capability gives us an important role in that debate. In August, American Airlines and HRG announced an agreement to explore a long-term arrangement for the benefit of their corporate clients, in which HRG would receive guaranteed direct long-term access to American Airlines's fares, schedules, and customised travel products and services. At this point, these are exploratory discussions.

Technology is a key element of our strategy and we continue to develop products and processes that best serve the needs of our clients and HRG itself. We believe HRG's technology is best in class amongst the global travel management companies.

Additional Financial Disclosures

Revenue

Reported revenue increased by 10.4% to £186.8m, comprised of an increase of 6.4% at constant exchange rates and an increase of 4.0% from favourable currency movements.

Revenue per Employee

Reported revenue per employee increased by 5.2%, from £32.6k to £34.3k. At constant exchange rates, the increase was 1.5%.

Operating expenses

Reported operating expenses increased by 9.1% to £165.5m.

Underlying operating expenses, which are before amortisation of acquired intangibles and exceptional items, increased by 9.2% from £149.7m to £163.4m, or by 5.2% at constant exchange rates. The 5.2% increase comprised of a 7.9% increase for staff costs and a 0.2% decrease for other expenses; the increase in staff costs reflects an increase of 5.1% in staff numbers and higher average compensation.

Underlying operating profit

Underlying operating profit, which is before amortisation of acquired intangibles, increased by 20% from £19.5m to £23.4m, including a benefit of £0.8m from favourable currency movements. The underlying operating profit margin, which has not been materially affected by currency movements, increased from 11.5% to 12.5%.

Exceptional items

There were no exceptional items reported in the current or prior period income statements.

Net finance costs

Net finance costs increased from £4.3m to £5.1m, as a result of a refinancing of the Group's credit facilities in November 2010. Higher lenders' margins contributed to the increase of £1.9m in net external interest costs, partly offset by a return to normal amortisation of bank fees following the accelerated amortisation in the prior year ahead of the refinancing. The IAS 19 pension charge, which is based on the 31 March position, decreased by £0.7m.

Taxation

The tax charge of £5.0m for the current period represents an effective tax rate of 30% compared to an effective tax rate of 31% last year, including a £0.1m charge relating to the impact of a reduction in the UK corporation tax rate from 26% to 25%. There was an additional charge of £1.3m in the Consolidated Statement of Comprehensive Income in respect of the impact of this UK corporation tax rate change on deferred tax assets. We anticipate an effective tax rate for the full year of approximately 30%.

Cash flow

Free cash outflow, which is the change in net debt before acquisitions and disposals, dividends and the impact of foreign exchange movements on net debt balances, was £0.7m and represented an improvement of £5.4m from the prior year.

The normal seasonal cash outflow from working capital improved by £3.3m over the prior year. This improvement is despite £3.4m of lower cash flow in the current year from the active working capital management programme described below. The cash outflow related to borrowings was £3.4m (2010: £1.4m). Tax paid in cash was £2.3m (2010: £2.3m) and capital expenditure, which is primarily internal software development and office equipment, was £5.3m (2010: £3.9m). Cash costs for additional pension funding was £3.1m (2010: £3.0m).

In addition to free cash flow, the other major cash flow items are related to dividends paid to shareholders during the period of £2.8m (2010: £2.4m) in respect of the year ended March 2011 and share purchases made by the Employee Benefits Trust of £2.4m (2010: £nil).

Funding and net debt

The Group completed the refinancing of its £220m committed credit facilities in November 2010. The principal borrowing is a £190m multi-currency revolving credit facility (RCF) that is committed until November 2014. The facilities are used for loans, letters of credit and guarantees, with interest based on LIBOR/EURIBOR plus a margin and costs. In addition, we have a £30m fixed rate loan that is repayable by 2018 and uncommitted facilities, amounting to around £23m at 30 September 2011.

The principal covenants are measured semi-annually, at the end of March and the end of September, and require that net debt is less than 3.0 times EBITDA and net external interest is covered at least 4.0 times by EBITDA, both on a rolling 12-month basis. The definition of EBITDA for covenant purposes is not materially different to the definition used in these financial statements. At the end of September, net debt represented 1.2 times EBITDA (2010: 1.6 times) and net external interest was covered 8.6 times by EBITDA (2010: 18.3 times).

At 30 September 2011, net debt of £68.9m was £16.9m lower than the prior year and compares to £61.1m at 31 March 2011. This translates into gearing of 37% (31 March 2011: 36%). Average net debt during the period, measured on a weekly basis, was £21m lower than the first half of last year.

The Group has an active programme to reduce working capital requirements at the end of each half-year reporting period. This programme reduced working capital requirements by £18.6m in September 2011, compared to £25.8m in September 2010 and £31.1m in March 2011.

Pensions

The Group pension deficits under IAS19 have increased by £30.1m from 31 March 2011 to £144.8m before tax.

The UK scheme deficit increased by £30.2m to £134.3m over the same period, with a lower discount rate adding £21.1m, a lower inflation rate reducing liabilities by £9.7m and a reduction in assets of £11.1m. For several years, the UK defined benefit scheme has been closed to new entrants and has capped increases in pensionable salary. At 30 September 2011 there was a deferred tax asset of £33.6m (31 March 2011: £27.0m) related to the UK deficit and a liability of £0.9m (31 March 2011: £0.9m) related to the overseas schemes.

Foreign currency

The following principal exchange rates have been used in the financial statements:

	Income Statement			Balance Sheet		
	2011	2010	Change	2011	2010*	Change
Euro	1.13	1.19	+5%	1.16	1.13	-3%
Swiss Franc	1.37	1.61	+15%	1.41	1.47	+4%
US Dollar	1.63	1.53	-7%	1.56	1.60	+3%
Canadian Dollar	1.58	1.59	+1%	1.62	1.56	-4%

* As at 31 March 2011.

Going concern

The Board believes that the Group has access to adequate resources for the foreseeable future and has continued to prepare the Consolidated Financial Statements on a going concern basis.

Summary income statement

Six months ended 30 September	2011 £m	2010 £m
Revenue	186.8	169.2
EBITDA before exceptional items	28.7	24.3
Depreciation and amortisation ⁽¹⁾	(5.3)	(4.8)
Underlying operating profit	23.4	19.5
Amortisation of acquired intangibles	(2.1)	(2.0)
Operating profit	21.3	17.5
Share of associates and joint ventures	0.4	0.1
Net finance costs	(5.1)	(4.3)
Profit before tax	16.6	13.3
Taxation	(5.0)	(4.1)
Profit for the period	11.6	9.2

Summary balance sheet

	30 September 2011 £m	31 March 2011 £m
Goodwill and other intangible assets	247.9	249.9
Property, plant, equipment and investments	16.8	15.3
Working capital	(83.6)	(99.8)
Current tax liabilities (net)	(6.3)	(4.7)
Deferred tax assets (net)	44.7	38.9
Net debt	(68.9)	(61.1)
Pension liabilities (pre-tax)	(144.8)	(114.7)
Provisions and other items	(1.9)	(2.8)
Net assets	3.9	21.0

Summary cash flow statement

Six months ended 30 September	2011 £m	2010 £m
EBITDA before exceptional items	28.7	24.3
Cash flow from exceptional items	-	(0.9)
Working capital movements	(16.1)	(19.4)
Interest paid	(3.4)	(1.4)
Tax paid	(2.3)	(2.3)
Capital expenditure	(5.3)	(3.9)
Pension funding in excess of EBITDA charge	(3.1)	(3.0)
Other movements	0.8	0.5
Free cash inflow/(outflow)	(0.7)	(6.1)
Acquisitions and disposals	(1.4)	(0.3)
Employee Benefits Trust purchases	(2.4)	-
Dividends paid to external shareholders	(2.8)	(2.4)
Currency translation	(0.5)	0.5
Decrease/(increase) in net debt	(7.8)	(8.3)

(1) Excluding amortisation of acquired intangibles

Hogg Robinson Group plc
Consolidated Income Statement
For the period ended 30 September 2011

	Notes	Half year ended 30 September	
		2011 £m	2010 £m
Revenue	7	186.8	169.2
Operating expenses	8	(165.5)	(151.7)
Operating profit	7	21.3	17.5
Analysed as:			
Underlying operating profit	7	23.4	19.5
Amortisation of acquired intangibles		(2.1)	(2.0)
Operating profit		21.3	17.5
Share of results of associates and joint ventures		0.4	0.1
Finance income	10	0.1	0.1
Finance costs	10	(5.2)	(4.4)
Profit before tax		16.6	13.3
Income tax expense	11	(5.0)	(4.1)
Profit for the period from continuing operations		11.6	9.2
Profit attributable to:			
Equity shareholders of the Company	12	10.8	8.5
Non-controlling interests		0.8	0.7
		11.6	9.2

	Notes	Half year ended 30 September	
		2011 pence	2010 pence
Earnings per share	12		
Basic		3.6	2.8
Diluted		3.4	2.7

Hogg Robinson Group plc
Consolidated Statement of Comprehensive Income
For the period ended 30 September 2011

	Notes	Half year ended 30 September	
		2011 £m	2010 £m
Profit for the period		11.6	9.2
<hr/>			
Other comprehensive income			
Currency translation differences	19	0.4	(1.2)
Actuarial loss on pension schemes		(32.2)	(30.2)
Deferred tax movement on pension liability		8.4	8.4
Deferred tax movement on pension liability attributable to impact of UK rate change		(1.3)	(1.4)
<hr/>			
Other comprehensive loss for the period, net of tax		(24.7)	(24.4)
<hr/>			
Total comprehensive loss for the period		(13.1)	(15.2)
<hr/> <hr/>			
Total comprehensive loss attributable to:			
Equity shareholders of the Company		(13.8)	(15.9)
Non-controlling interests		0.7	0.7
<hr/>			
		(13.1)	(15.2)
<hr/> <hr/>			

Hogg Robinson Group plc
Consolidated Balance Sheet
As at 30 September 2011

	Notes	30 September 2011 £m	31 March 2011 £m
Non current assets			
Goodwill and other intangible assets	14	247.9	249.9
Property, plant and equipment	15	12.9	12.9
Investments accounted for using the equity method		3.9	2.4
Trade and other receivables		0.1	0.1
Deferred tax assets		46.6	40.9
		<hr/>	<hr/>
		311.4	306.2
Current assets			
Trade and other receivables		106.3	114.7
Financial assets - derivative financial instruments		0.4	-
Current tax assets		0.7	0.7
Cash and cash equivalent assets	16	47.4	70.5
		<hr/>	<hr/>
		154.8	185.9
Total assets			
		<hr/>	<hr/>
		466.2	492.1
Non current liabilities			
Financial liabilities - borrowings	16	(112.7)	(128.0)
Deferred tax liabilities		(1.9)	(2.0)
Retirement benefit obligations	17	(144.8)	(114.7)
Provisions		(4.0)	(4.2)
		<hr/>	<hr/>
		(263.4)	(248.9)
Current liabilities			
Financial liabilities - borrowings	16	(0.7)	(0.3)
Financial liabilities - derivative financial instruments		(0.1)	(0.3)
Current tax liabilities		(7.0)	(5.4)
Trade and other payables		(190.0)	(214.6)
Provisions		(1.1)	(1.6)
		<hr/>	<hr/>
		(198.9)	(222.2)
Total liabilities			
		<hr/>	<hr/>
		(462.3)	(471.1)
Net assets			
		<hr/>	<hr/>
		3.9	21.0
Capital and reserves			
Share capital	18	3.1	3.1
Share premium	18	172.3	172.2
Other reserves	19	12.2	14.0
Retained earnings		(188.0)	(171.9)
		<hr/>	<hr/>
Attributable to owners of Hogg Robinson Group plc		(0.4)	17.4
Attributable to non-controlling interests		4.3	3.6
		<hr/>	<hr/>
Total equity		3.9	21.0
		<hr/>	<hr/>

Hogg Robinson Group plc
Consolidated Statement of Changes in Equity
As at 30 September 2011

	Attributable to equity holders of the Company					Non-controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m		
Balance at 1 April 2010	3.1	172.2	13.4	(191.4)	(2.7)	3.4	0.7
Retained profit for the period	-	-	-	8.5	8.5	0.7	9.2
Other comprehensive income:							
Actuarial loss on pension schemes	-	-	-	(30.2)	(30.2)	-	(30.2)
Deferred tax movement on pension liability	-	-	-	8.4	8.4	-	8.4
Deferred tax movement on pension liability attributable to impact of UK rate change	-	-	-	(1.4)	(1.4)	-	(1.4)
Currency translation differences	-	-	(1.2)	-	(1.2)	-	(1.2)
Total comprehensive income	-	-	(1.2)	(14.7)	(15.9)	0.7	(15.2)
Transactions with owners:							
Dividends	-	-	-	(2.4)	(2.4)	(0.3)	(2.7)
Share-based incentives - charge for period	-	-	1.0	-	1.0	-	1.0
Total transactions with owners	-	-	1.0	(2.4)	(1.4)	(0.3)	(1.7)
Balance at 30 September 2010	3.1	172.2	13.2	(208.5)	(20.0)	3.8	(16.2)
Balance at 1 April 2010`	3.1	172.2	13.4	(191.4)	(2.7)	3.4	0.7
Retained profit for the year	-	-	-	19.1	19.1	0.7	19.8
Other comprehensive income:							
Actuarial gain on pension schemes	-	-	-	8.5	8.5	-	8.5
Deferred tax movement on pension liability	-	-	-	(2.4)	(2.4)	-	(2.4)
Deferred tax movement on pension liability attributable to impact of UK rate change	-	-	-	(2.1)	(2.1)	-	(2.1)
Deferred tax movement on cumulative share-based incentives cost	-	-	-	0.3	0.3	-	0.3
Currency translation differences	-	-	(1.6)	-	(1.6)	0.1	(1.5)
Total comprehensive income	-	-	(1.6)	23.4	21.8	0.8	22.6
Transactions with owners:							
Dividends	-	-	-	(3.9)	(3.9)	(0.6)	(4.5)
Share-based incentives - charge for year	-	-	2.2	-	2.2	-	2.2
Total transactions with owners	-	-	2.2	(3.9)	(1.7)	(0.6)	(2.3)
Balance at 31 March 2011	3.1	172.2	14.0	(171.9)	17.4	3.6	21.0
Balance at 1 April 2011	3.1	172.2	14.0	(171.9)	17.4	3.6	21.0
Retained profit for the period	-	-	-	10.8	10.8	0.8	11.6
Other comprehensive income:							
Actuarial loss on pension schemes	-	-	-	(32.2)	(32.2)	-	(32.2)
Deferred tax movement on pension liability	-	-	-	8.4	8.4	-	8.4
Deferred tax movement on pension liability attributable to impact of UK rate change	-	-	-	(1.3)	(1.3)	-	(1.3)
Transfer from exchange reserve to retained earnings	-	-	(0.9)	0.9	-	-	-
Currency translation differences	-	-	0.5	-	0.5	(0.1)	0.4
Total comprehensive income	-	-	(0.4)	(13.4)	(13.8)	0.7	(13.1)
Transactions with owners:							
Dividends	-	-	-	(2.8)	(2.8)	-	(2.8)
New shares issued to satisfy share-based incentives	-	0.1	-	-	0.1	-	0.1
Transfer from share based incentives reserve to retained earnings	-	-	(2.5)	2.5	-	-	-
Shares purchased by Employee Benefits Trust	-	-	-	(2.4)	(2.4)	-	(2.4)
Share-based incentives - charge for period	-	-	1.2	-	1.2	-	1.2
Share-based incentives - exercise of CSOP options	-	-	(0.1)	-	(0.1)	-	(0.1)
Total transactions with owners	-	0.1	(1.4)	(2.7)	(4.0)	-	(4.0)
Balance at 30 September 2011	3.1	172.3	12.2	(188.0)	(0.4)	4.3	3.9

Hogg Robinson Group plc
Consolidated Cash Flow Statement
For the period ended 30 September 2011

	Notes	Half year ended 30 September	
		2011 £m	2010 £m
Cash flows from operating activities			
Cash generated from operations	20	10.3	1.8
Interest paid		(3.6)	(1.5)
Tax paid		(2.3)	(2.3)
Cash flows from operating activities - net		4.4	(2.0)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(0.3)
Acquisition of associates, joint ventures and other investments		(1.4)	-
Purchase of property, plant and equipment		(2.7)	(1.1)
Purchase and internal development of intangible assets		(2.6)	(2.8)
Interest received		0.1	0.1
Dividends received from associates and joint ventures		0.1	-
Cash flows from investing activities - net		(6.5)	(4.1)
Cash flows from financing activities			
Repayment of borrowings		(35.0)	(3.3)
New borrowings		18.7	6.5
Cash effect of currency swaps		(0.1)	0.6
Employee Benefits Trust		(2.4)	-
Dividends paid to external shareholders		(2.8)	(2.4)
Dividends paid to non-controlling interests		-	(0.3)
Cash flows from financing activities - net		(21.6)	1.1
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		70.4	58.2
Exchange rate effects		(0.8)	(1.0)
Cash and cash equivalents at the end of the period		45.9	52.2
Cash and cash equivalent assets			
Cash and cash equivalent assets		47.4	53.3
Overdrafts		(1.5)	(1.1)
		45.9	52.2

Hogg Robinson Group plc
Notes to the Consolidated Half-Year Financial Information
For the period ended 30 September 2011

1 General information

Hogg Robinson Group plc is an international corporate services company and specialises in travel, expense and data management underpinned by proprietary technology solutions and products.

The Company is a public limited company, incorporated in the UK under the Companies Act 2006. The address of its registered office is Global House, Victoria Street, Basingstoke, Hampshire, RG21 3BT, United Kingdom.

The Company is listed on the Official List of the UK Listing Authority and the London Stock Exchange, and its registered number is 3946303.

This condensed consolidated half-yearly financial information was approved for issue on 30 November 2011.

This condensed consolidated half-yearly financial information does not comprise 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 25 May 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated half-yearly financial information has been reviewed, not audited.

2 Basis of preparation

This condensed consolidated half-yearly financial information for the half-year 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 half-yearly condensed consolidated financial report should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors consider that, taking into account the assets and revenue of the Group, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors adopt the going concern basis for the condensed consolidated half-yearly financial information.

3 Accounting policies

The accounting policies adopted are consistent with those of the Annual Consolidated Financial Statements for the year ended 31 March 2011, as described in those statements.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Income tax expense in the half-year period is accrued using the tax rate that would be applicable to expected total annual earnings.

The following amended standards and interpretations to existing standards are mandatory for the first time for the financial year beginning 1 April 2011. The adoption of these amendments and interpretations does not have a material impact on the condensed consolidated half-yearly financial information:

- IAS 24 (revised), Related Party Disclosures, effective for accounting periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party.
- IFRIC 14 (amendments), Prepayments of a Minimum Funding Requirement, effective for accounting periods beginning on or after 1 January 2011 and applies retrospectively to the earliest comparative period presented. The amendments correct an unintended consequence of IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, effective for accounting periods beginning on or after 1 July 2010, clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap).

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4 Estimates

The preparation of condensed consolidated half-yearly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated half-yearly financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 March 2011, with the exception of changes in estimates that are required in determining the provision for income tax expense.

5 Principal risks and uncertainties

The principal risks and uncertainties affecting the Group were identified as part of the Business Review and the Financial risk management note set out on pages 10 to 11 and 48 to 49 respectively of the Hogg Robinson Group plc Annual Report and Financial Statements 2011, a copy of which is available on the Group's website www.hoggrobinsongroup.com. The Board's view is that these risks and the risk management policies in place remain substantially unchanged for the second half of the current financial year. These risks and uncertainties can be summarised as follows:

Operational risks

- Loss of a major client
- Volatility of client activity
- Loss of a key supplier
- Loss of key staff
- Corruption or reputation risk
- Technology or systems failure

Financial risks

The reported results of the Group could be adversely affected by:

- Lack of access to adequate funding
- Lack of cost and capital control
- Increased pension funding
- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

External risks

- Significant economic or other crisis
- Competitive environment

There may be additional risks unknown to the Group and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialise individually or simultaneously, could significantly affect the Group's business and financial results.

6 Seasonality

The Group's revenue and operating profit are affected by the seasonality of corporate travel business, with travel declining during the summer and Christmas holiday periods and, to a lesser extent, during Easter holidays, which are times when many corporate travellers are on holiday. Typically, the Group experiences the highest levels of revenue in the last months of its financial year, principally reflecting increased travel activity by its clients during this period.

7 Operating segments

The chief operating decision maker has been identified as the Executive Management Team, which reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Management Team has determined the operating segments based on these reports.

The Executive Management Team considers the business from the perspective of two core activities, Corporate Travel Management, which is analysed into three distinct geographic segments, and Spendvision. The Group's internal reporting processes do not distinguish between the numerous sources of income that comprise revenue for Corporate Travel Management. The performance of the operating segments is assessed based on a measure of operating profit excluding items of an exceptional nature. Finance income and costs and income tax expense are not included in the result for each operating segment that is reviewed by the Executive Management Team. Other information provided to the Executive Management Team, except as noted below, is measured in a manner consistent with that in the condensed consolidated half-yearly financial information.

Total segment assets exclude cash and cash equivalent assets, current tax assets and deferred tax assets which are managed on a central basis. These are included as part of the reconciliation to total Consolidated Balance Sheet assets.

	Corporate Travel Management					
	Europe	North	Asia	Total	Spendvision	Total
	£m	America	Pacific	£m	£m	£m
Half year ended 30 September 2011						
Revenue from external customers	125.1	39.0	15.6	179.7	7.1	186.8
Underlying operating profit	15.0	6.8	0.7	22.5	0.9	23.4
Amortisation of acquired intangibles	(1.6)	(0.4)	-	(2.0)	(0.1)	(2.1)
Operating profit	13.4	6.4	0.7	20.5	0.8	21.3
Underlying margin	12.0%	17.4%	4.5%	12.5%	12.7%	12.5%
Half year ended 30 September 2010						
Revenue from external customers	115.1	38.0	10.1	163.2	6.0	169.2
Underlying operating profit	13.6	5.6	(0.1)	19.1	0.4	19.5
Amortisation of acquired intangibles	(1.5)	(0.4)	-	(1.9)	(0.1)	(2.0)
Operating profit	12.1	5.2	(0.1)	17.2	0.3	17.5
Underlying margin	11.8%	14.7%	(1.0%)	11.7%	6.7%	11.5%

There is no material inter-segment revenue.

External revenue from clients by origin (where the Group's operations are located) is not materially different from external revenue from clients by geographical area (where the client is located) disclosed above.

A reconciliation of operating profit to total profit before income tax expense is provided in the Consolidated Income Statement.

	Corporate Travel Management					
	Europe	North	Asia	Total	Spendvision	Total
	£m	America	Pacific	£m	£m	£m
Total segment assets						
30 September 2011	260.3	87.7	16.4	364.4	7.1	371.5
31 March 2011	268.2	89.4	15.8	373.4	6.6	380.0

Reportable segments' assets are reconciled to total assets as follows:

	30 September	31 March
	2011	2011
	£m	£m
Total segment assets	371.5	380.0
Cash and cash equivalent assets	47.4	70.5
Current tax assets	0.7	0.7
Deferred tax assets	46.6	40.9
	466.2	492.1

10 Finance income and finance costs

	Half year ended 30 September	
	2011 £m	2010 £m
Finance income - bank interest	0.1	0.1
Interest on bank loans and overdrafts	(3.0)	(1.5)
Amortisation of issue costs on bank loans	(0.4)	(0.8)
Expected return on pension scheme assets less interest cost on pension scheme liabilities	(1.2)	(1.9)
Other finance charges	(0.4)	(0.2)
Interest on derivative financial instruments	(0.2)	-
Finance costs	(5.2)	(4.4)
Net finance costs	(5.1)	(4.3)

11 Income tax expense

The tax charge is split as follows:

	Half year ended 30 September	
	2011 £m	2010 £m
United Kingdom	1.2	2.0
Overseas	3.7	1.9
Change in headline tax rate	0.1	0.2
	5.0	4.1

Taxes on income in the half-year periods to 30 September are accrued using the tax rate that would be applicable to the expected total annual earnings by country. An effective tax rate of approximately 30% is anticipated for the year ended 31 March 2012 (2011: 31%).

Tax rate change

The UK government is reducing the rate of corporation tax from 26% to 25% with effect from 1 April 2012. Consequently, the Group is required to revalue all of its recognised UK deferred tax assets and liabilities. The revaluation is anticipated to result in a full year deferred tax charge to the Consolidated Income Statement of £0.1m, together with a charge to the Consolidated Statement of Comprehensive Income of £1.3m in respect of deferred tax assets on pension liabilities. The Group is reflecting the full impact of £1.4m in the first half of the year.

Further proposals to reduce the UK rate by 1% per annum to 23% by April 2014 have not been substantively enacted at the balance sheet date and, therefore, are not reflected in this condensed consolidated half-yearly financial information.

12 Earnings per share

Earnings per share attributable to equity holders of the Company were as follows:

	Half year ended 30 September	
	2011 pence	2010 pence
Earnings per share		
Basic	3.6	2.8
Diluted	3.4	2.7

	Half year ended 30 September	
	2011 £m	2010 £m
Earnings for the purposes of earnings per share		
Profit for the period	11.6	9.2
Less: amounts attributable to non-controlling interests	(0.8)	(0.7)
Total	<u>10.8</u>	<u>8.5</u>

	Half year ended 30 September	
	2011 number m	2010 number m
Weighted average number of Ordinary shares in issue		
Issued (for basic EPS)	302.0	300.7
Dilutive potential ordinary shares	14.7	11.7
For diluted EPS	<u>316.7</u>	<u>312.4</u>

Underlying earnings per share

Underlying earnings per share attributable to equity holders of the Company were as follows:

	Half year ended 30 September	
	2011 pence	2010 pence
Underlying earnings per share		
Basic	4.1	3.3
Diluted	3.9	3.2

	Half year ended 30 September	
	2011	2010
	£m	£m
Earnings for the purposes of underlying earnings per share		
Profit before tax from continuing operations	16.6	13.3
Add: amortisation of acquired intangibles	2.1	2.0
Underlying profit before tax	18.7	15.3
Underlying income tax expense	(5.6)	(4.7)
Underlying profit for the financial year	13.1	10.6
Less: amounts attributable to non-controlling interests	(0.8)	(0.7)
Total	12.3	9.9

Underlying earnings are earnings before amortisation of acquired intangibles and exceptional items and related income tax expense.

13 Dividends

A dividend that related to the year ended 31 March 2011 amounting to 1.0p per ordinary share (£3,022,355) was paid on 1 August 2011. The dividend was paid to shareholders who were on the register at 1 July 2011. The Employee Benefits Trust has waived its rights to dividends in respect of 6,490,647 shares held in the Company and subsequently repaid an amount of £0.2m in respect of previous dividends.

The Directors have declared an interim dividend in respect of the six months ended 30 September 2011 of 0.6p payable on 5 January 2012 to shareholders who are on the register at 9 December 2011. This interim dividend, amounting to £1.8m has not been recognised as a liability in this half-yearly financial report, in accordance with IAS 10, Events after the Balance Sheet Date.

14 Goodwill and other intangible assets

	30 September 2011 £m	31 March 2011 £m
Goodwill	221.1	221.0
Other intangible assets	26.8	28.9
	247.9	249.9

	Computer software				Total £m
	Goodwill £m	Externally acquired £m	Internally generated £m	Client relationships £m	
Cost					
At 1 April 2010	248.2	16.2	17.9	37.4	319.7
Additions	-	0.8	4.6	-	5.4
Exchange differences	(0.8)	-	0.1	0.7	-
	247.4	17.0	22.6	38.1	325.1
At 31 March 2011	247.4	17.0	22.6	38.1	325.1
Additions	-	0.3	2.3	-	2.6
Disposals	-	(0.1)	-	-	(0.1)
Exchange differences	0.1	(0.3)	(0.1)	0.4	0.1
	247.5	16.9	24.8	38.5	327.7
At 30 September 2011	247.5	16.9	24.8	38.5	327.7
Accumulated amortisation					
At 1 April 2010	26.4	11.2	7.0	21.6	66.2
Amortisation charge for the year	-	1.5	3.2	3.7	8.4
Exchange differences	-	0.1	(0.1)	0.6	0.6
	26.4	12.8	10.1	25.9	75.2
At 31 March 2011	26.4	12.8	10.1	25.9	75.2
Amortisation charge for the period	-	0.8	1.9	2.0	4.7
Disposals	-	(0.1)	-	-	(0.1)
Exchange differences	-	(0.2)	-	0.2	-
	26.4	13.3	12.0	28.1	79.8
At 30 September 2011	26.4	13.3	12.0	28.1	79.8
Carrying amount					
At 1 April 2010	221.8	5.0	10.9	15.8	253.5
	221.0	4.2	12.5	12.2	249.9
At 31 March 2011	221.0	4.2	12.5	12.2	249.9
	221.1	3.6	12.8	10.4	247.9
At 30 September 2011	221.1	3.6	12.8	10.4	247.9

15 Property, plant and equipment

	Properties £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2010	10.5	49.8	60.3
Additions for the year	0.8	3.0	3.8
Disposals for the year	(0.7)	(0.8)	(1.5)
Exchange differences	-	0.3	0.3
At 31 March 2011	10.6	52.3	62.9
Additions for the period	0.1	2.6	2.7
Disposals for the period	-	(2.2)	(2.2)
Exchange differences	(0.1)	(0.5)	(0.6)
At 30 September 2011	10.6	52.2	62.8
Accumulated depreciation			
At 1 April 2010	7.2	38.3	45.5
Depreciation charge for the year	0.8	4.5	5.3
Disposals for the year	(0.3)	(0.7)	(1.0)
Exchange differences	(0.1)	0.3	0.2
At 31 March 2011	7.6	42.4	50.0
Depreciation charge for the period	0.4	2.3	2.7
Disposals for the period	-	(2.2)	(2.2)
Exchange differences	(0.1)	(0.5)	(0.6)
At 30 September 2011	7.9	42.0	49.9
Carrying amount			
At 1 April 2010	3.3	11.5	14.8
At 31 March 2011	3.0	9.9	12.9
At 30 September 2011	2.7	10.2	12.9

The Group does not have any material capital commitments in respect of the purchase of property, plant and equipment.

16 Financial liabilities - borrowings

	30 September 2011 £m	31 March 2011 £m
At amortised cost		
Current (due within one year)		
Overdrafts	1.5	0.1
Bank loans	-	-
Unamortised loan issue costs	(0.9)	-
Finance leases	0.1	0.2
	<hr/>	<hr/>
	0.7	0.3
	<hr/>	<hr/>
Non-current (due after more than one year)		
Bank loans	114.6	131.2
Unamortised loan issue costs	(2.0)	(3.3)
Finance leases	0.1	0.1
	<hr/>	<hr/>
	112.7	128.0
	<hr/>	<hr/>
	113.4	128.3
	<hr/>	<hr/>
Net debt		
Total financial liabilities - borrowings	113.4	128.3
Add back: Unamortised loan issue costs	2.9	3.3
Cash and cash equivalent assets	(47.4)	(70.5)
	<hr/>	<hr/>
Net debt	68.9	61.1
	<hr/>	<hr/>

17 Retirement benefit obligations

Defined benefit pension arrangements

The Group's principal defined benefit pension arrangement is the Hogg Robinson (1987) Pension Scheme (the UK Scheme). The UK Scheme was available to most UK employees until it was closed to new members in March 2003, with benefits based on final pensionable salary. The increase in final pensionable salary since 31 March 2003 is predominantly limited to the lower of the increase in the Retail Prices Index and 5% per annum.

The Group also operates defined benefit schemes in Norway, Switzerland, Germany, Italy and France.

The provision in the Consolidated Balance Sheet arising from obligations in respect of defined benefit schemes is as follows:

	30 September 2011 £m	31 March 2011 £m
UK scheme:		
Defined benefit obligations	(343.4)	(324.3)
Fair value of plan assets	209.1	220.2
	<hr/>	<hr/>
Deficit - UK Scheme	(134.3)	(104.1)
Deficit - Overseas Schemes	(10.5)	(10.6)
	<hr/>	<hr/>
	(144.8)	(114.7)
	<hr/> <hr/>	<hr/> <hr/>

The following amounts have been included in the Consolidated Income Statement in respect of the UK Scheme:

	Half year ended 30 September	
	2011 £m	2010 £m
Current service charge	1.1	1.3
Expected return on scheme assets	(7.7)	(7.1)
Charge to finance costs	8.8	8.7
	<hr/>	<hr/>
Total charge to the Consolidated Income Statement	2.2	2.9
	<hr/> <hr/>	<hr/> <hr/>

The current service charge is computed based on the actuarial assumptions in place at the beginning of the financial year and translates to 18.4% of pensionable salaries (2010: 20.6%).

The key assumptions used for the UK Scheme were:

	30 September 2011	31 March 2011
Rate of increase in final pensionable salary	3.00%	3.40%
Rate of increase in pensions in payment - accrued before 1999	5.00%	5.00%
Rate of increase in pensions in payment - accrued after 1999	3.00%	3.40%
Discount rate	5.20%	5.50%
Inflation - RPI	3.00%	3.40%
Inflation - CPI	2.50%	2.90%
Expected rate of return on plan assets:		
Equity instruments	8.00%	8.00%
Debt instruments	4.95%	4.50%
Property	8.00%	8.00%
Other assets	3.65%	4.90%

18 Share capital and share premium account

Share capital

	30 September 2011 number
Authorised	
Ordinary shares of 1p each	513,808,171
	<hr/>
Issued, called up and fully paid	
At 1 April 2011	307,781,171
Shares issued in the year	1,028,194
	<hr/>
At 30 September 2011	308,809,365
	<hr/>
	30 September 2011 £m
Issued, called up and fully paid	
Ordinary shares of 1p each	3.1
	<hr/>

The Company issued 1,028,194 shares for a total consideration of £131,403 during the period ending 30 September 2011 on the exercise of options under the Company Share Option Plan (CSOP).

The HRG Employee Benefits Trust acquired 3,784,111 of the Company's Ordinary shares through purchases on the London Stock Exchange in the period. The total amount paid to acquire the shares in the period ended 30 September 2011 was £2.4m and has been deducted from retained earnings. The total number of Ordinary shares in the Company held by the HRG Employee Benefits Trust as at 30 September 2011 was 6,490,647 (31 March 2011: 6,302,678) with a market value of £3.3m (31 March 2011: £3.7m). 3,596,142 shares have been used during the period to satisfy vesting of certain share-based incentives.

Share premium account

	£m
At 1 April 2011	172.2
Shares issued in the year	0.1
	<hr/>
At 30 September 2011	172.3
	<hr/>

19 Other reserves

	Share-based incentives £m	Exchange reserve £m	Total other reserves £m
Balance at 1 April 2010	3.2	10.2	13.4
Other comprehensive income:			
Currency translation differences	-	(1.2)	(1.2)
Share-based incentives - charge for period	1.0	-	1.0
Balance at 30 September 2010	4.2	9.0	13.2
Balance at 1 April 2010	3.2	10.2	13.4
Other comprehensive income:			
Currency translation differences	-	(1.6)	(1.6)
Transactions with owners:			
Share-based incentives - charge for year	2.2	-	2.2
Balance at 31 March 2011	5.4	8.6	14.0
Balance at 1 April 2011	5.4	8.6	14.0
Other comprehensive income:			
Transfer from exchange reserve to retained earnings	-	(0.9)	(0.9)
Currency translation differences	-	0.5	0.5
Transactions with owners:			
Transfer from share-based incentives reserve to retained earnings	(2.5)	-	(2.5)
Share-based incentives - charge for period	1.2	-	1.2
Share-based incentives - exercise of CSOP options	(0.1)	-	(0.1)
Balance at 30 September 2011	4.0	8.2	12.2

20 Cash generated from operations

	Half year ended 30 September	
	2011 £m	2010 £m
Profit before tax from continuing operations	16.6	13.3
Adjustments for:		
Depreciation and amortisation (notes 14 and 15)	7.4	6.8
Net increase in provisions	0.2	0.7
Share of results of associates and joint ventures	(0.4)	(0.1)
Net finance costs (note 10)	5.1	4.3
Other timing differences	1.4	1.2
	<hr/>	<hr/>
	30.3	26.2
Cash expenditure charged to provisions	(0.8)	(2.0)
Change in trade and other receivables	6.4	6.1
Change in trade and other payables	(22.5)	(25.5)
Pension funding in excess of charge to operating profit	(3.1)	(3.0)
	<hr/>	<hr/>
Cash generated from operations	10.3	1.8

21 Related party transactions

There have been no material changes in the nature of related party transactions since 31 March 2011 as reported in note 28 of the Group's 31 March 2011 Annual Report and Consolidated Financial Statements.

22 Contingent assets and contingent liabilities

No change has taken place in the contingent assets and contingent liabilities as reported in note 26 of the Group's 31 March 2011 Annual Report and Consolidated Financial Statements.

Hogg Robinson Group plc

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, this condensed consolidated half-yearly financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of consolidated financial information, 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 of Hogg Robinson Group plc are as follows:

J D Coombe ⁽¹⁾	Chairman
D J C Radcliffe	Chief Executive
J A Steadman	Group Finance Director
K A Ruffles	Chief Operating Officer
A E Isaac ^{(1) (2)}	
P Williams ⁽¹⁾	

⁽¹⁾ Non-Executive Directors

⁽²⁾ Senior Independent Director

By Order of the Board

Keith Burgess
Company Secretary

30 November 2011

Hogg Robinson Group plc
Independent review report to Hogg Robinson Group plc

Introduction

We have been engaged by the Company to review the condensed set of Consolidated Financial Statements in the half-yearly financial report for the six months ended 30 September 2011, which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Consolidated Financial Statements.

Directors' responsibilities

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

As described in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Consolidated Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Consolidated Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Consolidated Financial Statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants
London
30 November 2011

Notes:

- (a) The maintenance and integrity of the Hogg Robinson Group plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half-yearly financial report since it was initially presented on the web site.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial information may differ from legislation in other jurisdictions.