28th April 2015

Next Fifteen Communications Group plc

Final results for the period ended 31 January 2015

Next Fifteen Communications Group plc ("Next 15" or the "Group"), the digital communications group, today announces its final results for the eighteen and twelve months ended 31 January 2015.

Headline financial results for the twelve months to 31 January 2015

	Twelve months to 31st January 2015 (Unaudited)	Twelve months to 31st January 2014 (Unaudited)	
Revenue	£109.2m	£98.7m	+11%
EBITDA	£14.6m	£10.6m	+38%
Operating Profit	£12.7m	£8.8m	+44%
Operating Profit Margin	11.7%	8.9%	
PBT	£12.5m	£8.3m	+51%
Diluted EPS	13.2p	7.4p	+78%
Dividend per share	3.5p	2.6p	+33%
Net cash generated from operations	£15.6m	£7.5m	

Headline results represent the performance for the 12 months to 31 January 2015 adjusted to exclude amortisation, impairments, restructuring charges and certain other non-recurring items as detailed on page 23.

Corporate Progress

- Revenues increased by 10.6% to £109.2m from £98.7m last year
- Group organic revenue growth of 6.1% with double digit growth of 11.3% in the US
- Significant clients wins including Twitter, Time Warner Cable and Vimeo
- Simplification of operations in EMEA and APAC & Co-location of San Francisco offices
- Significant improvement in operating profit margins led by non-US regions
- Acquisition of Encore, a programmatic advertising technology business

Statutory financial results for the eighteen months to 31 January 2015

	Eighteen months to 31st January 2015 (Audited)	Twelve months to 31st July 2013 (Audited)
Revenue	£158.5m	£96.1m
Retained profit	£0.9m	£0.7m
Diluted EPS	(0.2)p	0.5p
Dividend per share	5.5p	2.6p

Statutory retained profit has remained relatively flat at £0.9m (2013: £0.7m) following a period of significant restructure.

Commenting on the results, Chairman of Next 15, Richard Eyre said:

Next 15 continues to make good progress with strong revenue growth in the US and an improving margin performance from its operations in the rest of the world, notably the UK. The acquisition of Encore and investment in Animl, which we've announced today, are in line with the Group's strategy of investing in businesses that deliver great content, insight and the technology that enables these. The Group has got off to an encouraging start to its new financial year, with trading patterns of the last twelve months continuing.

For further information contact:

Next Fifteen Communications Group plc
Tim Dyson, Chief Executive
+1 415 350 2801

Peter Harris, Chief Financial Officer
+44 (0) 20 8846 0853

Investec Bank plc
Keith Anderson, Matt Lewis, Dominic Emery
+44 (0) 20 7597 4000

Bite Communications Limited
David Mercer
+44 (0) 20 8834 3472
NextFifteen@biteglobal.com

Notes:

Change of year end
In April 2014 the Group announced its intention to change its accounting reference date and financial year end from 31 July to 31 January to better align with the client budgeting cycle, which is typically based on December year ends. This has given the Group's agencies greater visibility of client spend during our fiscal year, when building their internal budgets and has led to a better Group budgeting process. Accordingly, the audited statutory accounts cover the 18 months to 31 January 2015 compared with the previous audited 12 month period to 31 July 2013.

Headline results
In order to better aid shareholders' understanding of the underlying performance of the business, the headline results have been presented based on the unaudited 12-month periods to 31 January 2015 and 2014.
The 12-month results are reconciled to audited results within the Appendix to this report.
The term headline is not a defined term in IFRS. The items that are excluded from headline results are detailed within the appendix.

Chairman and Chief Executive's Statement

Next 15 is pleased to announce its final results for the twelve and eighteen months to 31 January 2015, following its decision to move the year end of the Group to January. The last eighteen months have been an active period for management. In particular, the Board has taken a series of steps to improve the performance of the Group. These included the hiring of a new CFO in Peter Harris, who has already made a significant impact; greater focus on the UK business and the simplification of operations in EMEA and Asia Pacific. We are pleased to report that these steps are proving successful. When combined with the continued strong performance by the US businesses, they have resulted in solid growth and another set of record results for the Group. Headline revenues in the 12 months to 31 January 2015 have increased 10.6% from £98.7m to £109.2m, while headline profit before tax increased 51% to £12.5m from £8.3m in 2014.

Accordingly, and with the long accounting period, audited statutory revenue for the eighteen month period increased to £158.5m from £96.1m in the prior year.

Alongside operational changes the Group has remained focused on its strategy to create a new type of integrated marketing group centred on the technology of marketing: data, insight, analytics, apps, content platforms and of course content itself. In the 12 month period to 31 January 2015, Google became the Group's largest client. The success of relationships with businesses such as Google, Facebook and Amazon testify to the Group's substantial progress in this.

Regional headline performance

Our US businesses have continued to perform strongly, led by our Outcast, M Booth, Text and Blueshirt agencies and our recent acquisition of the content advertising agency Story Worldwide. On a headline basis, in the year to 31 January 2015 headline revenues grew by 13% to £64.0m from £56.5m which equated to an organic growth rate of 11.3% taking account of movements in exchange rates and acquisitions over the last two years. Margins have remained consistently strong at above 20% but were impacted slightly by the acquisition of Story Worldwide which has historically achieved margins in low double digits. The headline operating profit was £14.1m compared with £13.7m in the previous headline results to 31 January 2014.

The progress outside the US has been impressive on a number of fronts. The UK business saw strong topline revenue growth of 27.3% and a significant improvement in its headline operating margins from 4.1% to 10.6%. This was the result of improved performances from both Bite and Lexis and the success of investments and acquisitions that included Agent3, Morar and Republic Publishing.

The simplification of the business in Asia and EMEA has delivered the expected improvements, with headline operating margins increasing from 1.9% to 8.0% in APAC and from -8.1% to 9.2% in EMEA, resulting in a business that is more able to compete in its various markets.

New incentivisation schemes

The Group has established a number of equity incentive plans for its subsidiary brands, whereby a percentage of the equity and an interest in the profits of the employing company may be distributed to selected employees. The purpose of these plans is to retain and incentivise senior management and has been successful in helping secure the acquisition of Story WorldWide and smooth management succession at OutCast and M Booth.

Balance sheet and operational review

Following the appointment of Peter Harris in March 2014, the Group undertook a detailed balance sheet and operational review. The Board is in the process of implementing a number of initiatives to improve the operating performance of our businesses. As a consequence, the Group has incurred a £7m goodwill write-down against its UK business and exceptional restructuring costs of £1.8m in the UK, EMEA and APAC during the period. The co-location of offices in San Francisco also gave rise to a non-cash exceptional cost of £1m in relation to the double rent period.

Accordingly, the Group reported a retained profit for the eighteen month period of £0.9m (12 months to 31 July 2013: £0.7m) while reported basic loss per share was 0.18p (2013: profit 0.56p).

Dividend

The Board has recommended a final dividend of 2.50p per share. Together with the first interim, second interim and transitional dividends declared during the period, this brings the total dividend for the eighteen months to 31 January 2015 to 5.50p per share. This represents a 3.50p pro forma total dividend for the year to 31 January 2015.

Current trading and Outlook

The Group has made an encouraging start to the new financial year with trading patterns in all markets continuing as in the second half of our last fiscal year. The recent placing of 3m shares which raised £4.3m net of costs is being put to work on investments in two UK businesses; first, the acquisition of a 30% stake in Animl, a specialist digital marketing consultancy that works with Unilever, and the second is the acquisition of Encore, a programmatic advertising technology business. While these are small companies, they are set to play important roles as we continue to modernise our business and become more relevant to clients. We are actively reviewing other acquisition opportunities.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

HEADLINE RESULTS: INCOME STATEMENT

	12 Months Ended 31 January 2015 £'000 (Unaudited)	12 Months Ended 31 January 2014 £'000 (Unaudited)
Revenue	**109,194**	98,749
Adjusted total operating charges	**(94,585)**	(88,193)
Adjusted EBITDA	**14,609**	10,556
Depreciation and Amortisation	**(1,883)**	(1,802)
Adjusted operating profit	**12,726**	8,754
Adjusted net finance expense	**(459)**	(473)
Share of (losses)/profits of associate	**268**	(10)
Adjusted profit before income tax	**12,535**	8,271
Tax on Adjusted Profit	**(2,998)**	(2,867)
Adjusted Retained Profit	**9,537**	5,404
Profit Attributable to Owners	**8,948**	4,929
Profit Attributable to Minorities	**589**	475

Weighted average number of ordinary shares	**60,949,534**	59,770,198
Dilutive weighted average number of ordinary shares	**67,633,298**	66,718,244

Adjusted earnings per share	**14.68**	8.25
Diluted adjusted earnings per share	**13.23**	7.39

HEADLINE RESULTS: CASH FLOW

	12 Months Ended 31 January 2015 £'000 (Unaudited)	12 Months Ended 31 January 2014 £'000 (Unaudited)
Net cash from operating activities	**15,644**	7,515
Net cash outflow from investing activities	**(14,842)**	(4,522)
Net cash outflow / (inflow) from financing activities	**2,041**	(3,156)
Cash and cash equivalents at beginning of the year	**6,217**	6,913
Exchange gains/(losses) on cash held	**255**	(533)
Cash and cash equivalents at end of the year	**9,315**	6,217

HEADLINE RESULTS: SEGMENTAL **(Unaudited)**

	UK £'000	**Europe & Africa £'000**	**US £'000**	**Asia Pacific £'000**	**Head Office £'000**	**Total £'000**
12 months ended 31 January 2015						
Revenue	**23,754**	**8,970**	**63,966**	**12,504**	**-**	**109,194**
Operating profit	**2,526**	**822**	**14,074**	**998**	**(5,694)**	**12,726**
Operating profit margin	**10.6%**	**9.2%**	**22.0%**	**8.0%**		**11.7%**
12 months ended 31 January 2014						
Revenue	18,656	9,957	56,528	13,608	-	98,749
Operating profit	757	(811)	13,667	257	(5,116)	8,754
Operating profit margin	4.1%	(8.1)%	24.2%	1.9%		8.9%

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED INCOME STATEMENT

FOR THE EIGHTEEN MONTH PERIOD ENDED 31 JANUARY 2015 AND TWELVE MONTH PERIOD ENDED 31 JULY 2013

	Note	Eighteen months ended 31 January 2015 £'000 (Audited)	Year ended 31 July 2013 £'000 (Audited)
Billings		185,900	113,360
Revenue	2	158,495	96,069
Staff costs		110,626	68,261
Depreciation		2,332	1,540
Amortisation		2,812	1,589
Impairment		7,000	1,950
(Credits) / Charges associated with misappropriation of assets		(65)	526
Other operating charges		32,149	19,198
Total operating charges		(154,854)	(93,064)
Operating profit	2	3,641	3,005
Finance expense	6	(4,699)	(3,331)
Finance income	7	1,129	2,490
Net finance expense		(3,570)	(841)
Share of profits / (losses) of associate		334	(79)
Profit before income tax	2,3	405	2,085
Income tax expense	4	516	(1,364)
Profit for the period		921	721
Attributable to:			
Owners of the parent		(107)	328
Non-controlling interests		1,028	393
		921	721
(Loss) / earnings per share			
Basic (pence)	8	(0.18)	0.56
Diluted (pence)	8	(0.16)	0.49

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

	Eighteen months ended 31 January 2015 £'000 (Audited)	Year ended 31 July 2013 £'000 (Audited)
Profit for the period	921	721
Other comprehensive (expense) / income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	418	951
Translation differences on long-term foreign currency intercompany loans	(77)	(118)
Net investment hedge	(104)	(229)
	237	604
Amounts reclassified and reported in the Income Statement		
Net investment hedge	(44)	-
	(44)	-
Other comprehensive income for the period	193	604
Total comprehensive income for the period	1,114	1,325
Total comprehensive income attributable to:		
Owners of the parent	86	932
Non-controlling interests	1,028	393
	1,114	1,325

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2015 AND 31 JULY 2013

	Note	31 January 2015 £'000 (Audited)	31 July 2013 £'000 (Audited)
Assets			
Property, plant and equipment		5,451	3,165
Intangible assets		44,915	41,369
Investment in equity accounted associate		294	1
Trade investment		211	219
Deferred tax asset		6,012	3,662
Other receivables		575	1,041
Total non-current assets		57,458	49,457
Trade and other receivables		31,254	26,646
Cash and cash equivalents	9	9,315	8,064
Corporation tax asset		788	2,883
Total current assets		41,357	37,593
Total assets		98,815	87,050
Liabilities			
Loans and borrowings	9	17,712	9,131
Deferred tax liabilities		177	1,388
Other payables		2,295	88
Provisions		642	345
Deferred consideration	9, 10	-	1,319
Contingent consideration	9, 10	3,333	2,945
Share purchase obligation	9, 10	4,990	3,251
Total non-current liabilities		(29,149)	(18,467)
Loans and borrowings	9	100	591
Trade and other payables		25,909	24,218
Provisions		926	62
Corporation tax liability		742	1,811
Derivative financial liabilities		-	206
Deferred consideration	9, 10	94	-
Share purchase obligation	9, 10	852	295
Contingent consideration	9, 10	3,841	3,207
Total current liabilities		(32,464)	(30,390)
Total liabilities		(61,613)	(48,857)
TOTAL NET ASSETS		**37,202**	**38,193**
Equity			
Share capital		1,545	1,494
Share premium reserve		8,272	7,557
Merger reserve		3,075	3,075
Share purchase reserve		(2,673)	(2,673)
Foreign currency translation reserve		3,525	3,184
Other reserves		(510)	(583)
Retained earnings		24,741	23,954
Total equity attributable to owners of the parent		37,975	36,008
Non-controlling interests		(773)	2,185
TOTAL EQUITY		**37,202**	**38,193**

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Foreign currency translation reserve £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
At 31 July 2013 (Audited)	**1,494**	**7,557**	**3,075**	**(2,673)**	**3,184**	**(583)**	**23,954**	**36,008**	**2,185**	**38,193**
Profit for the year	-	-	-	-	-	-	(107)	(107)	1,028	**921**
Other comprehensive income for the year	-	-	-	-	341	(148)	-	193	-	**193**
Total comprehensive income for the year	-	-	-	-	341	(148)	(107)	86	1,028	**1,114**
Shares issued in satisfaction of vested share options	35	82	-	-	-	-	-	117	-	**117**
Shares issued on acquisitions	16	633	-	-	-	-	-	649	-	**649**
Movement due to ESOP share purchases	-	-	-	-	-	(35)	-	(35)	-	**(35)**
Movement due to ESOP share option exercises	-	-	-	-	-	256	-	256	-	**256**
Movement in relation to share-based payments	-	-	-	-	-	-	580	580	-	**580**
Deferred tax on share-based payments	-	-	-	-	-	-	208	208	-	**208**
Share-based payment charge for disposal of equity in a subsidiary to employees	-	-	-	-	-	-	1,733	1,733	-	**1,733**
Dividends to Owners of the parent	-	-	-	-	-	-	(3,006)	(3,006)	-	**(3,006)**
Movement on reserves for non-controlling interests	-	-	-	-	-	-	1,206	1,206	(1,206)	**-**
Share options issued on acquisition of subsidiary	-	-	-	-	-	-	173	173	-	**173**
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	(1,896)	**(1,896)**
Non-controlling interest dividend	-	-	-	-	-	-	-	-	(884)	**(884)**
At 31 January 2015 (Audited)	**1,545**	**8,272**	**3,075**	**(2,673)**	**3,525**	**(510)**	**24,741**	**37,975**	**(773)**	**37,202**

[1] Other reserves include ESOP reserve and hedging reserve.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2013

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Foreign currency translation reserve £'000	Other reserves[1] £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
At 31 July 2012 (Audited)	**1,454**	**6,935**	**3,075**	**(2,673)**	**2,351**	**(133)**	**24,100**	**35,109**	**2,119**	**37,228**
Profit for the year	–	–	–	–	–	–	328	328	393	**721**
Other comprehensive income for the year	–	–	–	–	833	(229)	–	604	–	**604**
Total comprehensive income for the year	–	–	–	–	833	(229)	328	932	393	**1,325**
Shares issued in satisfaction of vested share options	27	72	–	–	–	–	–	99	–	**99**
Shares issued on acquisitions	13	550	–	–	–	–	–	563	–	**563**
Movement due to ESOP share purchases	–	–	–	–	–	(245)	–	(245)	–	**(245)**
Movement due to ESOP share option exercises	–	–	–	–	–	24	–	24	–	**24**
Movement in relation to share-based payments	–	–	–	–	–	–	569	569	–	**569**
Deferred tax on share-based payments	–	–	–	–	–	–	(84)	(84)	–	**(84)**
Share-based payment charge for disposal of equity in a subsidiary to employees	–	–	–	–	–	–	450	450	–	**450**
Dividends to Owners of the parent	–	–	–	–	–	–	(1,409)	(1,409)	–	**(1,409)**
Non-controlling interest arising on acquisition	–	–	–	–	–	–	–	–	176	**176**
Non-controlling interest dividend	–	–	–	–	–	–	–	–	(503)	**(503)**
At 31 July 2013 (Audited)	**1,494**	**7,557**	**3,075**	**(2,673)**	**3,184**	**(583)**	**23,954**	**36,008**	**2,185**	**38,193**

[1] Other reserves include ESOP reserve and hedging reserve.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

	Eighteen months ended 31 January 2015 £'000 (Audited)	Year ended 31 July 2013 £'000 (Audited)
Cash flows from operating activities		
Profit for the period	921	721
Adjustments for:		
Depreciation	2,332	1,540
Amortisation	2,812	1,589
Impairment	7,000	1,950
Finance expense	4,699	3,331
Finance income	(1,129)	(2,490)
Share of (profit) / loss from equity accounted associate	(285)	79
Loss on sale of property, plant and equipment	73	82
Income tax expense	(516)	1,364
Share-based payment charge	2,486	1,019
Net cash inflow from operating activities before changes in working capital	18,393	9,185
Change in trade and other receivables	(1,705)	(1,178)
Change in trade and other payables	2,234	2,910
Decrease in provision	285	269
	814	2,001
Net cash generated from operations	19,207	11,186
Income taxes paid	(3,031)	(2,686)
Net cash inflow from operating activities	16,176	8,500
Cash flows from investing activities		
Acquisition of subsidiaries and trade and assets, net of cash acquired	(5,597)	(961)
Payment of contingent and deferred consideration	(8,217)	(2,058)
Acquisition of property, plant and equipment	(3,712)	(1,786)
Proceeds on disposal of property, plant and equipment	24	-
Acquisition of intangible assets	(691)	(161)
Net movement in long-term cash deposits	230	(166)
Interest received	62	48
Net cash outflow from investing activities	(17,901)	(5,084)
Net cash from operating and investing activities	(1,725)	3,416

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

	Eighteen months ended 31 January 2015	Year ended 31 July 2013
	£'000 (Audited)	£'000 (Audited)
Net cash outflow from investing activities b/f	(1,725)	3,416
Cash flows from financing activities		
Proceeds from sale of own shares	90	95
Issue costs on issue of ordinary shares	(5)	(5)
Purchase of own shares	(34)	(221)
Capital element of finance lease rental repayment	(103)	(59)
Net movement in bank borrowings	8,090	(1,286)
Interest paid	(743)	(483)
Non-controlling interest dividend paid	(884)	(503)
Dividends paid to shareholders of the parent	(3,006)	(1,409)
Net cash outflow from financing activities	3,405	(3,871)
Net increase / (decrease) in cash and cash equivalents	1,680	(455)
Cash and cash equivalents at beginning of the period	8,064	8,436
Exchange (losses)/gains on cash held	(429)	83
Cash and cash equivalents at end of the period	9,315	8,064

NOTES TO THE PRELIMARY RESULTS

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

1) BASIS OF PREPARATION

The financial information in these results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the results are those the Group has applied in its financial statements for the period ending 31 January 2015. The comparative financial information for the full year ended 31 July 2013 has been derived from the audited statutory financial statements for that year. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

2) SEGMENT INFORMATION

Measurement of operating segment profit
The Board of Directors assesses the performance of the operating segments based on a measure of adjusted operating profit before intercompany recharges, which reflects the internal reporting measure used by the Board of Directors. This measurement basis excludes the effects of certain fair value accounting charges, including movement in fair value of financial instruments, unwinding of the discount on contingent and deferred consideration, unwinding of the discount on the share purchase obligation, changes in estimates of contingent consideration and share purchase obligations, amortisation of acquired intangibles, and goodwill impairment charges. Other information provided to them is measured in a manner consistent with that in the financial statements. Head office costs relate to group costs before allocation of intercompany charges to the operating segments. Intersegment transactions have not been separately disclosed as they are not material. The Board of Directors does not review the assets and liabilities of the Group on a segmental basis and therefore this is not separately disclosed.

	UK	**Europe and Africa**	**US and Canada**	**Asia Pacific**	**Head Office**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Eighteen months ended 31 January 2015 Revenue	**33,460**	**13,778**	**92,358**	**18,899**	**-**	**158,495**
Adjusted operating profit / (loss)	**3,299**	**584**	**21,018**	**1,208**	**(8,150)**	**17,959**
Year ended 31 July 2013 Revenue	19,119	10,504	52,468	13,978	-	96,069
Adjusted operating profit / (loss)	1,146	(217)	11,804	265	(4,778)	8,220

NOTES TO THE PRELIMARY RESULTS *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

2) SEGMENT INFORMATION *(Continued)*

A reconciliation of segment adjusted operating profit to profit before income tax is provided as follows:

	Eighteen months ended 31 January 2015 £'000	Year ended 31 July 2013 £'000
Segment adjusted operating profit	17,959	8,220
Amortisation of acquired intangibles	(2,375)	(1,379)
Impairment of goodwill	(7,000)	(1,950)
Restructuring and reorganisation costs associated with integrated digital transitions within brands	-	(779)
Charge associated with current period restructure (note 3)	(2,066)	-
Charges associated with equity transactions accounted for as share based payments (note 3)	(1,222)	(131)
Share-based payment charge for disposal of equity in a subsidiary to employees (note 3)	(684)	(450)
Charge associated with office moves in San Francisco (note 3)	(1,036)	-
Charges for misappropriation of assets (note 3)	-	(265)
Income from recovery and subsequent re-sale of assets (note 3)	65	318
Cost associated with investigation and response to fraudulent activity (note 3)	-	(579)
Total operating profit	**3,641**	**3,005**
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable (note 10)	(2,452)	(1,167)
Change in estimate of future contingent consideration and share purchase obligation payable (note 10)	(643)	647
Movement in fair value of interest rate cap-and-collar contract	206	114
Share of profit /(loss) from associate	334	(79)
Other finance expense	(743)	(483)
Other finance income	62	48
Profit before income tax	**405**	**2,085**

NOTES TO THE PRELIMARY RESULTS *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

3) RECONCILIATION OF PRO-FORMA FINANCIAL MEASURES

	Eighteen months ended 31 January 2015 £'000	Year ended 31 July 2013 £'000
Profit before income tax	405	2,085
Movement in fair value of interest rate cap-and-collar contract	(206)	(114)
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	2,452	1,167
Charges associated with misappropriation of assets[2]	-	265
Income from recovery and sale of misappropriated assets [2]	(65)	(318)
Cost associated with investigation and response to fraudulent activity[2]	-	579
Change in estimate of future contingent consideration and share purchase obligation payable	643	(647)
Charges associated with equity transactions accounted for as share based payments[4]	1,222	131
Share-based payment charge for disposal of equity in a subsidiary to employees[5]	684	450
Charge associated with current period restructure[1]	2,066	-
Restructuring and reorganisation costs associated with integrated digital transitions within brands	-	779
Charge associated with office moves in San Francisco[3]	1,036	-
Amortisation of acquired intangibles	2,375	1,378
Impairment of goodwill	7,000	1,950
Adjusted profit before income tax	**17,612**	**7,705**

Adjusted profit before income tax has been presented to provide additional information which may be useful to the reader, and it is a measure of performance used in the calculation of the adjusted earnings per share. This measure is considered to best represent the underlying performance of the business and so it is used for the vesting of employee share options and performance shares.

[1] Following the appointment of a new CFO in March 2014, the Group undertook a detailed balance sheet and operational review. Following this the Board is in the process of implementing a number of initiatives to improve the operational performance of the businesses. As a consequence, the Group has incurred a £7m goodwill write-down against its UK businesses, exceptional restructuring costs in the UK of £0.3m, EMEA £0.7m and in APAC £0.6m. This charge also includes £0.4m in relation to the change in Group CFO.

[2] Charges for misappropriation of assets relates to a fraud whereby cash was extracted from the business by a long-serving employee in a trusted position and hidden through recognition of fictitious assets and understated liabilities across two of the Group's North American Bite subsidiaries. In the current year the charge is income related to the recovery of funds through the sale of assets purchased with the misappropriated cash.

[3] On 27 August 2014, we signed a nine year lease at 100 Montgomery Street in San Francisco which will be the new location for all of our businesses in that city. There is a 12 month rent free period (including construction period) on the new premises but the Group has to account for the rental cost of the building equally over the term of the lease from 1 October 2014. Accordingly the Group has suffered a period of double rent from an accounting perspective.

[4] This transaction relates to the acquisition of the 20% minority interest in Bourne whereby performance shares were issued as partial consideration and a transaction whereby a restricted grant of Brand equity was given to key management in Story Worldwide in place of a traditional earnout.

[5] This transaction relates to a restricted grant of equity given to employees of the MBooth and Bite NA subsidiaries (OutCast subsidiary in FY13) at nil cost which holds value in the form of access to future profit distributions as well as any future sale value under the performance-related mechanism set out in the share sale agreement. This value is recognised as a one-off share-based payment expense of £684,000 (FY13: £450,000) in the current year income statement.

NOTES TO THE PRELIMARY RESULTS *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

4) TAXATION

The tax charge on adjusted profit for the period ended 31 January 2015 is £4,378k, equating to an effective tax rate of 24.85%. The Group's effective tax rate has reduced due to a higher proportion of profit coming from lower tax regimes such as the UK, the reduction in the rate of corporation tax in the UK towards 20% and the successful resolution of a number of historic tax queries. The Group's corporation tax rate is expected to remain higher than the standard UK rate for the foreseeable future due to the higher rate of tax the Group suffers on its overseas profits.

5) DIVIDENDS

A final dividend of 2.50p (Final 2013: 1.925p) per ordinary share will be paid on 7 August 2015 to shareholders listed on the register of members on 10 July 2015. Shares will go ex-dividend on 9 July 2015.

6) FINANCE EXPENSE

	Eighteen months ended 31 January 2015	Year ended 31 July 2013
	£'000	£'000
Financial liabilities at amortised cost		
Bank interest payable	720	464
Financial liabilities at fair value through profit and loss		
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	2,452	1,167
Change in estimate of future contingent consideration and share purchase obligation payable	1,504	1,681
Other		
Finance lease interest	5	8
Other interest payable	18	11
Finance expense	**4,699**	**3,331**

7) FINANCE INCOME

	Eighteen months ended 31 January 2015	Year ended 31 July 2013
	£'000	£'000
Financial assets at amortised cost		
Bank interest receivable	46	41
Financial assets at fair value through profit and loss		
Movement in fair value of interest rate cap-and-collar contract	206	114
Change in estimate of future contingent consideration and share purchase obligation payable	861	2,328
Other interest receivable	16	7
Finance income	**1,129**	**2,490**

NOTES TO THE PRELIMARY RESULTS *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

8) EARNINGS PER SHARE

	Eighteen months ended 31 January 2015	Year ended 31 July 2013
	£'000	£'000
Earnings attributable to ordinary shareholders	(107)	328
Movement in fair value of interest rate cap-and-collar contract after tax	(165)	(87)
Unwinding of discount on future deferred and contingent consideration and share purchase obligation payable after tax	730	1,167
Charge associated with misappropriation of assets (note 3)	-	158
Income from recovery and sale of misappropriated assets	(65)	(191)
Cost associated with investigation and response to fraudulent activity	-	356
Change in estimate of future contingent consideration and share purchase obligation payable after tax	(397)	(1,313)
Charges associated with equity transactions accounted for as share based payments (note 3)	765	550
Costs associated with the current period restructure (note 3)	1,983	-
Share-based payment charge for disposal of equity in a subsidiary to employees (note 3)	410	-
Restructuring and reorganisation costs associated with digital transitions within brands (note 3)	-	569
Charge associated with office moves in San Francisco (note 3)	622	-
Amortisation of acquired intangibles after tax	1,433	940
Impairment of intangibles	7,000	1,950
Adjusted earnings attributable to ordinary shareholders	12,209	4,427
	Number	**Number**
Weighted average number of ordinary shares	60,825,828	59,068,925
Dilutive share options/performance shares outstanding	5,995,432	5,641,070
Other potentially issuable shares	570,657	1,863,899
Diluted weighted average number of ordinary shares	67,391,917	66,573,894
Basic earnings per share	(0.18)p	0.56p
Diluted earnings per share	(0.16)p	0.49p
Adjusted earnings per share	20.07p	7.49p
Diluted adjusted earnings per share	18.12p	6.65p

Adjusted and diluted adjusted earnings per share have been presented to provide additional useful information. The adjusted earnings per share is the performance measure used for the vesting of employee share options and performance shares. The only difference between the adjusting items in this note and the figures in note 3 is the tax effect of those adjusting items.

NOTES TO THE PRELIMARY RESULTS *(Continued)*

FOR THE EIGHTEEN MONTHS ENDED 31 JANUARY 2015 AND TWELVE MONTHS ENDED 31 JULY 2013

9) NET DEBT

The Barclays Bank revolving credit facilities expired in December 2014. During the period the Group reviewed its global banking arrangements and has now consolidated it with HSBC, who were already the Group's corporate bankers in NA. The Group has recently agreed a new 4 year £20m loan facility at reduced interest rate margins.

	31 January 2015 £'000	31 July 2013 £'000
Total loans and borrowings	17,812	9,722
Obligations under finance leases	70	151
Less: cash and cash equivalents	(9,315)	(8,064)
Net debt	8,567	1,809
Share purchase obligation	5,842	3,546
Contingent consideration	7,174	6,152
Deferred consideration	94	1,319
	21,677	12,826

10) OTHER FINANCIAL LIABILITIES

	Deferred consideration £'000	Contingent consideration £'000	Share purchase obligation £'000
At 1 August 2012	-	7,932	3,989
Reclassification	1,537	(1,537)	-
Arising during the year	-	888	-
Changes in assumptions	-	254	(901)
Exchange differences	-	172	88
Utilised	(380)	(2,192)	-
Unwinding of discount	162	635	370
At 31 July 2013	1,319	6,152	3,546
Reclassification	1,241	(1,241)	-
Arising during the year	-	4,562	3,439
Changes in assumptions	-	1,253	(610)
Exchange differences	(65)	(37)	(88)
Utilised	(2,642)	(4,747)	(1,424)
Unwinding of discount	241	1,232	979
At 31 January 2015	**94**	**7,174**	**5,842**
Current	94	3,841	852
Non-current	-	3,333	4,990

11) ACQUISITIONS

M Booth

On 1 August 2014, Next 15 established a long-term equity-based incentive scheme for the senior management team at M Booth to incentivise the new management following the closure of the earnout and exit of the CEO. As at 31 July 2014, Next 15 owned 100% of the equity in M Booth LLC. On 1 August 2014, 12% of that equity was reclassified as a new restricted class of shares and allotted to certain members of the M Booth senior management team for £Nil consideration. The 12% interest holds value based on access to non-cumulative and restricted profit distributions as well as the opportunity to gain value from future incremental growth in revenue and profitability above the levels seen in the years to 31 July 2013 and 31 July 2012. Any value is realised on any subsequent sale of shares which is restricted by defined terms around the timing and pricing formula. The purchase of the shares will be settled in Next 15 shares.

The holders of the 12% non-controlling interest have the option of selling 50% of their interest back to Next 15 commencing at the end of fiscal year 2018 and the remaining 50% interest can be sold by the participant at the end of fiscal year 2019 or any subsequent fiscal year or held indefinitely. In the event an employee shareholder leaves the business, Next 15 have the option to re-purchase the shares under a consistent pricing formula.

The allotment of shares is accounted for as an equity-settled share-based payment with no performance period resulting in a one-off charge (£641,000) to the income statement at inception.

Bite NA

On 1 October 2014, Next 15 established a long-term equity-based incentive scheme for the senior management team at Bite NA to incentivise a change in the commercial behaviour and to drive improved revenue growth and margin increase. As at 30 September 2014, Next 15 owned 100% of the equity in Bite Corporation LLC. On 1 October 2014, 5% of that equity was reclassified as a new restricted class of shares and allotted to certain members of the Bite NA senior management team for £Nil consideration. The 5% interest holds value based on access to non-cumulative and restricted profit distributions as well as the opportunity to gain value from future incremental growth in revenue and profitability above the levels seen in the year to 31 July 2014 and expected performance in the 12 month period to 31 July 2015. Any value is realised on any subsequent sale of shares which is restricted by defined terms around the timing and pricing formula. The purchase of the shares will be settled in Next 15 shares.

The holders of the 5% non-controlling interest have the option of selling 50% of their interest back to Next 15 commencing at the end of fiscal year 2018 and the remaining 50% interest can be sold by the participant at the end of fiscal year 2019 or any subsequent fiscal year or held indefinitely. In the event an employee shareholder leaves the business, Next 15 have the option to re-purchase the shares under a consistent pricing formula.

The allotment of shares is accounted for as an equity-settled share-based payment with no performance period resulting in a one-off charge (£43,000) to the income statement at inception.

Story WorldWide

On 23 September 2014, Next 15 formed SWLLC Acquisition LLC "Story Worldwide", a US based business, for the purpose of acquiring certain trade and assets from Story Worldwide LLC "Old Story". On 1 November 2014 Story Worldwide paid $6,600,000 for the purchase of certain trade and assets of the Old Story.

Following the acquisition of the trade and assets on 1 November 2014, Next 15 established a long-term equity-based incentive scheme for the senior management team at Story WorldWide in replace of a traditional earnout mechanism, to provide an incentive mechanism for the senior management team at Story WorldWide.

As at 31 October 2014, Next 15 owned 100% of the equity in Story WorldWide. On 1 November 2014, 50% of that equity was reclassified as a new restricted class of shares and allotted to certain members of the Story WorldWide senior management team for £Nil consideration. The 50% interest holds value based on access to non-cumulative and restricted profit distributions as well as the opportunity to gain value from future incremental growth in revenue and profitability above the levels seen in the years to 31 January 2015 and 31 January 2014. Any value is realised on any subsequent sale of shares which is restricted by defined terms around the timing and pricing formula. The purchase of the shares will be settled in Next 15 shares.

The holders of the 50% non-controlling interest have the option of selling 30% of their interest back to Next 15 commencing at the end of fiscal year 2018, a further 30% of their interest at the end of fiscal year 2020 and the remaining 40% interest can be sold by the participant at the end of fiscal year 2022 or any subsequent fiscal year or held indefinitely. In the event an employee shareholder leaves the business, Next 15 have the option to re-purchase the shares under a consistent pricing formula.
The allotment of shares is accounted for as an equity-settled share-based payment with no performance period resulting in a one-off charge (£1,049,000) to the income statement at inception.

Republic Publishing
On 14 January 2014, Next 15 acquired 51% of the issued share capital of Republic Publishing Limited ("Republic"), a content marketing agency based in the UK. The initial consideration consisted of cash on completion of £735,000. A working capital payment of £385,000 was paid on 6 March 2014 to reflect the final balance sheet at the acquisition date. A top-up payment has been paid following the yearend, (note 12), based on revenue and profit margin targets for the 12 months from acquisition.
Further to this a mechanism was in place to purchase the remaining 49% of the business over the next two to six years. The total present value of the share purchase obligation is £2,245,000. There is a total consideration cap of £5,000,000.
Goodwill of £1,471,000 arises from anticipated profitability and future operating synergies from the acquisition. Intangible assets of £1,044,000 have been recognised in respect of customer relationships and will be amortised over five years.
In the post-acquisition period, the Republic business contributed £3,334,000 to revenue and £502,000 to profit before tax.
Following the year end this earnout has been restructured, note 12.

Continuous Insight and Agent 3
On 14 February 2014, Agent3 Limited, a digital marketing consultancy in which Next 15 held a 45% stake, acquired the entire issued share capital of UK-based Continuous Insight Limited, a business which provides customer and market insight to large business to business enterprise organisations operating in the IT, Telecommunications and Professional Services sectors.
The initial consideration consisted of 12.5% of the issued share capital in Agent 3 Limited and £760,000 paid in cash at completion with a deferred consideration payment of £120,000 which was paid on 14 August 2014. Working capital payments of £234,000 and £100,000 were paid on 10 March 2014 and 25 March 2014 respectively to reflect the final balance sheet at the acquisition date. Further contingent consideration which is capped at £230,000 has become payable following the achievement of certain revenue and profit performance targets over the one year period ended 31 January 2015.
As part of the transaction, Next 15's holding in Agent3 increased to 54%. This majority stake has therefore resulted in the consolidation of Agent3 into the Next 15 group accounts. Next 15 has entered into a shareholders' agreement under which it has an obligation to purchase 14% of the remaining non-controlling interest and an option but not obligation to purchase a further 36% of the remaining non-controlling interest over the next three to five years based on the profitability of the business.
Next 15 also has the option to purchase the minority shareholdings on the cessation of employment of the relevant minority shareholders. Any share purchase obligation that may become payable may be satisfied by cash or up to 25% in Next 15 shares at the full discretion of Next 15.
Goodwill of £1,108,000 arises from anticipated profitability and future operating synergies from the combination. Intangible assets of £665,000 have been recognised in respect of customer relationships and £143,000 for non-compete agreements, both of which will be amortised over six years.
In the post-acquisition period, the Agent3 and Continuous Insight businesses have contributed £3,300,000 to revenue and £280,000 to profit before tax.

Morar
On 4 December 2014, Next 15 acquired 75% of the issued share capital of Morar Consulting Limited ("Morar"), an international market research consultancy based in London, which measures and advises on brand performance. The initial consideration consisted of cash on completion of £1,350,000. An estimated working capital payment of £476,000 is expected to be paid shortly to reflect the final balance sheet at the acquisition date. Contingent consideration, due in 3 years, has an estimated present value at the date of acquisition of £1,955,000 based on future revenue growth and profit margin performance.

Further to this a mechanism is in place to purchase the remaining 25% of the business over the next five years. The total present value of the share purchase obligation is £1,319,000.
Goodwill of £1,913,000 arises from anticipated profitability and future operating synergies from the acquisition. Intangible assets of £2,582,000 have been recognised in respect of customer relationships, non-compete agreements and Intellectual Property and will be amortised over five, five and three years respectively.
In the post-acquisition period, the Morar business contributed £430,000 to revenue and £83,000 to profit before tax.

12) EVENTS AFTER THE BALANCE SHEET DATE

Republic
Further to the acquisition of the 51% interest in Republic on the 21 January 2014, on 2 April 2015, Next 15 purchased the remaining minority interest in Republic for an aggregate consideration of £3,000,000. The consideration comprises £1,800,000 in cash, 302,094 shares in Next 15 and a deferred payment of £700,000 which is due to be settled in 2016.

Beyond
On 2 April 2015, Next 15 acquired the remaining 32.8% minority interests in Beyond Corporation Limited and Beyond International Corporation “Beyond”, its digital experience design agency, for an aggregate consideration of £2,370,000. The consideration comprises £2,000,000 in cash with the balance being satisfied in Next 15 shares.

Encore
On the 27 April 2015, Next 15 purchased 75% of the issued share capital of Encore Digital Media Limited, a programmatic advertising technology business, for initial cash consideration of £687,000, with a right to purchase the remaining shares over a 5 year period.

Animl
On the 11 March 2015, Next 15 purchased 30% of the issued share capital of Animl Limited, a two-year old creative business, for £110,000. It was founded to deliver “a newer, better response to conventional marketing spend” by fusing great storytelling and digital innovation and will work closely alongside The Lexis Agency Ltd, Bite DA and N15’s recent acquisition, Morar Consulting. There is a put and call option to buy the remaining 70% over the next 5 years.

Placing
On 29 January 2015 the Group announced their intention to place 3,089,862 new ordinary shares of 2.5p each in the capital of the Company at a price of 145 pence per Placing Share. On 29 January 2015 the Group further announced the successful placing of the new capital by Investec Bank plc. The Placing Shares rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Appendix 1: Results for the 12 month period to 31 January 2015 and 31 January 2014 (Unaudited)

1.1 Consolidated income statement

	12 Months Ended 31 January 2015 £'000	12 Months Ended 31 January 2014 £'000
Billings	**126,159**	118,278
Revenue	**109,194**	98,749
Adjusted total operating charges	**(94,585)**	(88,193)
Adjusted EBITDA	**14,609**	10,556
Depreciation and Amortisation	**(1,883)**	(1,802)
Adjusted operating profit	**12,726**	8,754
Adjusted net finance expense	**(459)**	(473)
Share of (losses)/profits of associate	**268**	(10)
Adjusted profit before income tax	**12,535**	8,271
Tax on Adjusted Profit	**(2,998)**	(2,867)
Adjusted Retained Profit	**9,537**	5,404
Profit Attributable to Owners	**8,948**	4,929
Profit Attributable to Minorities	**589**	475
Weighted average number of ordinary shares	**60,949,534**	59,770,198
Dilutive weighted average number of ordinary shares	**67,633,298**	66,718,244
Adjusted earnings per share	**14.68**	8.25
Diluted adjusted earnings per share	**13.23**	7.39
Revenue	**109,194**	98,749
Operating costs	**(106,179)**	(90,837)
EBITDA	**3,015**	7,912
Depreciation and Amortisation	**(3,570)**	(3,207)
Operating (Loss) / Profit	**(555)**	4,705
Net finance expenses	**(2,577)**	(1,382)
Share of (losses)/profits of associate	**268**	(10)
Profit before income tax	**(2,864)**	3,313
Taxation	**1,486**	(1,802)
Retained Profit	**(1,378)**	1,511
Profit Attributable to Owners	**(1,967)**	1,036
Profit Attributable to Minorities	**589**	475
Basic (pence)	**(3.23)**	1.73
Diluted (pence)	**(2.91)**	1.55

Appendix 1: Results for the 12 month period to 31 January 2015 and 31 January 2014 (Unaudited)

1.2: Consolidated statement of cash flow

	12 Months Ended 31 January 2015 £'000	12 Months Ended 31 January 2014 £'000
Net cash from operating activities	**15,644**	7,515
Net cash outflow from investing activities	**(14,842)**	(4,522)
Net cash outflow from financing activities	**2,041**	(3,156)
Cash and cash equivalents at beginning of the year	**6,217**	6,913
Exchange gains/(losses) on cash held	**255**	(533)
Cash and cash equivalents at end of the year	**9,315**	6,217

1.3: Segment information

	UK £'000	**Europe & Africa £'000**	**US £'000**	**Asia Pacific £'000**	**Head Office £'000**	**Total £'000**
12 months ended 31 January 2015						
Revenue	**23,754**	**8,970**	**63,966**	**12,504**	**-**	**109,194**
Adjusted operating profit	**2,526**	**822**	**14,074**	**998**	**(5,694)**	**12,726**
12 months ended 31 January 2014						
Revenue	18,656	9,957	56,528	13,608	-	98,749
Adjusted operating profit	757	(811)	13,667	257	(5,116)	8,754

1.4: Reconciliation of adjusted items

	12 Months Ended 31 January 2015 £'000	12 Months Ended 31 January 2014 £'000
Profit before income tax	**(2,864)**	3,313
Movement in fair value of interest rate cap-and-collar contract	**(135)**	(155)
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	**1,911**	1,111
Charges associated with misappropriation of assets	**-**	-
Income from recovery and sale of misappropriated assets	**(53)**	(119)
Cost associated with investigation and response to fraudulent activity	**-**	-
Change in estimate of future contingent consideration and share purchase obligation payable	**342**	(47)
Charges associated with equity transactions accounted for as share based payments	**1,168**	151
Share-based payment charge for disposal of equity in a subsidiary to employees	**684**	-
Charge associated with current period restructure	**1,758**	308
Restructuring and reorganisation costs associated with integrated digital transitions within brands	**-**	354
Charge associated with office moves in San Francisco	**1,036**	-
Amortisation of acquired intangibles	**1,688**	1,405
Impairment of goodwill	**7,000**	1,950
Adjusted profit before income tax	**12,535**	8,271

Appendix 2: Reconciliation of 12 month period to 31 January 2015 to Audited Results for the 18 month period to 31 January 2015

2.1 Consolidated income statement

	18 Months Ended 31 January 2015 £'000 (Audited)	**12 Months Ended 31 January 2015 £'000 (Unaudited)**	6 Months Ended 31 January 2014 £'000 (Unaudited)
Billings	**185,900**	126,159	59,741
Revenue	**158,495**	109,194	49,301
Adjusted total operating charges	**(137,767)**	(94,585)	(43,182)
Adjusted EBITDA	**20,728**	14,609	6,119
Depreciation and Amortisation	**(2,769)**	(1,883)	(886)
Adjusted operating profit	**17,959**	12,726	5,233
Adjusted net finance expense	**(681)**	(459)	(222)
Share of (losses)/profits of associate	**334**	268	66
Adjusted profit before income tax	**17,612**	12,535	5,077
Tax on Adjusted Profit	**(4,377)**	(2,998)	(1,379)
Adjusted Retained Profit	**13,235**	9,537	3,698
Profit Attributable to Owners	**12,207**	8,948	3,259
Profit Attributable to Minorities	**1,028**	589	439
Revenue	**158,495**	109,194	49,301
Operating costs	**(149,711)**	(106,179)	(43,532)
EBITDA	**8,784**	3,015	5,769
Depreciation and Amortisation	**(5,143)**	(3,570)	(1,573)
Operating (Loss) / Profit	**3,641**	(555)	4,196
Net finance expenses	**(3,570)**	(2,577)	(993)
Share of (losses)/profits of associate	**334**	268	66
Profit before income tax	**405**	(2,864)	3,269
Taxation	**516**	1,486	(970)
Retained Profit	**921**	(1,378)	2,299
Profit Attributable to Owners	**(107)**	(1,967)	1,860
Profit Attributable to Minorities	**1,028**	589	439

2.2: Consolidated statement of cash flow

	18 Months Ended 31 January 2015 £'000 (Audited)	12 Months Ended 31 January 2015 £'000 (Unaudited)	6 Months Ended 31 January 2014 £'000 (Unaudited)
Net cash from operating activities	**16,176**	15,644	532
Net cash outflow from investing activities	**(17,901)**	(14,842)	(3,059)
Net cash outflow from financing activities	**3,405**	2,041	1,364
Cash and cash equivalents at beginning of the year	**8,064**	6,217	8,064
Exchange gains/(losses) on cash held	**(429)**	255	(684)
Cash and cash equivalents at end of the year	**9,315**	9,315	6,217

Appendix 2: Reconciliation of 12 month period to 31 January 2015 to Audited Results for the 18 month period to 31 January 2015

2.3: Segment information

	UK £'000	Europe & Africa £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
18 Months ended 31 January 2015 (Audited)						
Revenue	**33,460**	**13,778**	**92,358**	**18,899**	**-**	**158,495**
Adjusted operating profit	**3,299**	**584**	**21,016**	**1,208**	**(8,148)**	**17,959**
12 months ended 31 January 2015 (Unaudited)						
Revenue	23,754	8,970	63,966	12,504	-	109,194
Adjusted operating profit	2,526	822	14,074	998	(5,694)	12,726
6 months ended 31 January 2014 (Unaudited)						
Revenue	9,706	4,808	28,392	6,395	-	49,301
Adjusted operating profit	773	(238)	6,942	210	(2,454)	5,233

2.4: Reconciliation of adjusted items

	18 Months Ended 31 January 2015 £'000 (Audited)	12 Months Ended 31 January 2015 £'000 (Unaudited)	6 Months Ended 31 January 2014 £'000 (Unaudited)
Profit before income tax	**405**	(2,864)	3,269
Movement in fair value of interest rate cap-and-collar contract	**(206)**	(135)	(71)
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	**2,452**	1,911	541
Charges associated with misappropriation of assets	**-**	-	-
Income from recovery and sale of misappropriated assets	**(65)**	(53)	(12)
Cost associated with investigation and response to fraudulent activity	**-**	-	-
Change in estimate of future contingent consideration and share purchase obligation payable	**643**	342	301
Charges associated with equity transactions accounted for as share based payments	**1,222**	1,168	54
Share-based payment charge for disposal of equity in a subsidiary to employees	**684**	684	-
Charge associated with current period restructure	**2,066**	1,758	308
Restructuring and reorganisation costs associated with integrated digital transitions within brands	**-**	-	-
Charge associated with office moves in San Francisco	**1,036**	1,036	-
Amortisation of acquired intangibles	**2,375**	1,688	687
Impairment of goodwill	**7,000**	7,000	-
Adjusted profit before income tax	**17,612**	12,535	5,077

Appendix 3: Reconciliation of 12 month period to 31 January 2014 to Audited Results

3.1 Consolidated income statement

	12 Months Ended 31 January 2014 £'000 (Unaudited)	6 Months Ended 31 January 2014 £'000 (Unaudited)	12 Months Ended 31 July 2013 £'000 (Audited)	6 Month Ended 31 January 2013 £'000 (Unaudited)
Billings	**118,278**	59,741	113,360	54,823
Revenue	**98,749**	49,301	96,069	46,621
Adjusted total operating charges	**(88,193)**	(43,182)	(86,099)	(41,088)
Adjusted EBITDA	**10,556**	6,119	9,970	5,533
Depreciation and Amortisation	**(1,802)**	(886)	(1,751)	(835)
Adjusted operating profit	**8,754**	5,233	8,219	4,698
Adjusted net finance expense	**(473)**	(222)	(435)	(184)
Share of (losses)/profits of associate	**(10)**	66	(79)	(3)
Adjusted profit before income tax	**8,271**	5,077	7,705	4,511
Tax on Adjusted Profit	**(2,867)**	(1,379)	(2,885)	(1,397)
Adjusted Retained Profit	**5,404**	3,698	4,820	3,114
Profit Attributable to Owners	**4,929**	3,259	4,427	2,757
Profit Attributable to Minorities	**475**	439	393	357
Revenue	**98,749**	49,301	96,069	46,621
Operating costs	**(90,837)**	(43,532)	(89,935)	(42,630)
EBITDA	**7,912**	5,769	6,134	3,991
Depreciation and Amortisation	**(3,207)**	(1,573)	(3,129)	(1,495)
Operating (Loss) / Profit	**4,705**	4,196	3,005	2,496
Net finance expenses	**(1,382)**	(993)	(841)	(452)
Share of (losses)/profits of associate	**(10)**	66	(79)	(3)
Profit before income tax	**3,313**	3,269	2,085	2,041
Taxation	**(1,802)**	(970)	(1,364)	(532)
Retained Profit	**1,511**	2,299	721	1,509
Profit Attributable to Owners	**1,036**	1,860	328	1,152
Profit Attributable to Minorities	**475**	439	393	357

3.2: Consolidated statement of cash flow

	12 Months Ended 31 January 2014 £'000 (Unaudited)	6 Months Ended 31 January 2014 £'000 (Unaudited)	12 Months Ended 31 July 2013 £'000 (Audited)	6 Month Ended 31 January 2013 £'000 (Unaudited)
Net cash from operating activities	**7,515**	532	8,500	1,517
Net cash outflow from investing activities	**(4,522)**	(3,059)	(5,084)	(3,621)
Net cash outflow from financing activities	**(3,156)**	1,364	(3,871)	649
Cash and cash equivalents at beginning of the year	**6,913**	8,064	8,436	8,436
Exchange gains/(losses) on cash held	**(533)**	(684)	83	(68)
Cash and cash equivalents at end of the year	**6,217**	6,217	8,064	6,913

Appendix 3: Reconciliation of 12 month period to 31 January 2014 to Audited Results

3.3: Segment information

	UK £'000	Europe & Africa £'000	US £'000	Asia Pacific £'000	Head Office £'000	Total £'000
12 Months ended 31 January 2014 (Unaudited)						
Revenue	**18,656**	**9,957**	**56,528**	**13,608**	**-**	**98,749**
Adjusted operating profit	**757**	**(811)**	**13,667**	**257**	**(5,116)**	**8,754**
6 months ended 31 January 2014 (Unaudited)						
Revenue	9,706	4,808	28,392	6,395	-	49,301
Adjusted operating profit	773	(238)	6,942	210	(2,454)	5,233
12 months ended 31 July 2013 (Audited)						
Revenue	19,119	10,504	52,468	13,978	-	96,069
Adjusted operating profit	1,146	(217)	11,804	265	(4,779)	8,219
6 months ended 31 January 2013 (Unaudited)						
Revenue	10,169	5,355	24,332	6,765	-	46,621
Adjusted operating profit	1,162	356	5,079	218	(2,117)	4,698

3.4: Reconciliation of adjusted items

	12 Months Ended 31 January 2014 £'000 (Unaudited)	6 Months Ended 31 January 2014 £'000 (Unaudited)	12 Months Ended 31 July 2013 £'000 (Audited)	6 Month Ended 31 January 2013 £'000 (Unaudited)
Profit before income tax	**3,313**	3,269	2,085	2,041
Movement in fair value of interest rate cap-and-collar contract	**(155)**	(71)	(114)	(30)
Unwinding of discount on deferred and contingent consideration and share purchase obligation payable	**1,111**	541	1,167	597
Charges associated with misappropriation of assets	**-**	-	265	265
Income from recovery and sale of misappropriated assets	**(119)**	(12)	(318)	(211)
Cost associated with investigation and response to fraudulent activity	**-**	-	579	579
Change in estimate of future contingent consideration and share purchase obligation payable	**(47)**	301	(647)	(299)
Charges associated with equity transactions accounted for as share based payments	**151**	54	131	34
Share-based payment charge for disposal of equity in a subsidiary to employees	**-**	-	450	450
Charge associated with current period restructure	**308**	308	-	-
Restructuring and reorganisation costs associated with integrated digital transitions within brands	**354**	-	779	425
Charge associated with office moves in San Francisco	**-**	-	-	-
Amortisation of acquired intangibles	**1,405**	687	1,378	660
Impairment of goodwill	**1,950**	-	1,950	-
Adjusted profit before income tax	**8,271**	5,077	7,705	4,511