

27 November 2015

Future plc

Building momentum

Future plc (LSE: FUTR, "Future", "the Group"), the international media group and leading digital publisher, today announces its preliminary results (unaudited) for the year ended 30 September 2015.

Financial highlights

	Continuing operations	
	2015	2014
	£m	£m
Revenue	59.8	66.0
EBITDAE*	3.6	(7.0)
Operating profit / (loss) pre-exceptional items	0.8	(10.3)
Exceptional items**	(2.5)	(24.3)
Loss before tax	(2.3)	(35.4)
Adjusted earnings / (loss) per share***	0.0p	(3.2)p
Net (debt) / cash	(1.8)	7.5

Highlights

- **18 month transformation successfully completed**
 - o Embedded cost saving delivered and headcount continues to be optimised
 - o Technology overhauled - all websites expected to be on common platform during FY16
 - o Property estate rationalised - onerous sites being sub-let
 - o Balance sheet restructured - new favourable debt facility in place
- **Building momentum based on *Content that Connects* strategy**
 - o Building on profitability; profitable in all territories
 - o Creation of new revenue streams: events and e-commerce
 - o No. 1 online positions in UK consumer technology, PC gaming and creative & design
 - o Strong audience growth - digital reach across portfolio over 79m, growing at 14% YoY
- **Optimisation for growth - Group to split into two divisions: Media and Magazine**
 - o Media division: global brands, digital innovation, high growth, diversified revenues
 - o Magazine division: specialist brand-led focus; cash generative; slowing revenue declines
- **Equity raised of up to £3.3m to support the optimisation strategy – see separate announcement**
 - o The funds raised will be used to invest in a number of rapidly growing new revenue streams including e-commerce, events and digital advertising. These businesses need additional funds in order to accelerate growth and profit generation

Zillah Byng-Thorne, Future's Chief Executive, said:

"We have completed a substantial transformation of the business over the last 18 months, with 2015 being a year of building momentum. All territories are now profitable and we are

seeing the acceleration of our growing digital and diversified revenue streams.

"We are splitting the business into two separately managed brand-led divisions, Media and Magazine. The Media division is focused on global brands that are at the forefront of digital innovation, particularly within the high growth technology and games markets. The Magazine division will continue to deliver specialist market leading content through a number of premier print brands.

"The funds raised will enable us to invest in the rapid growth of the Media division. We look forwards with increasing confidence and expect to continue to grow the Group's profitability in the current financial year."

* Earnings before interest, tax, depreciation, amortisation, impairment of intangible assets and exceptional items.

** Exceptional items for 2014 include impairment of intangible assets of £16.8m.

*** Excludes exceptional items, impairment of intangible assets and related tax effects.

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Overview

Transformation completed

Future has completed a substantial transformation programme; the Group has been simplified, the balance sheet strengthened and non-core assets sold. The headcount has been reduced to around 520 and the property estate rationalised.

The completion of the transformation is a major milestone for Future which has revolutionised the way it works and has allowed the Group to focus on the high growth areas within the business.

Momentum building

Leading on from the transformation programme, the focus in 2015 has been to build revenue and profit momentum. This resulted in all territories becoming profitable and the acceleration of the growing digital and diversified revenue streams. Future has created two new material revenue streams: e-commerce and events, both with attractive margins.

Audience engagement continues to be strong, with over 48 million users a month accessing Future's digital sites. The total digital reach across the portfolio is over 79 million, growing at a rate of 14% YoY on a rolling 12-month basis; whilst the social media reach is also up by 82% over the same period.

In December 2014 the Group set an all-time page view record for Future, delivering 288 million page views throughout the month. In January 2015, Future passed the one billion page view mark for the financial year, quicker than the business has done before.

Optimisation

After a successful year of building momentum, the Group now enters the optimisation stage. To maximise opportunities, the Group will split into two separately managed divisions, Media and Magazine, with operating models appropriate to their needs.

The two independently managed divisions will manage a number of market leading brands, with significant opportunities and a remit to grow profitably.

The Media division will focus on being at the forefront of digital innovation, in particular the high growth

technology and games markets with three complementary revenue streams: e-commerce, events and digital advertising. It has a number of leading brands including *techradar*, *PC Gamer*, *GamesRadar+*, *The Photography Show*, *Generate* and *Golden Joysticks*.

The Magazine division, with ten key titles and around 150 publications in total, will be brand-led with tight management of the decline in revenue.

Creating Content that Connects with audiences, customers and consumers is at the centre of the Group's strategy and is now underpinned by a leaner, simpler business.

The Group is in a stronger position to optimise on the momentum built during the last financial year.

Growth capital – up to £3.3m of funds raised

In order for the Group to accelerate the growth opportunities in the Media division, Future has today raised up to £3.3m by way of a placing of new shares.

The funds raised will be used to invest in a number of rapidly growing new revenue streams including e-commerce, events and digital advertising. These businesses need investment to grow and develop. The additional funds will enable Future to increase the level of investment into these new revenue streams beyond that achievable from existing facilities, with the aim of accelerating growth and profit generation.

Operational review

Digital and Diversified

The focus on understanding the customer need has presented an opportunity to develop a meaningful new revenue stream in e-commerce. The market leading technology site *techradar.com* targets consumers when they are in their research phase and influences their product choice from the moment they first consider buying to the moment they purchase.

23% of *techradar.com*'s downstream traffic is to retailer websites. Unique data insight and content resulted in *techradar.com* ranking number one on Google search on Black Friday for "techdeals" and created significant revenues for the Group.

The events portfolio was extended in the year with the launch of the first ever dedicated PC Gaming show at E3 in the US, which brought in over \$550,000 of revenue. The Photography and Creative & Design events continued to show good growth. Awarded "Event of the Year" in the 2015 PPA Awards, The Photography Show had revenue growth of over 40% in 2015.

During 2015 the Group concentrated on building its digital reach to become a market leading player online. The Group's top brand, *techradar.com*, is the number one UK consumer technology content site. *Gamesradar.com* and *PCGamer.com* are global brands with a strong foothold in the online market, with *PCGamer.com* being the global number one PC gaming site.

In PC gaming Future is extending its brand reach to connect with the audience in new ways and is now offering a weekly scheduled broadcast channel live streamed on Twitch TV.

CreativeBloq.com is the number one UK & US design content site, with users reaching 4 million, representing a 55% growth year-on-year. Within photography, *DigitalCameraWorld.com* is the second largest photography website in the UK, and in music, *MusicRadar.com* is also number two in its sector online.

Print business

The Group continues to develop and innovate within the print magazine market. With global print circulation of over 620,000, the magazines and bookazines hold leading market positions and have a global reach with magazines exported to 39 countries.

Future continues to see substantial opportunities internationally with 77 strategic partnerships and 218

licensed editions in 71 countries. The Group has seen an encouraging trend of stabilising copy sales for a number of its print magazines in the second half of this year. This has been achieved through stronger product offerings, better alignment and a focus on execution in the retail team.

The Group is the number one digital consumer magazine publisher in the UK with over 200,000 digital subscriptions and 20,000 digital single issues downloaded every month across Apple Newsstand, Google Play, Amazon, Barnes & Noble, Zinio and its own subscriptions website *My Favourite Magazines*.

Future continues to maximise its market share with bundled print and digital products, which help to introduce the existing print customers to digital versions.

Managing talent

Future is committed to fostering new talent and developing the expertise within the business. The Group hired 158 new starters during 2015, which is less than 26% of its total headcount. Future re-invested in headcount in areas where it is most required and a third of all new hires are focused on the key areas of product & technology and commercial.

Current trading and outlook

With the additional funds raised to support the Group's investment in the Media division, the Board expects the Group's profitability to continue to grow and seize further margin expansion in the current financial year.

The Directors expect the business to be net cash generative by 2017 and to be generating underlying EBITDAE margins of 8% in 2016 and 12% in 2017.

Financial review

Financial summary

Continuing operations	2015 £m	2014 £m
Revenue	59.8	66.0
EBITDAE	3.6	(7.0)
Depreciation charge	(0.5)	(1.0)
Amortisation of intangible assets	(2.3)	(2.3)
Operating profit/(loss) pre-exceptional items	0.8	(10.3)
Exceptional items	(2.5)	(7.5)
Impairment	-	(16.8)
Operating loss	(1.7)	(34.6)
Net finance costs	(0.6)	(0.8)
Loss before tax	(2.3)	(35.4)
Loss per share (p)	(0.6)	(10.5)
Adjusted earnings/(loss) per share (p)	0.0	(3.2)
Dividends relating to the period (pence per share)	-	-

The financial review is based primarily on a comparison of continuing results for the year ended 30 September 2015 with those for the year ended 30 September 2014. Unless otherwise stated, change percentages relate to a comparison of these two periods.

Revenue

Group revenue was £59.8m (2014: £66.0m) reflecting the continued decline in print revenues. UK revenue was £47.3m (2014: £53.1m) and in the US £13.4m (2014: £13.7m).

Digital and Diversified revenues now represent 47% of Group revenues, up from 41% last year, driven by strong growth in events and e-commerce, two areas of strategic importance. Digital display advertising revenue grew by 14% and overall Digital & Diversified revenue grew by 3%.

	2015 £m	2014 £m
Digital and Diversified	28.1	27.3
Print	31.7	38.7
Total revenue	59.8	66.0

In the UK, Digital and Diversified revenues increased by 2% with significant growth in events and e-commerce being partly offset by a decline in digital editions of magazines. In only its second year, the Photography Show at Birmingham's NEC generated revenue growth of over 40% year-on-year, which has partially offset the continued decrease in print revenue.

Digital advertising in the UK now represents 71% (2014: 63%) of UK advertising revenues.

In the US, Digital and Diversified revenues grew 8%, driven by growth in digital advertising and e-commerce revenues. Circulation revenue overall fell by 16%. Advertising revenues grew by 18%, where growth in digital advertising more than offset the decline in print advertising.

Digital advertising in the US now represents 82% (2014: 73%) of US advertising revenues.

EBITDAE

The Group's EBITDAE profit was £3.6m (2014: £7.0m loss). The UK EBITDAE profit was £3.3m (2014: £5.3m loss) and the US made an EBITDAE profit of £0.3m (2014: £1.7m loss).

The return to EBITDAE profit in 2015 reflects the impact of cost reductions achieved as part of the transformation programme. The Group's headcount was further reduced from 577 to 521 employees and the UK's operating locations were reduced from four to two offices, resulting in a considerably lower like-for-like overhead base.

Exceptional items

Exceptional costs were £2.5m (2014: £7.5m). Restructuring costs of £2.8m include headcount reduction and the rationalisation of the property portfolio. Vacant property provisions of £0.4m relate to surplus office space in both the UK & the US. A gain of £0.3m was made on the sale of a UK property and a bad debt credit of £0.4m represents a partial reversal of the prior year exceptional provision.

Net finance costs

Net finance costs were £0.6m (2014: £0.8m) reflecting lower costs associated with the successful refinancing in May 2015.

The Group pre-tax loss was £2.3m (2014: £35.4m).

Taxation

The tax credit for the year amounted to £0.3m (2014: £0.5m), comprising a current tax credit of £0.3m (2014: £0.3m) and a deferred tax charge of £nil (2014: £0.2m credit). The current tax credit arises in the UK where the standard rate of corporation tax is 20.5%.

Overall the effective rate for the Group when applied to the loss before tax was 13%. The Group continues to focus on compliance with tax authorities in all territories in which it operates.

(Loss)/earnings per share

(Loss)/earnings per share	2015	2014
Basic loss per share (p)	(0.6)	(10.5)

Adjusted earnings/(loss) per share (p)	0.0	(3.2)
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Adjusted earnings/(loss) per share is based on the loss after taxation which is then adjusted to exclude exceptional items, impairment and related tax effects. The continuing adjusted profit after tax amounted to £0.1m (2014: £10.6m loss) and the weighted average number of shares in issue was 333m (2014: 332m).

Dividend

The Board is not recommending a final dividend for the year.

Cash flow and net debt

Net debt at 30 September 2015 was £1.8m (2014: net cash £7.5m), a decrease of £9.3m in the year.

During the year net cash outflows totalled £9.5m (2014: £14.5m inflow). There was a cash outflow from operations before exceptional items of £2.3m (2014: £4.3m inflow) arising from an increase in the working capital cycle as the business mix changed. There were also £5.2m (2014: £4.6m) of restructuring payments made in the year and £2.0m (2014: £2.6m) of capital expenditure. The sale of one of the Group's UK properties amounted to a £1.2m cash inflow (2014: £nil). Foreign exchange and other movements accounted for the balance of cash flows.

Credit facility and covenants

The Group successfully refinanced during the year, with facilities of up to £5.5m at 30 September 2015. This amended facility expires on 31 December 2017 with the option of further extension available.

The Group was in compliance with all the covenants under the new facility at 30 September 2015.

Going concern

After due consideration the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 30 September 2015.

Consolidated income statement

for the year ended 30 September 2015

		Unaudited	
		2015	2014
	Note	£m	£m
Continuing operations			
Revenue	1	59.8	66.0
Operating profit/(loss) before depreciation, amortisation, exceptional items and impairment of intangible assets	1	3.6	(7.0)
Depreciation		(0.5)	(1.0)
Amortisation		(2.3)	(2.3)
Exceptional items	3	(2.5)	(7.5)
Impairment of intangible assets		-	(16.8)
Operating loss	2	(1.7)	(34.6)
Finance income	4	-	0.2
Finance costs	4	(0.6)	(1.0)
Net finance costs	4	(0.6)	(0.8)
Loss before tax	1	(2.3)	(35.4)
Tax on loss	5	0.3	0.5
Loss for the year from continuing operations		(2.0)	(34.9)
Discontinued operations			
Profit for the year from discontinued operations		0.7	1.0
Loss for the year attributable to owners of the parent		(1.3)	(33.9)

Earnings per 1p Ordinary share

		Unaudited	
	Note	2015	2014
	Note	pence	pence
Basic loss per share – Total Group	7	(0.4)	(10.2)
Diluted loss per share – Total Group	7	(0.4)	(10.2)
Basic loss per share – Continuing operations	7	(0.6)	(10.5)
Diluted loss per share – Continuing operations	7	(0.6)	(10.5)

Consolidated statement of comprehensive income

for the year ended 30 September 2015

	Unaudited	
	2015	2014
Note	£m	£m
Loss for the year	(1.3)	(33.9)
Items that may be reclassified to the consolidated income statement		
Continuing operations		
Currency translation differences	-	(0.1)
Net fair value losses on cash flow hedges	-	(0.2)
Other comprehensive loss for the year from continuing operations	-	(0.3)
Total comprehensive loss for the year attributable to continuing operations	(2.0)	(35.2)
Total comprehensive income for the year attributable to discontinued operations	0.7	1.0
Total comprehensive loss for the year attributable to owners of the parent	(1.3)	(34.2)

Items in the statement above are disclosed net of tax.

Consolidated statement of changes in equity

for the year ended 30 September 2015

		Issued share capital	Share premium account	Merger reserve	Treasury reserve	Cash flow hedge reserve	Accumulated losses	Total equity
Note	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 October 2013	3.3	24.8	109.0	(0.3)	0.2	(69.6)	67.4	
Loss for the year	-	-	-	-	-	(33.9)	(33.9)	
Currency translation differences	-	-	-	-	-	(0.1)	(0.1)	
Cash flow hedges	-	-	-	-	(0.2)	-	(0.2)	
Other comprehensive loss for the year	-	-	-	-	(0.2)	(0.1)	(0.3)	
Total comprehensive loss for the year	-	-	-	-	(0.2)	(34.0)	(34.2)	
Final dividend relating to 2013	6	-	-	-	-	(0.7)	(0.7)	
Share schemes								
- Value of employees' services		-	-	-	-	0.1	0.1	
Balance at 30 September 2014	3.3	24.8	109.0	(0.3)	-	(104.2)	32.6	
Unaudited								
Loss for the year	-	-	-	-	-	(1.3)	(1.3)	
Currency translation differences	-	-	-	-	-	-	-	
Cash flow hedges	-	-	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	(1.3)	(1.3)	
Share schemes								
- Value of employees' services		-	-	-	-	0.1	0.1	

Balance at 30 September 2015	3.3	24.8	109.0	(0.3)	-	(105.4)	31.4
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Consolidated balance sheet

as at 30 September 2015

		Unaudited	
	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Property, plant and equipment		0.6	1.0
Intangible assets - goodwill	8	40.9	40.9
Intangible assets - other	8	2.9	3.5
Deferred tax		0.5	0.5
Total non-current assets		44.9	45.9
Current assets			
Inventories		0.5	0.6
Corporation tax recoverable		1.2	1.2
Trade and other receivables		15.3	12.8
Cash and cash equivalents	9	2.5	7.5
Non-current assets classified as held for sale		-	0.8
Total current assets		19.5	22.9
Total assets		64.4	68.8
Equity and liabilities			
Equity			
Issued share capital		3.3	3.3
Share premium account		24.8	24.8
Merger reserve		109.0	109.0
Treasury reserve		(0.3)	(0.3)
Accumulated losses		(105.4)	(104.2)
Total equity		31.4	32.6
Non-current liabilities			
Corporation tax payable		3.5	4.4
Deferred tax		0.7	0.7
Provisions	11	2.1	2.8
Other non-current liabilities		0.8	1.2
Total non-current liabilities		7.1	9.1
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	10	4.3	-
Trade and other payables		20.7	25.9
Corporation tax payable		0.9	1.2
Total current liabilities		25.9	27.1
Total liabilities		33.0	36.2
Total equity and liabilities		64.4	68.8

Consolidated cash flow statement

for the year ended 30 September 2015

	Unaudited	
	2015	2014
	£m	£m
Cash flows from operating activities		
Cash used in operations	(7.5)	(0.3)
Tax received	0.5	-
Interest paid	(0.6)	(1.0)
Tax paid	(1.0)	(1.5)
Net cash used in operating activities	(8.6)	(2.8)
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.2)	(0.4)
Purchase of computer software and website development	(1.8)	(2.2)
Purchase of share in associate	-	(0.2)
Disposal of property, plant and equipment	1.2	-
Disposal of magazine titles and trademarks	0.1	22.3
Costs of business disposals	-	(1.0)
Net cash (used in)/generated from investing activities	(0.7)	18.5
Cash flows from financing activities		
Draw down of bank loans	3.5	3.8
Repayment of bank loans	-	(15.6)
Bank arrangement fees	(0.2)	(0.5)
Equity dividends paid	-	(0.7)
Net cash generated from/(used in) financing activities	3.3	(13.0)
Net (decrease)/increase in cash and cash equivalents	(6.0)	2.7
Cash and cash equivalents at beginning of year	7.5	4.6
Exchange adjustments	0.1	0.2
Cash and cash equivalents at end of year	1.6	7.5
Amount attributable to continuing operations	1.6	7.5

Notes to the Consolidated cash flow statement

for the year ended 30 September 2015

A. Cash used in operations

The reconciliation of (loss)/profit for the year to cash flows used in operations is set out below:

	2015	2014
	£m	£m
(Loss)/profit for the year – Continuing operations	(2.0)	(34.9)
– Discontinued operations	0.7	1.0
(Loss)/profit for the year – Total Group	(1.3)	(33.9)
Adjustments for:		
Depreciation charge	0.5	1.0
Amortisation of intangible assets	2.3	2.3
Impairment of intangible assets	-	26.0
Profit on disposal of magazine titles and trademarks	(0.1)	(3.5)
Profit on disposal of property, plant and equipment	(0.3)	-
Share schemes		
- Value of employees' services	0.1	0.1
Net finance costs	0.6	0.8
Tax credit	(0.4)	(0.8)
Profit/(loss) before changes in working capital and provisions	1.4	(8.0)
Movement in provisions	(0.7)	1.3
Decrease in inventories	0.1	1.0
(Increase)/decrease in trade and other receivables	(2.8)	9.6
Decrease in trade and other payables	(5.5)	(4.2)
Cash used in operations	(7.5)	(0.3)

B. Analysis of net cash/(debt)

	1 October 2014	Cash flows	Other non-cash changes	Exchange movements	30 September 2015
	£m	£m	£m	£m	£m
Cash and cash equivalents	7.5	(6.0)	-	0.1	1.6
Debt due within one year	-	(3.5)	0.1	-	(3.4)
Net cash/(debt)	7.5	(9.5)	0.1	0.1	(1.8)

C. Reconciliation of movement in net cash/(debt)

	2015	2014
	£m	£m
Net cash/(debt) at start of year	7.5	(6.9)
(Decrease)/increase in cash and cash equivalents	(6.0)	2.7
Movement in borrowings	(3.5)	11.8
Other non-cash changes	0.1	(0.4)
Exchange movements	0.1	0.3
Net (debt)/cash at end of year	(1.8)	7.5

Accounting policies

Basis of preparation

This preliminary statement of annual results for the year ended 30 September 2015 is unaudited and does not constitute statutory accounts. The information in this statement is based on the statutory accounts for the year ended 30 September 2015. The statutory accounts have not yet been delivered to the Registrar of Companies nor have the auditors yet reported on these.

The statutory accounts are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 30 September 2015, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies adopted, methods of computation and presentation are consistent with those set out in the Group's statutory accounts for the year ended 30 September 2014.

Going concern

The financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Future plc (the Company) and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size.

(a) Reportable segment

(i) Segment revenue

	2015	2014
	£m	£m
UK	47.3	53.1

US	13.4	13.7
Revenue between segments	(0.9)	(0.8)
Total continuing operations	59.8	66.0

Transactions between segments are carried out at arm's length.

(ii) Segment EBITDAE

	2015	2014
	£m	£m
UK	3.3	(5.3)
US	0.3	(1.7)
Total segment EBITDAE from continuing operations	3.6	(7.0)

EBITDAE is used by the executive Directors to assess the performance of each segment.

A reconciliation of total segment EBITDAE from continuing operations to loss before tax from continuing operations is provided as follows:

	2015	2014
	£m	£m
Total segment EBITDAE from continuing operations	3.6	(7.0)
Depreciation	(0.5)	(1.0)
Amortisation	(2.3)	(2.3)
Exceptional items	(2.5)	(7.5)
Impairment of intangible assets	-	(16.8)
Net finance costs	(0.6)	(0.8)
Loss before tax from continuing operations	(2.3)	(35.4)

(b) Business segment

After geographical location, the Group is managed into three key business segments. Each business segment comprises groups of individual magazines, websites and events, combined according to the market sector in which they operate. The Group considers that the assets within each segment are exposed to the same risks.

(i) Revenue by business segment

	2015	2014
	£m	£m
Technology	19.7	20.0
Games and Entertainment	25.7	29.0
Photography and Creative	13.6	16.2
Other	1.7	1.6
Revenue between segments	(0.9)	(0.8)
Total continuing operations	59.8	66.0

(ii) Gross profit by business segment

	2015	2014
	£m	£m
Technology	15.2	15.0
Games and Entertainment	18.4	21.3

Photography and Creative	8.9	11.0
Other	(26.8)	(36.5)
Add back: distribution expenses	3.5	4.6
Total continuing operations	19.2	15.4

2. Operating loss from continuing operations

	2015	2014
	£m	£m
Revenue	59.8	66.0
Cost of sales	(40.6)	(50.6)
Gross profit	19.2	15.4
Distribution expenses	(3.5)	(4.6)
Administration expenses	(14.9)	(21.1)
Exceptional items	(2.5)	(7.5)
Impairment of intangible assets	-	(16.8)
Operating loss from continuing operations	(1.7)	(34.6)

3. Exceptional items from continuing operations

	2015	2014
	£m	£m
Vacant property provision movements	0.4	1.3
Restructuring and redundancy costs	2.8	5.3
Profit on disposal of property	(0.3)	-
Provision for bad debts	(0.4)	0.9
Total charge	2.5	7.5

The vacant property provision movement during the year relates to surplus office space in the UK and the US.

The restructuring and redundancy costs relate mainly to property related costs, incurred as a result of continuing the rationalisation of the Group's property portfolio, and staff termination payments.

The profit on disposal of property relates to the sale of one of the Group's UK properties for cash proceeds of £1.2m.

The provision for bad debts represents the release of part of a provision made in 2014 in relation to amounts owed to the Group which were no longer considered recoverable following the filing for bankruptcy of Source Home Entertainment LLC and its group companies, one of the Group's distributors in the US.

4. Finance income and costs

	2015	2014
	£m	£m
Fair value gain on interest rate derivative not in a hedge relationship	-	0.2
Total finance income	-	0.2
Interest payable on interest-bearing loans and borrowings	(0.2)	(0.6)
Amortisation of bank loan arrangement fees	(0.4)	(0.5)
Other finance costs	(0.2)	(0.3)
Exchange gains	0.2	0.4

Total finance costs	(0.6)	(1.0)
Net finance costs from continuing operations	(0.6)	(0.8)

5. Tax on loss

The tax credited in the consolidated income statement for continuing operations is analysed below:

	2015	2014
	£m	£m
UK corporation tax		
Current tax at 20.5% (2014: 22%) on the loss for the year	-	-
Adjustments in respect of previous years	(0.3)	(0.3)
Current tax	(0.3)	(0.3)
Deferred tax origination and reversal of temporary differences		
Current year charge/(credit)	0.1	(0.1)
Adjustments in respect of previous years	(0.1)	(0.1)
Deferred tax	-	(0.2)
Total tax credit on continuing operations	(0.3)	(0.5)

In 2013 the Group reached agreement with HMRC relating to the tax treatment of certain one-off transactions which took place in 2003. Part of that agreement will result in the Group paying tax of £6.2m plus interest (comprising instalments of £85,000 per month over five years from July 2013 and a final instalment of £2.0m). The tax payable was fully provided for in prior years' accounts.

The liability in the balance sheet of £4.4m at 30 September 2015 has been split based on this agreement between current liabilities and non-current liabilities.

The Group has continued to recognise a portion of its historic losses of £1.3m (2014: £1.3m). The Directors consider that no material change in circumstances have occurred during the year to affect this amount.

6. Dividends

Equity dividends	2015	2014
Number of shares in issue at end of year (million)	334.4	333.8
Dividends paid in year (pence per share)	-	0.2
Dividends paid in year (£m)	-	0.7

The dividends totalling £0.7m paid during the year ended 30 September 2014 related to the final dividend for the year ended 30 September 2013 of 0.2 pence per share.

7. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes.

Adjusted earnings per share removes the effect of exceptional items, impairment of intangible assets and any related tax effects from the calculation.

Total Group	2015	2014
Adjustments to loss after tax:		
Loss after tax (£m)	(1.3)	(33.9)
Exceptional items (£m)	2.4	4.0
Impairment of intangible assets (£m)	-	26.0
Tax effect of the above adjustments (£m)	(0.5)	(0.3)
Adjusted profit/(loss) after tax (£m)	0.6	(4.2)

Weighted average number of shares in issue during the year:

- Basic	332,796,904	332,208,630
- Dilutive effect of share options	536,550	2,814,149
- Diluted	333,333,454	335,022,779
Basic loss per share (in pence)	(0.4)	(10.2)
Adjusted basic earnings/(loss) per share (in pence)	0.2	(1.3)
Diluted loss per share (in pence)	(0.4)	(10.2)
Adjusted diluted earnings/(loss) per share (in pence)	0.2	(1.3)

The adjustments to loss after tax have the following effect:

Basic and diluted loss per share (pence)	(0.4)	(10.2)
Exceptional items (pence)	0.7	1.2
Impairment of intangible assets (pence)	-	7.8
Tax effect of the above adjustments (pence)	(0.1)	(0.1)
Adjusted basic and diluted earnings/(loss) per share (pence)	0.2	(1.3)

Continuing operations	2015	2014
Adjustments to loss after tax:		
Loss after tax (£m)	(2.0)	(34.9)
Exceptional items (£m)	2.5	7.5
Impairment of intangible assets (£m)	-	16.8
Tax effect of the above adjustments (£m)	(0.4)	-
Adjusted profit/(loss) after tax (£m)	0.1	(10.6)

Weighted average number of shares in issue during the year:

- Basic	332,796,904	332,208,630
- Dilutive effect of share options	536,550	2,814,149
- Diluted	333,333,454	335,022,779
Basic loss per share (in pence)	(0.6)	(10.5)
Adjusted basic earnings/(loss) per share (in pence)	-	(3.2)
Diluted loss per share (in pence)	(0.6)	(10.5)
Adjusted diluted earnings/(loss) per share (in pence)	-	(3.2)

The adjustments to loss after tax have the following effect:

Basic and diluted loss per share (pence)	(0.6)	(10.5)
Exceptional items (pence)	0.7	2.3
Impairment of intangible assets (pence)	-	5.0
Tax effect of the above adjustments (pence)	(0.1)	-
Adjusted basic and diluted earnings/(loss) per share (pence)	-	(3.2)

Discontinued operations	2015	2014
Adjustments to profit after tax:		
Profit after tax (£m)	0.7	1.0
Exceptional items (£m)	(0.1)	(3.5)

Impairment of intangible assets (£m)	-	9.2
Tax effect of the above adjustments (£m)	(0.1)	(0.3)
Adjusted profit after tax (£m)	0.5	6.4

Weighted average number of shares in issue during the year:		
- Basic	332,796,904	332,208,630
- Dilutive effect of share options	536,550	2,814,149
- Diluted	333,333,454	335,022,779
Basic earnings per share (in pence)	0.2	0.3
Adjusted basic earnings per share (in pence)	0.2	1.9
Diluted earnings per share (in pence)	0.2	0.3
Adjusted diluted earnings per share (in pence)	0.2	1.9

The adjustments to profit after tax have the following effect:

Basic and diluted earnings per share (pence)	0.2	0.3
Exceptional items (pence)	-	(1.1)
Impairment of intangible assets (pence)	-	2.8
Tax effect of the above adjustments (pence)	-	(0.1)
Adjusted basic and diluted earnings per share (pence)	0.2	1.9

8. Intangible assets

	Goodwill	Magazine and website	Other	Total
	£m	£m	£m	£m
Cost				
At 1 October 2013	305.1	15.6	14.2	334.9
Additions	-	-	2.3	2.3
Disposals	(19.3)	(0.3)	(1.2)	(20.8)
Exchange adjustments	(0.2)	(0.1)	-	(0.3)
At 30 September 2014	285.6	15.2	15.3	316.1
Additions	-	-	1.8	1.8
Disposals	-	(3.1)	(2.8)	(5.9)
Exchange adjustments	1.9	0.3	0.5	2.7
At 30 September 2015	287.5	12.4	14.8	314.7
Accumulated amortisation				
At 1 October 2013	(218.8)	(15.2)	(11.1)	(245.1)
Charge for the year	-	(0.3)	(2.0)	(2.3)
Impairment charge	(26.0)	-	-	(26.0)
Disposals	-	0.3	1.2	1.5
Exchange adjustments	0.1	0.1	-	0.2
At 30 September 2014	(244.7)	(15.1)	(11.9)	(271.7)
Charge for the year	-	(0.1)	(2.2)	(2.3)
Disposals	-	3.1	2.7	5.8
Exchange adjustments	(1.9)	(0.3)	(0.5)	(2.7)
At 30 September 2015	(246.6)	(12.4)	(11.9)	(270.9)
Net book value at 30 September 2015	40.9	-	2.9	43.8
Net book value at 30 September 2014	40.9	0.1	3.4	44.4
Net book value at 1 October 2013	86.3	0.4	3.1	89.8

Impairment assessments for goodwill and other intangibles

The goodwill balance at 30 September 2015 and 30 September 2014 relates to the UK.

In September 2015 the Group performed its annual impairment assessment of goodwill. This assessment concluded that no impairment was required. The estimated recoverable amount for the UK business exceeded its carrying value by £8.0m.

Although goodwill is not considered to be impaired at 30 September 2015, a reasonably possible change in the discount rate or forecast cash flows could give rise to an impairment.

9. Cash and cash equivalents

	2015	2014
	£m	£m
Cash at bank and in hand	2.5	7.5
Cash and cash equivalents	2.5	7.5

10. Financial liabilities - loans, borrowings and overdrafts

Current liabilities

	Interest rate at 30 September 2015	Interest rate at 30 September 2014	2015	2014
			£m	£m
Bank overdraft	3.0%	-	0.9	-
Sterling revolving loan	3.0%	-	3.4	-
Total			4.3	-

The interest-bearing loans and overdraft are repayable as follows:

	2015	2014
	£m	£m
Within one year	4.3	-
Total	4.3	-

In May 2015, the Group negotiated a new multicurrency revolving and overdraft facility to replace its existing facility which was due to expire in December 2015. The total facility available to the Group at 30 September 2015 amounts to £5.5m and this can be drawn in sterling, US Dollars or Euros. The term runs until 31 December 2017 with options to increase the facility by £2.0m and to extend it to 31 December 2019. The Group has granted security to the banks and the availability of the facility is subject to certain covenants.

Fees relating to the new facility amounted to £0.2m and these are being amortised over the initial term of the facility. The bank borrowings and interest are guaranteed by Future plc, Future Holdings 2002 Limited, Future Publishing Limited, Future US, Inc, Future Publishing (Overseas) Limited, Future IP Limited and FutureFolio Limited.

Interest payable under the current credit facility is calculated as the cost of one-month LIBOR (currently approximately 0.5%) plus an interest margin of between 2.00% and 2.50%, dependent on the level of Bank EBITDA.

The Group has covenants in respect of net debt/bank EBITDA(E), bank EBITDA(E)/interest and capital expenditure, all of which were met at 30 September 2015. For covenant purposes, net debt is exclusive of non-current tax and other payables and Bank EBITDA(E) is not materially different to statutory EBITDA(E).

11. Provisions

	Property
	£m
At 1 October 2014	2.8
Charged in the year	0.2
Utilised in the year	(0.9)
At 30 September 2015	2.1

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The vacant property provision is expected to be utilised over the next five years. The majority of the dilapidations provision is expected to be utilised within the next 12 months.

12. Related party transactions

The Group had no material transactions with related parties in 2015 or 2014 which might reasonably be expected to influence decisions made by users of these financial statements.

13. Post balance sheet event

On 27 November 2015 the Group announced its intention to raise funds of up to £3.3m by way of a placing of Ordinary shares in Future plc.