

18 May 2015

Future plc

Transformation nearing completion - business returned to profitability

Future plc (LSE: FUTR, "Future", "the Group"), the international media group and leading digital publisher, today announces its interim results for the six months ended 31 March 2015.

	Continuing operations	
	2015	2014
	£m	£m
Revenue	30.8	35.8
EBITDAE*	1.8	(3.7)
Operating profit/(loss) pre exceptional items	0.4	(5.3)
Exceptional items**	(1.4)	(18.5)
Loss before tax	(1.3)	(24.3)
Adjusted earnings/(loss) per share***	0.1p	(1.6)p
Net cash /(debt)	4.7	(7.8)

Highlights

- Transformation programme nearing completion
- Growing digital advertising revenue 14% year-on-year
 - o Digital and Diversified revenues now 50% of total revenues
- Profitable in both the UK and US
- Audience engagement continues to be strong
 - o Digital reach up 7% year-on-year to 72 million
 - o Market leadership
 - Consumer Technology (in the UK) via TechRadar - audience of 19.9m, up 4% year-on-year; and
 - Gaming via PCGamer - audience of 8.2m, up 51% and GamesRadar - audience of 7.9m, up 20%
 - o Over 480,000 subscribers worldwide
- Balance sheet strengthened, with net cash of £4.7m at 31 March 2015
 - o Successful refinancing of banking facilities in May 2015
- Positive EBITDAE in the first half which is expected to continue in the second half

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

"Both the UK and US businesses have reported profits in the first half – in the US this is the first time in seven years - as the Transformation programme starts to deliver results and puts us on a stable footing."

"Momentum is clearly building, with half our revenues now coming from digital & diversified activities. This is an important milestone for the business."

"We expect the trends seen in the first half to continue into the second half of the current financial year."

* EBITDAE represents earnings before interest, tax, depreciation, amortisation and impairment of intangible assets and exceptional items.

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

*** Adjusted earnings/(loss) per share exclude exceptional items, impairment of intangible assets and related tax effects.

Enquiries:

Future plc

020 7042 4400

Zillah Byng-Maddick, Chief Executive Officer
Richard Haley, Chief Financial Officer

Instinctif Partners

020 7457 2020

Adrian Duffield/Lauren Foster

Overview

The Transformation programme that commenced in the prior year is now nearing completion. The first half has seen the business stabilised and gaining momentum with the strategy beginning to deliver meaningful results. Future has transitioned to become a digitally diversified content business.

Its strategy has content at its heart; creating content that connects with audiences, customers and consumers is at the centre of everything it does, underpinned by a leaner, simpler business and a strengthened balance sheet.

The Group has resumed from where it left off in the final quarter of FY14 and has achieved a positive EBITDAE in the first half which is set to continue in the second half.

Future's strategy is to create unique award-winning content which underpins its brands. Both the Group's market-leading digital sites (TechRadar and PCGamer) have grown in the first half, with TechRadar now having a global reach of 19.9 million and PCGamer doubling its audience to 8.2million in the last 12 months. This market leadership allows the Group to use analytics to refine the two key consumer experiences delivered – "review led" content and "how to" content.

Future continues to grow its digital and diversified revenues, which are up 2% year-on-year and for the first time account for 50% of total Group revenues. Total revenues are down year-on-year from £35.8m to £30.8m as the Group continues to manage the decline in print and exit loss-making activities. Importantly, gross contribution margin has improved to 28% (2014: 14%) as the Group focuses on more profitable revenue activities.

The Group was profitable in both the UK and US during the first half with EBITDAE of £1.8m (2014: £3.7m loss) reflecting improved operating margin from digital and diversified activities as well as an overall lower cost base. This performance is underpinned by growth in Future's digital and diversified revenues, which includes digital activities, FutureFolio, Future Fusion and events.

The Group's balance sheet has been strengthened, with a cash position of £4.7m at 31 March 2015. Due to the timing of working capital payments some of this is expected to unwind in the second half.

The Group successfully refinanced its bank facilities in May 2015 with maximum committed facilities of £5.5m available until December 2017.

Operational review

The Group made good progress in areas of strategic importance with e-commerce revenues up 250%, events revenues up 15% and digital advertising revenues up 14%.

The quality of the Future digital audience, and the unique data insight available to advertisers has underpinned Future's growing digital advertising revenues. Using the same data analytics to anticipate the next most appropriate experience in the customer online journey on site, enabled Future to capitalise on the ever-growing Black Friday and Cyber Monday online sales period which saw global traffic up by 20% and gross sales order volumes of £3m.

Future continues to hold brand leadership positions in all the verticals it creates content in (Technology, Games & Entertainment and Photography & Creative), with 49 million users a month accessing Future's websites. In the first half creativebloq became the number 1 digital design content website in the UK, the relaunched PC Gamer site has seen audience growth of more than 50% year-on-year, while TechRadar had its largest ever number of page views in March 2015 at 61 million.

The Group has three market leading properties; TechRadar which continues to be Future's largest single online property, reaching on average almost 20 million technology consumers globally every month and PCGamer and GamesRadar which have a combined monthly reach of over 16 million gamers each month, growing nearly 60% in the last 12 months.

The Group's portfolio enables it to be at the centre of an increasingly digital and technology-led world. The brands and content created help to connect consumers with these trends and ensure that Future meets their evolving needs. Future continues to be committed to offering its content wherever customers want it as demonstrated by the multi-platform re-launch of the iconic T3 magazine which has already begun to see promising results.

A strong performance in events was underpinned by The Photography Show which was held in March 2015 at Birmingham's NEC and attended by over 30,000 consumers and professionals. The show was a resounding success with revenues up 42% year-on-year.

The Group re-platformed nearly all of its websites to enable them to be viewed seamlessly on multiple devices. This was a core part of the Transformation strategy, enabling the organisation to be more efficient in the use of its technology expertise, while ensuring all its consumers have an optimal online experience.

The Group continues to look at opportunities to meet its customers needs via content online, in print and (where appropriate) in complementary experiential events.

Current trading and outlook

The Transformation programme that commenced in the prior year is nearing completion. The Group's focus has shifted from clarifying organisational strategy and shape to building momentum and creating stability across key brands and audiences and generating cash and profits.

The business is focused on growing the key digital and diversified revenue streams (advertising, events, licensing and e-commerce) whilst managing a steady decline in print.

Future expects the encouraging trends experienced in the first half to continue into the second half of the financial year. The seasonality of the business means that Q3 is usually the quietest quarter while Q4 is typically the strongest quarter.

Financial review

Financial summary

Continuing operations	2015 £m	2014 £m
Revenue	30.8	35.8
EBITDAE	1.8	(3.7)
Depreciation	(0.2)	(0.5)
Amortisation	(1.2)	(1.1)
EBITE	0.4	(5.3)
Exceptional items	(1.4)	(1.7)
Impairment	-	(16.8)
Operating loss	(1.0)	(23.8)
Net finance costs	(0.3)	(0.5)
Loss before tax	(1.3)	(24.3)

Loss per share (p)	(0.3)	(7.1)
Adjusted profit/(loss) per share (p)	0.1	(1.6)

The financial review is based primarily on a comparison of continuing results for the six months ended 31 March 2015 with those for the six months ended 31 March 2014. Unless otherwise stated, change percentages relate to a comparison of these two periods.

Revenue

Group revenue was £30.8m (2014: £35.8m) as Future continues to manage the decline in print and exit loss making activities. UK revenue was £24.8m (2014: £29.0m) and the US revenue was £6.3m (2014: £7.1m).

Digital and diversified revenues now represent 50% of Group revenues, up from 42% last year, driven by continued growth in e-commerce, events and digital display advertising, three areas of strategic importance.

	2015 £m	2014 £m
Digital and Diversified	15.3	15.0
Print	15.5	20.8
Total revenue	30.8	35.8

In the UK, digital and diversified revenues increased by 5%, and had strong growth in events. Over 30,000 consumers and professionals attended The Photography Show at Birmingham's NEC, generating £2.0m in revenue. This has partially offset the continued decline in print revenue.

Digital advertising in the UK now represents 71% (2014: 62%) of UK advertising revenue.

In the US, although digital and diversified revenues were down – the result of exiting some low margin activities - digital display advertising and e-commerce revenues grew by 40% and 100% respectively year-on-year. Digital and diversified revenues now account for 68% of US revenues (up from 63% last year). Circulation revenue overall fell by 30%. Print advertising, despite a decline in print core content revenue, was static year-on-year, demonstrating the Group's ability to leverage its specialised content.

Digital advertising in the US now represents 80% (2014: 74%) of Future's US advertising revenues. This growth reflects the strategy to fast-track the transition to a digital model, appropriate to the US market.

EBITDAE

The Group's EBITDAE was £1.8m (2014: £3.7m loss). The UK EBITDAE was £1.8m (2014: £2.2m loss) and the US EBITDAE was a small profit (2014: £1.5m loss).

The impact of the Transformation Programme has been seen in the first half with total staff costs and other overheads down 28% to £16.8m (2014: £23.4m).

Exceptional items

Exceptional costs amounted to £1.4m (2014: £1.7m). These consist of property related costs of £1.2m, incurred as a result of continuing the rationalisation of the Group's property portfolio and redundancy costs of £0.5m. An exceptional gain of £0.3m was made from selling a property in Bath.

Net finance costs

Net finance costs were reduced to £0.3m (2014: £0.5m) as the Group has been cash positive for the whole of the first half.

Taxation

The tax credit for the six months ended 31 March 2015 is based on the effective rate, estimated on a full year basis by territory, being applied to the taxable profits or losses of each territory for the six months ended 31 March 2015.

Earnings/(loss) per share

Earnings/(loss) per share	2015	2014
Basic loss per share (p)	(0.3)	(7.1)
Adjusted earnings / (loss) per share (p)	0.1	(1.6)

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 £0.5m (2014: loss of £5.3m) and the weighted average number of shares in issue was 333m (2014: 332m).

Dividend

The Board does not recommend an interim dividend.

Cash flow and net debt

Net cash at 31 March 2015 was £4.7m (2014: net debt £7.8m), an increase of £12.5m in the year.

There was a cash inflow from operations before exceptional items of £1.5m (2014: inflow of £4.1m). Net cash inflows from the sale of a property in Bath amounted to £1.2m. Net capex was £1.2m in H1 and is expected to be £0.8m in H2.

2014 exceptional costs are still impacting cashflow in 2015 and a further £1.0m is expected to flow out in H2.

Credit facility and covenants

The Group successfully refinanced in May 2015, with maximum committed facilities of £5.5m available until 31 December 2017 and options to extend both the amount and the term.

The Group was in compliance with all the covenants under its existing facility at 31 March 2015.

Principal risks and uncertainties

The principal risks and uncertainties for the remainder of the year are largely unchanged from those detailed in the Group's Annual Report and Accounts for the year ended 30 September 2014. Reference should be made to page 9 of the 2014 Annual Report and Accounts for more details on the potential impact of these risks and examples of mitigation.

Consolidated income statement

for the six months ended 31 March 2015

	Note	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Continuing operations				
Revenue	1,2	30.8	35.8	66.0
Operating profit/(loss) before depreciation, amortisation, exceptional items and impairment of intangible assets	1	1.8	(3.7)	(7.0)
Depreciation		(0.2)	(0.5)	(1.0)
Amortisation		(1.2)	(1.1)	(2.3)
Exceptional items	4	(1.4)	(1.7)	(7.5)
Impairment of intangible assets		-	(16.8)	(16.8)
Operating loss	3	(1.0)	(23.8)	(34.6)
Net finance costs	6	(0.3)	(0.5)	(0.8)
Loss before tax	1	(1.3)	(24.3)	(35.4)
Tax on loss	7	0.4	0.6	0.5
Loss for the period from continuing operations		(0.9)	(23.7)	(34.9)
Discontinued operations				
(Loss)/profit for the period from discontinued operations	10	-	(6.3)	1.0
Loss for the period attributable to owners of the parent		(0.9)	(30.0)	(33.9)

Loss per 1p Ordinary share

	Note	6 months to 31 March 2015 pence	6 months to 31 March 2014 pence	12 months to 30 September 2014 pence
Basic loss per share – Total Group	9	(0.3)	(9.0)	(10.2)
Diluted loss per share – Total Group	9	(0.3)	(9.0)	(10.2)
Basic loss per share – Continuing operations	9	(0.3)	(7.1)	(10.5)
Diluted loss per share – Continuing operations	9	(0.3)	(7.1)	(10.5)

Consolidated statement of comprehensive income

for the six months ended 31 March 2015

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Loss for the period	(0.9)	(30.0)	(33.9)
Items that may be reclassified to the consolidated income statement			
Continuing operations			
Currency translation differences	0.1	0.2	(0.1)
Net fair value losses on cash flow hedges	-	(0.2)	(0.2)
Other comprehensive profit/(loss) for the period from continuing operations	0.1	-	(0.3)
Total comprehensive loss for the period attributable to continuing operations	(0.8)	(23.7)	(35.2)
Total comprehensive (loss)/profit for the period attributable to discontinued operations	-	(6.3)	1.0
Total comprehensive loss for the period attributable to owners of the parent	(0.8)	(30.0)	(34.2)

Consolidated statement of changes in equity

for the six months ended 31 March 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
Balance at 1 October 2014	3.3	24.8	109.0	(0.3)	-	-	(104.2)	32.6
Loss for the period	-	-	-	-	-	-	(0.9)	(0.9)
Currency translation differences	-	-	-	-	-	-	0.1	0.1
Other comprehensive income for the period	-	-	-	-	-	-	0.1	0.1
Total comprehensive loss for the period	-	-	-	-	-	-	(0.8)	(0.8)
Share schemes	5	-	-	-	-	-	-	-
- Value of employees' services	-	-	-	-	-	-	-	-
Balance at 31 March 2015	3.3	24.8	109.0	(0.3)	-	-	(105.0)	31.8
Balance at 1 October 2013	3.3	24.8	109.0	(0.3)	0.2	-	(69.6)	67.4
Loss for the period	-	-	-	-	-	-	(30.0)	(30.0)
Currency translation differences	-	-	-	-	-	-	0.2	0.2
Cash flow hedges	-	-	-	-	-	(0.2)	-	(0.2)
Other comprehensive (loss)/income for the period	-	-	-	-	-	(0.2)	0.2	-
Total comprehensive loss for the period	-	-	-	-	-	(0.2)	(29.8)	(30.0)
Final dividend relating to 2013	8	-	-	-	-	-	(0.7)	(0.7)
Share schemes	5	-	-	-	-	-	-	-
- Value of employees' services	-	-	-	-	-	-	-	-
Balance at 31 March 2014	3.3	24.8	109.0	(0.3)	-	-	(100.1)	36.7
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	8	-	-	-	-	-	(0.7)	(0.7)
Share schemes	5	-	-	-	-	-	0.1	0.1
- Value of employees' services	-	-	-	-	-	-	-	-
Balance at 30 September 2014	3.3	24.8	109.0	(0.3)	-	-	(104.2)	32.6

Consolidated balance sheet

as at 31 March 2015

	Note	31 March 2015 £m	31 March 2014 £m	30 September 2014 £m
Assets				
Non-current assets				
Property, plant and equipment	11	0.8	2.3	1.0
Intangible assets - goodwill		40.9	60.2	40.9
Intangible assets - other		3.2	3.5	3.5
Investment in associate		-	0.2	-
Deferred tax		0.6	0.9	0.5
Total non-current assets		45.5	67.1	45.9
Current assets				
Inventories		0.4	1.6	0.6
Financial assets - derivatives		-	0.2	-
Corporation tax recoverable		1.4	-	1.2
Trade and other receivables		11.1	18.9	12.8
Cash and cash equivalents		4.7	6.4	7.5
Non-current assets classified as held for sale		-	-	0.8
Total current assets		17.6	27.1	22.9
Total assets		63.1	94.2	68.8
Equity and liabilities				
Equity				
Issued share capital	12	3.3	3.3	3.3
Share premium account		24.8	24.8	24.8
Merger reserve		109.0	109.0	109.0
Treasury reserve		(0.3)	(0.3)	(0.3)
Accumulated losses		(105.0)	(100.1)	(104.2)
Total equity		31.8	36.7	32.6
Non-current liabilities				
Corporation tax payable		3.9	4.8	4.4
Deferred tax		0.7	1.2	0.7
Provisions		2.6	1.3	2.8
Other non-current liabilities		1.1	1.5	1.2
Total non-current liabilities		8.3	8.8	9.1
Current liabilities				
Financial liabilities - interest-bearing loans and borrowings		-	14.2	-
Financial liabilities - derivatives		-	0.1	-
Trade and other payables		22.1	34.2	25.9
Corporation tax payable		0.9	0.2	1.2
Total current liabilities		23.0	48.7	27.1
Total liabilities		31.3	57.5	36.2
Total equity and liabilities		63.1	94.2	68.8

Consolidated cash flow statement

for the six months ended 31 March 2015

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Cash flows from operating activities			
Cash (used in)/generated from operations	(2.0)	2.6	(0.3)
Tax received	0.1	-	-
Interest paid	(0.4)	(0.5)	(1.0)
Tax paid	(0.5)	(0.9)	(1.5)
Net cash (used in)/generated from operating activities	(2.8)	1.2	(2.8)
Cash flows from investing activities			
Purchase of property, plant and equipment	(0.1)	(0.3)	(0.4)
Purchase of computer software and website development	(1.1)	(1.0)	(2.2)
Purchase of share in associate	-	(0.2)	(0.2)
Disposal of property, plant and equipment	1.2	-	-
Disposal of magazine titles and trademarks	-	-	22.3
Costs of business disposals	-	-	(1.0)
Net cash (used in)/generated from investing activities	-	(1.5)	18.5
Cash flows from financing activities			
Draw down of bank loans	-	3.8	3.8
Repayment of bank loans	-	(1.0)	(15.6)
Bank arrangement fees	-	-	(0.5)
Equity dividends paid	-	(0.7)	(0.7)
Net cash generated from/(used in) financing activities	-	2.1	(13.0)
Net (decrease)/increase in cash and cash equivalents	(2.8)	1.8	2.7
Cash and cash equivalents at beginning of period	7.5	4.6	4.6
Exchange adjustments	-	-	0.2
Cash and cash equivalents at end of period	4.7	6.4	7.5
Amount attributable to continuing operations	4.7	6.4	7.5

Notes to the consolidated cash flow statement

for the six months ended 31 March 2015

A. Cash (used in)/generated from operations

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

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
(Loss)/profit for the period – Continuing operations	(0.9)	(23.7)	(34.9)
– Discontinued operations	-	(6.3)	1.0
Loss for the period – Total Group	(0.9)	(30.0)	(33.9)
Adjustments for:			
Depreciation charge	0.2	0.5	1.0
Amortisation of intangible assets	1.2	1.1	2.3
Impairment of intangible assets	-	26.0	26.0
Profit on disposal of property, plant and equipment	(0.3)	-	-
Profit on disposal of magazine titles and trademarks	-	-	(3.5)
Share schemes			
- Value of employees' services	-	-	0.1
Net finance costs	0.3	0.5	0.8
Tax credit	(0.4)	(0.6)	(0.8)
Profit/(loss) before changes in working capital and provisions	0.1	(2.5)	(8.0)
Movement in provisions	(0.2)	(0.2)	1.3
Decrease in inventories	0.2	0.3	1.0
Decrease in trade and other receivables	1.8	2.5	9.6
(Decrease)/increase in trade and other payables	(3.9)	2.5	(4.2)
Cash (used in)/generated from operations	(2.0)	2.6	(0.3)

B. Analysis of net cash

	1 October 2014 £m	Cash flows £m	31 March 2015 £m
Cash and cash equivalents	7.5	(2.8)	4.7
Net cash	7.5	(2.8)	4.7

C. Reconciliation of movement in net debt

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Net cash/(debt) at start of period	7.5	(6.9)	(6.9)
(Decrease)/increase in cash and cash equivalents	(2.8)	1.8	2.7
Movement in borrowings	-	(2.8)	11.8
Non-cash changes	-	(0.1)	(0.4)
Exchange movements	-	0.2	0.3
Net cash/(debt) at end of period	4.7	(7.8)	7.5

Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 31 March 2015 has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union, and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The interim financial information contained in the Interim Report should be read in conjunction with the Annual Report for the year ended 30 September 2014.

The Interim Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and has not been audited. A copy of the statutory financial statements for the year ended 30 September 2014 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, although it did contain an emphasis of matter in relation to going concern, and it did not contain any statements under section 498(2) or section 498(3) of the Companies Act 2006. The auditors have carried out a review of the Interim Report and their review report is included at the back of this report.

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

- The Directors have decided to focus on EBITDAE rather than EBITE to align the Group's internal and external reporting.

The Group has represented its income statement for the six months ended 31 March 2014 to reflect the presentation of the titles disposed in July and August 2014 as discontinued operations, in accordance with IFRS5 'Non-current assets held for sale and discontinued operations'.

There has been no material impact from the adoption of new standards, amendments to standards or interpretations which are relevant to the Group.

Going concern

As the Group has now successfully refinanced with significant liquidity headroom and fewer, less restrictive covenants the Directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the condensed consolidated interim financial information has been prepared on the going concern basis.

Notes to the financial information

for the six months ended 31 March 2015

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.

Segment revenue

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
UK	24.8	29.0	53.1
US	6.3	7.1	13.7
Revenue between segments	(0.3)	(0.3)	(0.8)
Total continuing operations	30.8	35.8	66.0

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

Segment EBITDAE

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
UK	1.8	(2.2)	(5.3)
US	-	(1.5)	(1.7)
Total segment EBITDAE from continuing operations	1.8	(3.7)	(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:

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Total segment EBITDAE from continuing operations	1.8	(3.7)	(7.0)
Depreciation	(0.2)	(0.5)	(1.0)
Amortisation	(1.2)	(1.1)	(2.3)
Exceptional items	(1.4)	(1.7)	(7.5)
Impairment of intangible assets	-	(16.8)	(16.8)
Net finance costs	(0.3)	(0.5)	(0.8)
Loss before tax from continuing operations	(1.3)	(24.3)	(35.4)

Notes to the financial information

for the six months ended 31 March 2015

2. Revenue

An additional analysis of the Group's revenue is shown below:

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Digital & Diversified	15.3	15.0	27.3
Print	15.5	20.8	38.7
Total continuing operations	30.8	35.8	66.0

3. Operating loss from continuing operations

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Revenue	30.8	35.8	66.0
Cost of sales	(20.6)	(28.5)	(50.6)
Gross profit	10.2	7.3	15.4
Distribution expenses	(1.7)	(2.4)	(4.6)
Administration expenses	(8.1)	(10.2)	(21.1)
Exceptional items	(1.4)	(1.7)	(7.5)
Impairment of intangible assets	-	(16.8)	(16.8)
Operating loss from continuing operations	(1.0)	(23.8)	(34.6)

4. Exceptional items from continuing operations

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Property related costs	1.2	-	1.3
Restructuring and redundancy costs	0.5	1.7	5.3
Profit on disposal of property	(0.3)	-	-
Provision for bad debts	-	-	0.9
Total	1.4	1.7	7.5

Notes to the financial information

for the six months ended 31 March 2015

5. Employee costs from continuing operations

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Wages and salaries	11.3	16.5	31.7
Social security costs	1.5	2.2	4.1
Other pension costs	0.4	0.6	1.1
Share schemes			0.1
- Value of employees' services	-	-	
Total employee costs from continuing operations	13.2	19.3	37.0

IFRS 2 'Share-based Payment' requires an expense for equity instruments granted to be recognised over the appropriate vesting period, measured at their fair value at the date of grant.

The fair value has been calculated using the Monte Carlo and Black-Scholes models, using the most appropriate model for each scheme. Assumptions have been made in these models for expected volatility, risk-free rates and dividend yields.

Key management personnel compensation

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Salaries and other short-term employee benefits	0.4	0.4	0.8
Termination benefits	-	0.2	0.5
Share schemes	-	(0.1)	-
- Value of employees' services			
Total	0.4	0.5	1.3

Key management personnel are deemed to be the members of the Board of Future plc. It is this Board which has responsibility for planning, directing and controlling the activities of the Group.

6. Net finance costs

	6 months to 31 March 2015 £m	6 months to 31 March 2014 £m	12 months to 30 September 2014 £m
Interest payable on interest-bearing loans and borrowings	(0.1)	(0.3)	(0.6)
Fair value gain on interest rate derivatives not in a hedge relationship	-	0.1	0.2
Amortisation of bank loan arrangement fees	(0.2)	(0.1)	(0.5)
Other finance costs	(0.1)	(0.1)	(0.3)
Exchange gains/(losses)	0.1	(0.1)	0.4
Net finance costs	(0.3)	(0.5)	(0.8)

Notes to the financial information

for the six months ended 31 March 2015

7. Tax on loss

The tax credit for the six months ended 31 March 2015 is based on the effective rate, estimated on a full year basis by territory, being applied to the taxable profits or losses of each territory for the six months ended 31 March 2015.

Consistent with prior periods the Group corporation tax provision reflects management's estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with Her Majesty's Revenue and Customs and other tax authorities.

8. Dividends

	6 months to 31 March 2015	6 months to 31 March 2014	12 months to 30 September 2014
Equity dividends			
Number of shares in issue at end of period (million)	334.4	333.7	333.8
Dividends paid and payable in period (pence per share)	-	0.2	0.2
Dividends paid and payable in period (£m)	-	0.7	0.7

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which they are approved.

The dividends totalling £0.7m paid during the period ended 31 March 2014 and the year ended 30 September 2014 represent the final dividend for the year ended 30 September 2013 of 0.2 pence per share.

9. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the period. 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.

The adjusted earnings per share removes the effect of exceptional items, impairment of intangible assets and any related tax effects from the calculation as follows:

Adjustments to loss after tax

	6 months to 31 March 2015			6 months to 31 March 2014			12 months to 30 September 2014		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
(Loss)/profit after tax	(0.9)	-	(0.9)	(23.7)	(6.3)	(30.0)	(34.9)	1.0	(33.9)
Exceptional items	1.4	-	1.4	1.7	-	1.7	7.5	(3.5)	4.0
Impairment of intangible assets	-	-	-	16.8	9.2	26.0	16.8	9.2	26.0
Tax effect of the above adjustments	-	-	-	(0.1)	-	(0.1)	-	(0.3)	(0.3)
Adjusted profit/(loss) after tax	0.5	-	0.5	(5.3)	2.9	(2.4)	(10.6)	6.4	(4.2)

for the six months ended 31 March 2015

9. Earnings per share (continued)

	6 months to 31 March 2015	6 months to 31 March 2014	12 months to 30 September 2014
Weighted average number of shares in issue during the period:			
- Basic	332,582,787	332,078,731	332,208,630
- Dilutive effect of share awards	1,941,925	4,044,900	2,814,149
- Diluted	334,524,712	336,123,631	335,022,779

	6 months to 31 March 2015			6 months to 31 March 2014			12 months to 30 September 2014		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic (loss)/earnings per share (in pence)	(0.3)	-	(0.3)	(7.1)	(1.9)	(9.0)	(10.5)	0.3	(10.2)
Adjusted basic (loss)/earnings per share (in pence)	0.1	-	0.1	(1.6)	0.9	(0.7)	(3.2)	1.9	(1.3)
Diluted (loss)/earnings per share (in pence)	(0.3)	-	(0.3)	(7.1)	(1.9)	(9.0)	(10.5)	0.3	(10.2)
Adjusted diluted (loss)/earnings per share (in pence)	0.1	-	0.1	(1.6)	0.9	(0.7)	(3.2)	1.9	(1.3)

The adjustments to (loss)/profit have the following effect:

[illegible]

per share (pence)	0.1	-	0.1	(1.6)	0.9	(0.7)	(3.2)	1.9	(1.3)
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Notes to the financial information

for the six months ended 31 March 2015

10. Discontinued operations

i) Disposal of Sport and Craft titles

During the year ended 30 September 2014 the Group disposed of a portfolio comprising its Sport titles and Craft titles and as such the results of this portfolio were included within discontinued operations. The portfolio was sold for cash proceeds of £20.0m, resulting in a profit on disposal of £1.1m. The portfolio's loss for the year was £(4.4)m, giving an overall loss from discontinued operations of £(3.3)m.

ii) Disposal of Auto titles and Triathlon Plus

During the year ended 30 September 2014 the Group disposed of a portfolio comprising its Auto titles and Triathlon Plus and as such the results of this portfolio were included within discontinued operations. The portfolio was sold for initial cash proceeds of £1.8m, resulting in a profit on disposal of £2.2m. The portfolio's profit for the year was £1.2m, giving an overall profit from discontinued operations of £3.4m.

iii) Disposal of Fast Bikes

During the year ended 30 September 2014 the Group disposed of Fast Bikes magazine and associated website and as such the results of this portfolio were included within discontinued operations. The portfolio was sold for cash proceeds of £0.5m, resulting in a profit on disposal of £0.5m. The portfolio's profit for the year was £0.4m, giving an overall profit from discontinued operations of £0.9m.

11. Property, plant and equipment

The Group sold one of its UK properties for £1.2m in November 2014, making a gain of £0.3m.

12. Issued share capital

During the period 653,725 Ordinary shares (31 March 2014: 318,582) with a nominal value of £6,537 (31 March 2014: £3,186) were issued by the Company for a total cash commitment of £nil (31 March 2014: £7,078), pursuant to share scheme exercises.

As at 31 March 2015 there were 334,435,198 Ordinary shares in issue (31 March 2014: 333,717,409).

13. Contingent assets and contingent liabilities

At 31 March 2015 there were no material contingent assets or contingent liabilities (31 March 2014: £nil).

14. Events after the balance sheet date

On 7 May 2015 the Group signed a new multicurrency revolving and overdraft facilities agreement with maximum committed facilities of £5.5m. The term runs until 31 December 2017 with options to increase the facility by £2.0m and to extend it to 31 December 2019.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge the condensed interim financial information contained in the Interim Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', 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 of the financial year and their impact on the condensed set of financial statements; 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.

Richard Haley was appointed as Chief Financial Officer on 1 October 2014. Hugo Drayton was appointed as an independent non-executive Director on 1 December 2014.

A list of current Directors is maintained on the Future plc website, www.futureplc.com.

By order of the Board

Directors

Peter Allen

Chairman

Zillah Byng-Maddick

Chief Executive

Richard Haley

Chief Financial Officer

Manjit Wolstenholme

Senior independent non-executive Director

Hugo Drayton

Independent non-executive Director

Mark Wood

Non-executive Director

18 May 2015

The maintenance and integrity of the Future plc website 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 financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent review report to Future plc

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim Report of Future plc for the six months ended 31 March 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Future plc, comprise:

- the Consolidated balance sheet as at 31 March 2015;
- the Consolidated income statement for the period then ended;
- the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated cash flow statement for the period then ended;
- the Consolidated statement of changes in equity for the period then ended;
- the Notes to the consolidated cash flow statement; and
- the explanatory notes to the consolidated interim financial statements.

As disclosed in the basis of preparation, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Independent review report to Future plc

RESPONSIBILITIES FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the Directors

The Interim Report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
18 May 2015