# Centaur Media plc

Half-yearly report for the six months ended 31 December 2009

CENTAUR MEDIA PLC

# Contents

# Interim results for the six months ended 31 December 2009

## Introduction

The Group reports a revenue reduction of 24% to £23.9m (H1 FY09: £31.5m) and a loss before tax of £1.7m for the period (H1 FY09: £0.1m loss). While these results continue to reflect weakness in our served markets we have seen a steady moderation in the rate of decline over the period with a 15% revenue reduction during the final two months, against a 28% reduction during the first four months of the half year, as reported in our IMS. In addition in the three key trading months of the period – September, October and November - average revenues in a number of areas of the business were significantly improved against the final quarter (April- June) of the last financial year ("Q4 FY09"). These areas of improvement are detailed by individual division below.

The calculation of earnings per share for the period is detailed in note 10 to the financial statements. We report a basic loss per share for the period of 0.9p (H1 FY09: 0.1p loss).

The Group held net cash balances of £0.1m at 31 December 2009 (30 June 2009: £1.0m) with cash generated from operations in the period of £0.3m (H1 FY09: £2.7m) reflecting a reduction in the Group's working capital requirements.

The trend towards improved trading conditions has continued during January and February 2010.

In view of our increasing confidence in trading conditions the Board has declared a 20% increase in the interim dividend to 0.6p per share (H1 FY09: 0.5p). The interim dividend will be paid on 31 March 2010 to shareholders on the share register at 5 March 2010.

## Business overview

An analysis of the results for the period is set out at the end of this business review.

In total Group revenues decreased by 24% in the six months ended 31 December 2009 partly reflecting a 50% reduction in recruitment advertising revenues. However during the stronger trading months of September to November 2009, on average Group recruitment advertising revenues were 20% above the level reported in Q4 FY09.

Excluding recruitment, all other advertising revenues were 22% below the same period last year. A stabilisation in the rate of decline was led by web based advertising where the year-on-year revenue reduction was contained at 6% for the six month period.

Event revenues for the period of £4.8m were 27% below the same period last year although a number of events held in H1 FY09 did not repeat in this period. Excluding these events, on a like-for-like basis, event revenues were 14% below the same period last year.

The reduction in Group revenues in the period was partly mitigated by a 19% reduction in Group costs with total expenditure (on an adjusted EBITDA basis) amounting to £23.9m for the period (H1 FY09: £29.6m).

This reduction in costs of £5.7m included the effect of cost saving initiatives that were implemented part-way through the previous financial year. Further cost savings achieved in the current period included a 3% reduction in Group numbers employed since 30 June 2009.

## Business development

In total 8% of Group revenues in the period were derived from products launched in the current or preceding financial year. The National Home Improvement Show was launched in October 2009 and a number of other new products are scheduled to launch in H2 FY10. These include Pitch, a content-based interactive directory providing news and information to agency clients about the marketing communications landscape and further value-added data products at Perfect Information with a key focus on integrating more effectively with key client workflows.

In addition to new product development we continue to look for appropriate acquisition opportunities to supplement organic growth.

## Review of divisional results

Our results are grouped into five major operating business segments - Legal & Financial; Marketing & Creative, Construction & Engineering; Perfect Information and General Business services. The trading performance for each of these separate divisions is described below.

**Legal & Financial**
Print 59%; Online 26%; Events 15% (% of divisional revenues)

In total the Legal & Financial division reported a 24% reduction in revenue to £6.6m (H1 FY09: £8.7m) for the period.

This revenue reduction was partly mitigated by a 19% reduction in costs and as a result a break-even EBITDA was reported (H1 FY09: £0.6m profit) for the period.

# Interim results for the six months ended 31 December 2009 (continued)

Print recruitment advertising represented over half of the revenue reduction and principally reflected some continued weakness in the legal recruitment market, with a more pronounced reduction than usual in activity during the seasonally quiet months of July and August This to some extent belied a stronger pace of recovery in legal recruitment and average revenues in The Lawyer magazine during the three month period from September 2009 to November 2009 were 62% above the average rate for Q4 FY09.

There were also encouraging signs of recovery in other (non-recruitment) advertising revenue, particularly online advertising, which now represents 25% (H1 FY09: 21%) of total advertising in this division and where revenues for the six months were 32% ahead year-on-year.

This growth was led by the main financial community websites - moneymarketing.co.uk, fundstrategy.co.uk and mortgagestrategy.co.uk. This reflected a combination of returning marketing spend by product providers following a record year for net retail fund sales together with Centaur's expanded web-inventory resulting from the recent re-launch of financial community websites on the new web platform.

This general improvement in marketing activity by key customer groups underpinned new product development in the period including the launch of a new monthly magazine title – Retirement Strategy aimed at specialist IFAs and product providers targeting the retirement planning market - and a number of niche face-to face sponsored meetings.

The UK Mortgage market, which had contracted rapidly since the global credit crisis in 2008, also showed some signs of recovery during the period Although the overall supply of wholesale lending to the sector remained flat in 2009, there was some evidence of an expanding range of retail mortgage products towards the end of the period accompanied by some, mainly small specialist, entrants to the sector.

The weekly magazine title Mortgage Strategy reported revenues 14% ahead year-on-year and with a cost base running at around half the level of a year ago is well placed to take advantage of further improvements in this market in 2010.

In total revenue from events in this division decreased by 29% year-on-year with most of this decrease reflecting some continued difficulties in securing paying delegates for legal "hot-topic" CPD related events. Elsewhere within events, revenues from sponsored meetings were 21% below the same period last year but a significantly lower cost base (33% reduction) resulted in a strongly improved contribution for the period.

**Marketing & Creative**
Print 60%; Online 25%; Events 15% (% of divisional revenues)

The division reported a year-on-year revenue decrease of 37% to £5.5m (H1 FY09: £8.7m) and a £0.2m EBITDA loss (H1 FY09: £0.2m profit) for the period.

The cost reduction programme that we reported a year ago included a degree of brand rationalisation with the discontinuation of a number of under-performing print products. In addition the integration of editorial and commercial print and web operations contributed to an 18% reduction in Group staff numbers in the year ended 30 June 2009. While these initiatives were implemented in publishing operations across the Group, around 40% of this reduction in staff numbers related to the Marketing & Creative division and much of the brand rationalisation focussed on products in this division. As a result divisional costs in the six months ended 31 December 2009 reduced by a third, year-on-year and this significantly mitigated the revenue decrease.

In addition the revenue and profit reduction partly reflected a change in the timing of events compared to a year ago with revenue of around £0.7m relating to events held in H1 FY09 that were not repeated in the six months ended 31 December 2009. The Insight show (targeting the providers of research services and the marketing professionals who purchase them) was held for the last time as a stand alone show in November 2008 and is now an integral part of Marketing Week Live (launched in June 2009) which is next scheduled to run in June 2010. In addition the Marketing Week Awards which ran in the autumn a year ago has also moved into H2 2010 with a planned re-launch, as the MW Engage Awards, scheduled for May 2010.

Recruitment advertising, which is an important component of the revenue in this division, representing almost 40% of total advertising sales, reported some improvement during the period but the rate of recovery was constrained by the effect of the seasonal factors referred to above. However in the three month period from September to November 2009 the average run-rate for both print and online recruitment revenues were above the rate in Q4 FY09 with the improvement led by online recruitment where, on average, reported revenues were 12% ahead.

**Construction & Engineering**
Print 57%; Online 18%; Events 25% (% of divisional revenues)

In total revenues decreased by 20% year-on-year to £6.1m (H1 FY09: £7.6m) and we reported an EBITDA loss of £0.3m for the period. (H1 FY09: £0.9m profit).

The event activity in this division is substantially second half weighted mainly reflecting the timing of Homebuilding Shows with much of the portfolio, including the National Homebuilding Exhibition, held in the period from March to June each year.

Notwithstanding this seasonal effect, the events held in the period July to December performed well and although events revenues reduced by 17% year-on-year this was partly due to the discontinuation of the London regional homebuilding show. This show was replaced by the National Home Improvement Show ("NHIS") which attracted 13,000 visitors to Earls Court over three days in October 2009 and received positive exhibitor endorsement through an 80% onsite re-book for next year's show. This encouraging forward commitment for 2010 was repeated at the Northern regional Homebuilding Show in November 2009 where committed re-bookings for next year returned to the levels experienced in 2007.

The special interest magazine titles in this sector continued to experience some softness in advertising sales in the period. However copy sales revenue was unchanged year-on-year with market share in a highly competitive sector broadly maintained. A year ago the portfolio was further strengthened by the acquisition of Real Homes magazine from Hachette Filipacchi (UK) Limited and the title, which was successfully re-launched to incorporate the existing Centaur title Move or Improve, performed well during the first twelve months under Centaur's ownership and has helped to broaden our coverage of the general home interest market.

Last year we highlighted the development of our sales lead generation platform through the ProTalk brand using advertiser originated content to generate web response in a number of vertical sectors. During the period we re-launched BuildingTalk, a site containing the latest news, product and technical information for building and construction professionals with early positive indications of increased sales orders year-on-year.

The Engineer Magazine continued to consolidate its market leading position with print recruitment revenues on average 26% above Q4 FY09 during the three month period from September to November 2009 This principally reflected an improved yield resulting from a higher concentration of direct client advertising and generally activity levels in the manufacturing sector are still well below pre-downturn levels.

**Perfect Information**
Online 100% (% of divisional revenues)

Revenue for the period of £2.5m and EBITDA of £0.9m were both unchanged year-on-year.

As previously reported Perfect Information's core customer base, comprising mainly investment banks and law firms, has undergone much change since the start of the financial crisis in 2008. Perfect Information has adapted well to these changes through an ongoing programme of creative and well targeted new product development which, leveraging the breadth of document coverage within the core database, aims to provide individually tailored information services to end users. The launch of PI Navigator a year ago with an improved desktop delivery of personalised data sets was a key element of customer retention in the period and on an annualised basis, renewal rates are at 94% for the twelve months ended 31 December 2009 with no notable losses since the start of the current financial year.

The programme of new product development continues within Perfect Information and further workflow based product launches are planned for the second half of this financial year.

**General Business Services ("GBS")**
Print 34%; Online 6%; Events 37%; Other 13% (% of divisional revenues)

In this division we report the results of products serving a number of distinct business communities – Business Travel, HR (Employee Benefits portfolio), Logistics and Recruitment. In addition the Enable Show, launched in 2008, is reported in this division and the results of this show in the period are described in more detail below.

Total GBS revenues amounted to £3.2m for the period, a 20% reduction compared to last year (H1 FY09: £4.0m). The timing of activity in this division is weighted into the second half of the financial year and as a result the first half of the year is loss making  although a 23% reduction in divisional costs year-on-year resulted in an improved position for the period with a reported EBITDA loss of £0.3m (H1 FY09: £0.7m loss). The cost savings achieved against last year included the discontinuation of Resourcing magazine as a stand alone product and the closure of Headline Property.

In a full year more than half the revenues in this division are derived from events which are weighted into the February to June period.

In the six months ended 31 December 2009 event revenues in the GBS division were 17% below last year although this principally reflected the deferral of Business Travel Dubai to the autumn of 2010. The second Enable show ran in November 2009 and the visitors to the show, comprising people with disabilities seeking an independent and active lifestyle, were brought together with a range of specialist suppliers to this market. The Exhibition made encouraging progress and with a 30% increase in visitor numbers compared to the first show in November 2008 and this community remains an important source of product development including potential for industry Awards and specialist web content.

The strength of the GBS events portfolio was also evidenced in the period by strong performances from Employee Benefits live in September 2009 where revenues were 20% ahead year-on-year and Logistics Link North with an 18% increase in revenues. Within both of these sectors marketing expenditure on face-to-face events has continued to demonstrate a greater resilience than print advertising although the principal magazine titles of Employee Benefits, Logistics Manager and Recruiter also demonstrated some signs of stabilisation in the period.

## Rejection of unsolicited approach

On 20 October 2009, the Group announced, in response to an announcement the same day from Critical Information Group plc ("CIG"), that it had received an unsolicited approach from CIG regarding a possible offer for the Group which was conditional on, inter alia, financing and due diligence.

The Board reviewed CIG's approach with its advisers, and given the fundamental strengths of the Group and the recovery prospects outlined above, had no hesitation in concluding that their indicative proposal materially undervalued Centaur and was not in the best interests of its shareholders.

Subsequently, on 12 November 2009, CIG announced that it did not wish to proceed with an offer for the Group.

## Board changes

At the Annual General meeting ("AGM")  on 10 December 2009 the Company's founder, Graham Sherren, stepped down as Chairman of the Group. Mr Sherren will remain on the Board as a non-executive director for a period of 12 months.

At the same AGM the senior non-executive director, Patrick Taylor was appointed  Chairman, to succeed Graham Sherren. Chris Satterthwaite, a non-executive director since 1 July 2007, was appointed as the new senior non-executive director of the Company with both appointments also taking effect from the date of the AGM.

We also reported that following these appointments Patrick Taylor would stand down as Chairman of both the Audit and Remuneration Committees during 2010.

Subsequently on 8 January 2010 we announced the appointment of Robert Boyle as a non-executive director and Chairman of Centaur's Audit Committee with effect from that date. Until 2006 Robert Boyle was a senior partner in PricewaterhouseCoopers where he gained extensive experience of the telecoms and media sectors, including twelve years as chairman of PwC's European Entertainment and Media Industry Group.

## Outlook

The positive signs of stabilisation that we report in relation to the six months ended 31 December 2009 have continued during January and February 2010. During these months some areas of the Group have reported revenues above the level for the corresponding months a year ago. While levels of forward visibility remain generally limited the Board is confident that these areas of returning growth will continue to expand as our served markets recover and trading for the remainder of the financial year is expected to be in line with the Board's expectations.

# Interim results for the six months ended 31 December 2009 (continued)

## Analysis of results

| | Six months to 31 December 2009 | | Six months to 31 December 2008 | |
|---|---|---|---|---|
| | **Turnover £m** | **Adjusted EBITDA (3) £m** | Turnover £m | Adjusted EBITDA (3) £m |
| **By Division** | | | | |
| Legal and Financial | **6.6** | **-** | 8.7 | 0.6 |
| Marketing and Creative | **5.5** | **(0.2)** | 8.7 | 0.2 |
| Construction and Engineering | **6.1** | **(0.3)** | 7.6 | 0.9 |
| Perfect Information | **2.5** | **0.9** | 2.5 | 0.9 |
| General Business Services | **3.2** | **(0.4)** | 4.0 | (0.7) |
| | **23.9** | **-** | 31.5 | 1.9 |
| **By Source** | | | | |
| Recruitment advertising | **2.6** | | 5.2 | |
| Other advertising | **10.3** | | 13.1 | |
| Circulation revenue | **2.5** | | 2.7 | |
| Online subscriptions | **3.3** | | 3.5 | |
| Events | **4.8** | | 6.6 | |
| Other | **0.4** | | 0.4 | |
| | **23.9** | | 31.5 | |
| **By Client Type** | | | | |
| Audiences | **6.9** | | 7.8 | - |
| Marketers | **17.0** | | 23.7 | - |
| | **23.9** | | 31.5 | - |
| **By Product Type** | | | | |
| Print | **11.8** | **(0.3)** | 16.4 | 0.3 |
| Events | **4.8** | **(0.8)** | 6.6 | (0.1) |
| Online products | **6.9** | **1.1** | 7.9 | 1.7 |
| Other | **0.4** | **-** | 0.6 | - |
| | **23.9** | **-** | 31.5 | 1.9 |
| **Underlying** | | | | |
| Underlying | **23.2** | **-** | 31.5 | 1.9 |
| Acquisitions (1) | **0.7** | **-** | - | - |
| | **23.9** | **-** | 31.5 | 1.9 |
| **By Maturity** | | | | |
| New (2) | **2.0** | **(0.9)** | 2.8 | (0.5) |
| Existing and acquired | **21.9** | **0.9** | 28.7 | 2.4 |
| Total | **23.9** | **-** | 31.5 | 1.9 |

(1) Acquisitions are defined as those made within the current or preceding financial year.
(2) New products are defined as any product launched in the current and two preceding financial years.
(3) One of Centaur's key measures of profit, which is used to measure the relative performance of divisional units of the Group, is earnings before interest, tax, depreciation and amortisation, excluding exceptional items and other significant non-cash items including share based payments (adjusted EBITDA).

## Reconciliation of profit measures

The different measures of profit referred to above are summarised in the following table:

| | **Six months to 31 December 2009** | Six months to 31 December 2008 |
|---|---|---|
| | **£m** | £m |
| **Revenue** | **23.9** | 31.5 |
| **Adjusted EBITDA** | **-** | 1.9 |
| Depreciation of property, plant and equipment | **(0.4)** | (0.4) |
| Amortisation of software | **(0.9)** | (0.7) |
| Share based payments | **0.2** | (0.2) |
| Interest (payable) / receivable | **(0.1)** | 0.1 |
| **Adjusted (loss)/profit before tax** | **(1.2)** | 0.7 |
| Amortisation of acquired intangibles | **(0.5)** | (0.5) |
| Exceptional administrative costs | **-** | (0.3) |
| **Loss before taxation** | **(1.7)** | (0.1) |

## Principal risks and uncertainties

Each division considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties for the remaining six months of the financial year are discussed below. Further details of the Group's risk profile analysis can be found in our Annual Report.

The Group's performance is broadly linked to the strength of the UK economy, and general economic factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption therefore have the potential to affect the Group's operations, business and profitability. The range of markets served by Centaur's products together with the continuing strategy of extending the reach of established brands through the delivery of new products in a diverse range of media formats provides some ability to spread this exposure.

Changes in advertising trends could have some impact on the Group's profitability. However the diversity of served markets and the strength of market leading brands together with continued diversification into alternative media formats all serve to limit this exposure.

It is essential that the Group successfully develops and markets new products and integrates acquired businesses. The proven record of organic growth over the past several years, and the successful integration of the businesses acquired in previous years clearly demonstrate the Group's ability to deliver this strategy.

Domestic and international competitors market their products at the Group's target audiences. New technology, changing commercial circumstances and new entrants to the markets in which the Group operates may adversely affect the Group's business. Through a deep understanding of the information needs of the markets it serves and by maintaining the highest standards of editorial integrity, the Group can continually adapt and develop existing products thus protecting market leading positions and thereby limiting the opportunities for competitors.

The Group's future success is substantially dependent on the continued services and continuing contributions of its Directors, senior management and other key personnel. The entrepreneurial culture of the Group and the incentive programmes in place enable us to attract and retain the key management team.

Certain divisions of the Group are dependent on the efficient and uninterrupted operation of their IT and computer systems and of services from third-party providers. The Group has taken precautions to limit its exposure to the risk of material disruption to systems.

## Forward looking statements

Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

## Statement of responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Centaur Media plc are listed in the Centaur Media plc Annual Report for 30 June 2009. A list of current directors is maintained on the Centaur Media plc website: www.centaur.co.uk

## Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Geoff Wilmot,** Chief Executive Officer
**Mike Lally,** Group Finance Director
24 February 2010

# Independent Review Report to Centaur Media plc

## Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 December 2009, which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

As disclosed in the notes on page 14, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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

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

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 December 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**PricewaterhouseCoopers LLP**
Chartered Accountants
London

24 February 2010

NOTES:
(a) The maintenance and integrity of the Centaur Media 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.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Statement of Comprehensive Income for the six months ended 31 December 2009

| | Notes | **Unaudited Six months ended 31 December 2009** | Unaudited Six months ended 31 December 2008 | Audited Year ended 30 June 2009 |
|---|---|---|---|---|
| | **Notes** | **£m** | £m | £m |
| **Continuing operations** | | | | |
| **Revenue** | **1** | **23.9** | 31.5 | 66.3 |
| Cost of sales | | **(14.5)** | (18.1) | (37.4) |
| **Gross profit** | | **9.4** | 13.4 | 28.9 |
| Distribution costs | | **(1.4)** | (1.8) | (3.6) |
| Administrative expenses | | **(9.6** | (11.8) | (23.7) |
| Adjusted EBITDA | **1** | **-** | 1.9 | 7.0 |
| Depreciation of property, plant and equipment | | **(0.4)** | (0.4) | (0.8) |
| Amortisation of software | | **(0.9)** | (0.7) | (1.5) |
| Amortisation of acquired intangibles | | **(0.5)** | (0.5) | (1.0) |
| Share-based payments | | **0.2** | (0.2) | (0.4) |
| Exceptional administrative costs | | **-** | (0.3) | (1.7) |
| **Operating (loss)/profit** | | **(1.6)** | (0.2) | 1.6 |
| Interest (payable)/receivable | | **(0.1)** | 0.1 | 0.1 |
| **(Loss)/profit before tax** | | **(1.7)** | (0.1) | 1.7 |
| Taxation | **2** | **0.5** | (0.1) | (0.8) |
| **(Loss)/profit for the period attributable to equity shareholders** | | **(1.2)** | (0.2) | 0.9 |
| **Total comprehensive (loss)/income for the period attributable to owners of the company** | | **(1.2)** | (0.2) | 0.9 |
| **Earnings per share for (loss)/profit attributable to the owners of the company** | | | | |
| - Basic | **10** | **(0.9)p** | (0.1)p | 0.6p |
| - Fully diluted | **10** | **(0.8)p** | (0.1)p | 0.6p |

# Statement of changes in equity
# for the six months ended 31 December 2009

| Group | Share capital | Treasury shares | Share premium | Retained earnings | Reserve for shares to be issued | Deferred shares | Total |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| At 1 July 2008 | 15.0 | (8.9) | 0.7 | 151.6 | 3.0 | 0.1 | 161.5 |
| Loss for the period and total comprehensive loss for the period) | - | - | - | (0.2) | - | - | (0.2) |
| Transactions with owners: | | | | | | | |
| Dividends | - | - | - | (4.2) | - | - | (4.2) |
| Treasury shares purchased | - | (0.9) | - | - | - | - | (0.9) |
| Share options: | | | | | | | |
| Fair value of employee services | - | - | - | - | 0.2 | - | 0.2 |
| **As at 31 December 2008** | **15.0** | **(9.8)** | **0.7** | **147.2** | **3.2** | **0.1** | **156.4** |
| At 1 July 2008 | 15.0 | (8.9) | 0.7 | 151.6 | 3.0 | 0.1 | 161.5 |
| Profit for the year and total comprehensive income for the year | - | - | - | 0.9 | - | - | 0.9 |
| Transactions with owners: | | | | | | | |
| Dividends | - | - | - | (4.9) | - | - | (4.9) |
| Treasury shares purchased | - | (0.9) | - | - | - | - | (0.9) |
| Share options: | | | | | | | |
| Fair value of employee services | - | - | - | - | 0.4 | - | 0.4 |
| **As at 30 June 2009** | **15.0** | **(9.8)** | **0.7** | **147.6** | **3.4** | **0.1** | **157.0** |
| At 1 July 2009 | 15.0 | (9.8) | 0.7 | 147.6 | 3.4 | 0.1 | 157.0 |
| Loss for the period and total comprehensive loss for the period | - | - | - | (1.2) | - | - | (1.2) |
| Transactions with owners: | | | | | | | |
| Dividends | - | - | - | (1.4) | - | - | (1.4) |
| Share options: | | | | | | | |
| Fair value of employee services | - | - | - | - | (0.2) | - | (0.2) |
| **As at 31 December 2009** | **15.0** | **(9.8)** | **0.7** | **145.0** | **3.2** | **0.1** | **154.2** |

# Consolidated Balance Sheet at 31 December 2009

| | Notes | Unaudited 31 December 2009 £m | Unaudited 31 December 2008 £m | Audited 30 June 2009 £m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | 3 | **140.3** | 140.3 | 140.3 |
| Other intangible assets | 4 | **15.5** | 15.8 | 16.1 |
| Property, plant and equipment | 5 | **4.1** | 2.9 | 3.6 |
| Investments accounted for using equity method | | **-** | 0.1 | - |
| Deferred tax assets | | **0.4** | 0.6 | 0.3 |
| | | **160.3** | 159.7 | 160.3 |
| **Current assets** | | | | |
| Inventories | | **1.9** | 2.3 | 1.0 |
| Trade and other receivables | | **10.5** | 12.2 | 11.0 |
| Cash and cash equivalents | 6 | **0.2** | 1.1 | 0.7 |
| | | **12.6** | 15.6 | 12.7 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Financial liabilities – borrowings | 7 | **0.2** | 0.1 | 0.1 |
| Trade and other payables | | **6.2** | 7.2 | 8.3 |
| Deferred income | | **9.1** | 10.5 | 6.5 |
| Dividends payable | | **1.4** | - | - |
| | | **16.9** | 17.8 | 14.9 |
| **Net current liabilities** | | **(4.3)** | (2.2) | (2.2) |
| **Non-current liabilities** | | | | |
| Financial liabilities | 7 | **0.7** | - | - |
| Deferred tax liabilities | | **1.1** | 1.1 | 1.1 |
| | | **1.8** | 1.1 | 1.1 |
| **Net assets** | | **154.2** | 156.4 | 157.0 |
| **Shareholders' equity** | | | | |
| Ordinary shares | | **15.0** | 15.0 | 15.0 |
| Treasury shares | | **(9.8)** | (9.8) | (9.8) |
| Share premium | | **0.7** | 0.7 | 0.7 |
| Other reserves | | **3.3** | 3.3 | 3.5 |
| Retained earnings | | **145.0** | 147.2 | 147.6 |
| **Total shareholders' equity** | | **154.2** | 156.4 | 157.0 |

The condensed set of financial statements on pages 10 to 22 were approved by the Board of Directors on 24 February 2010 and were signed on its behalf by:

**MJ Lally**
Group Finance Director

# Consolidated Cash Flow Statement for the six months ended 31 December 2009

| | Notes | **Unaudited Six months ended 31 December 2009** £m | Unaudited Six months ended 31 December 2008 £m | Audited Year ended 30 June 2009 £m |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | **11** | **0.3** | 2.7 | **6.0** |
| Tax repaid/(paid) | | **0.2** | (1.9) | **(2.3)** |
| Net cash flows from operating activities | | **0.5** | 0.8 | **3.7** |
| **Cash flows from investing activities** | | | | |
| Interest received | | **-** | 0.1 | **0.1** |
| Acquisition of subsidiaries (net of cash acquired) | | **-** | (0.1) | **-** |
| Proceeds from the sale of businesses | | **-** | - | **0.1** |
| Proceeds from the disposal of subsidiary | | **-** | 0.1 | **-** |
| Purchase of property, plant and equipment | | **(0.1)** | (1.3) | **(0.7)** |
| Purchase of software | | **(0.8)** | (1.0) | **(2.5)** |
| Purchase of other intangible assets | | **-** | (0.2) | **(0.2)** |
| Net cash flows from investing activities | | **(0.9)** | (2.4) | **(4.9)** |
| **Cash flows from financing activities** | | | | |
| Purchase of treasury shares | | **-** | (0.9) | **(0.9)** |
| Repayment of loan notes | | **-** | - | **-** |
| Interest paid | | **(0.1)** | - | **(0.1)** |
| Dividends paid to shareholders | | **-** | (4.2) | **(4.9)** |
| Net cash flows from financing activities | | **(0.1)** | (5.1) | **(5.9)** |
| **Net decrease in cash and cash equivalents** | | **(0.5)** | (6.7) | **(7.1)** |
| Cash and cash equivalents at start of period | | **0.7** | 7.8 | **7.8** |
| **Cash and cash equivalents** | | **0.2** | 1.1 | **0.7** |

# Basis of preparation

This condensed set of financial statements in the half-yearly report for the period ended 31 December 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly report should be read in conjunction with the annual financial statements for the year ended 30 June 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

**Accounting policies**
The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements. The following new standards and amendments to standards are mandatory for the first time for the financial year ending 30 June 2010.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of 'non-owner changes in equity' in the statement of changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Under the revised standard, entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present one statement: the statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements; and

- IFRS 8,'Operating segments' replaces IAS 14,'Segment reporting', and requires a 'management approach' to be adopted, under which segment information is presented on the same basis as that used for internal reporting purposes. The new standard had no effect on the segmental format being presented by the Group.

The following new standards, amendments to standards or interpretations are mandatory for the first time for financial years ending 30 June 2010, but are not currently relevant for the Group:

- IAS 23 (amendment),'Borrowing costs';

- IAS 32 (amendment), 'Annual improvements to IFRS';

- IFRS 2 (amendment), 'Share-based payment';

- IFRS 7 (amendment), 'Financial instruments: Disclosure'; and

- IFRS 3 (amendment), 'Business combinations'.

The following new standards, amendments to standards or interpretations have been issued, but are not effective for the financial year beginning 1 July 2009 and have not been early adopted:

- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions'
IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'

- IAS 1 (amendment), 'Presentation of financial statements'. Current/non current classification of convertible instruments.

- IAS 36 (amendment), 'Impairment of assets'

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

**Additional presentation within the statement of comprehensive income**
The Group has presented separately on the face of the statement of comprehensive income on page 12 an additional profit measure of adjusted EBITDA. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and excluding exceptionals and other significant non-cash items. This presentation has been provided as the Directors believe that this measure reflects more clearly the ongoing operations of the Group. Share based payment expense / (credit) has been treated as a significant non-cash item.

**General information**
The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is St Giles House, 50 Poland Street, London, W1F 7AX. The Company has its listing on the London Stock Exchange.

The condensed set of financial statements in the half-yearly report was approved for issue on 24 February 2010.

This half-yearly report is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2009 were approved by the Board of Directors on 16 September 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

## 1 Segmental reporting:

The group is organised into five main business segments. The products and services that each segment offers are described in detail on pages 3 to 5.

The Board of directors has been identified as the chief operating decision-maker. The Board reviews the Group's internal monthly reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from a divisional perspective. The basis of measurement used for allocating overheads is the headcount for each division.

The Board does not review the assets and liabilities of the Group on a divisional basis and therefore have chosen to adopt early amendments to IFRS 8 of not segmenting the assets and liabilities of the Group.

| **Six months ended 31 December 2009** | **Legal and Financial** | **Marketing and Creative** | **Construction and Engineering** | **Perfect Information** | **General Business Services** | **Unallocated** | **Group** |
|---|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Continuing operations** | | | | | | | |
| **Revenue** | **6.6** | **5.5** | **6.1** | **2.5** | **3.2** | **-** | **23.9** |
| Adjusted EBITDA | - | (0.2) | (0.3) | 0.9 | (0.4) | - | - |
| Depreciation of property, plant and equipment | (0.1) | (0.1) | (0.1) | - | (0.1) | - | (0.4) |
| Amortisation of software | (0.1) | (0.2) | (0.2) | (0.3) | (0.1) | - | (0.9) |
| Amortisation of acquired intangibles | - | - | (0.2) | - | (0.3) | - | (0.5) |
| Share based payments | - | - | - | - | - | 0.2 | 0.2 |
| **Segment result** | (0.2) | (0.5) | (0.8) | 0.6 | (0.9) | 0.2 | (1.6) |
| Interest receivable | - | - | - | - | - | (0.1) | (0.1) |
| Profit/(loss) before tax | (0.2) | (0.5) | (0.8) | 0.6 | (0.9) | 0.1 | (1.7) |
| Taxation | - | - | - | - | - | 0.5 | 0.5 |
| **Profit/ (loss) for the period attributable to equity shareholders** | **(0.2)** | **(0.5)** | **(0.8)** | **0.6** | **(0.9)** | **0.6** | **(1.2)** |

## 1 Segmental reporting (continued)

| Six months ended 31 December 2008 | Legal and Financial | Marketing and Creative | Construction and Engineering | Perfect Information | General Business Services | Unallocated | Group |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| **Continuing operations** | | | | | | | |
| **Revenue** | **8.7** | **8.7** | **7.6** | **2.5** | **4.0** | **-** | **31.5** |
| Adjusted EBITDA | 0.6 | 0.2 | 0.9 | 0.9 | (0.7) | - | 1.9 |
| Depreciation of property, plant and equipment | (0.1) | (0.1) | (0.1) | - | (0.1) | - | (0.4) |
| Amortisation of software | (0.1) | (0.2) | (0.1) | (0.2) | (0.1) | - | (0.7) |
| Amortisation of acquired intangibles | - | - | (0.2) | - | (0.3) | - | (0.5) |
| Share based payments | - | - | - | - | - | (0.2) | (0.2) |
| Exceptional cost | - | - | - | - | - | (0.3) | (0.3) |
| **Segment result** | **0.4** | **(0.1)** | **0.5** | **0.7** | **(1.2)** | **(0.5)** | **(0.2)** |
| Interest receivable | - | - | - | - | - | 0.1 | 0.1 |
| Profit/(loss) before tax | 0.4 | (0.1) | 0.5 | 0.7 | (1.2) | (0.4) | (0.1) |
| Taxation | - | - | - | - | - | (0.1) | (0.1) |
| **Profit/(loss) for the period attributable to equity shareholders** | **0.4** | **(0.1)** | **0.5** | **0.7** | **(1.2)** | **(0.5)** | **(0.2)** |

## 2 Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the year. The tax assessed for the period is equal to (six months ended 31 December 2008: higher than) the standard rate of corporation tax in the UK of 28%. The differences are explained in the table:

| | **Six months ended 31 December 2009** | Six months ended 31 December 2008 | Year ended 30 June 2009 |
|---|---|---|---|
| | **£m** | £m | £m |
| **Continuing operations** | | | |
| (Loss)/profit before tax | **(1.7)** | (0.1) | 1.7 |
| (Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 28% | **(0.5)** | - | 0.5 |
| **Effects of:** | | | |
| Expenses not deductible for tax purposes | - | 0.1 | 0.2 |
| Deferred tax charge on share based payments taken to income statement | - | - | 0.1 |
| **Total taxation** | **(0.5)** | 0.1 | 0.8 |

## 3 Goodwill

| | Total £m |
|---|---|
| **Cost** at July 1 2009 and 31 December 2009 | **140.3** |
| **Net book amount** at 1 July 2009 and 31 December 2009 | **140.3** |

The majority of the Group's goodwill arose from the acquisition of the Centaur Communications Group in 2004.

**Goodwill by segment**
Each individual magazine and online title is deemed to be a Cash Generating Unit (CGU). Goodwill is attributed to individual CGUs but is grouped together at segmental level for the purposes of the annual impairment review of goodwill, being the lowest level for which there are separately identifiable cash flows.

**Impairment testing of goodwill**
No impairment was noted following the annual impairment review. The impairment indicators were re-assessed at 31 December 2009. It was concluded that there was no change; therefore no additional calculation is required in respect of this.

## 4 Other intangible assets

| | Computer software | Brands and publishing rights | Customer relationships | Websites and content | Non-compete | Total |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| **Cost** | | | | | | |
| At 1 July 2009 | 16.5 | 9.3 | 3.7 | 0.4 | 0.5 | 30.4 |
| Additions – external | 0.3 | - | - | - | - | 0.3 |
| Additions – internally generated | 0.5 | - | - | - | - | 0.5 |
| At 31 December 2009 | 17.3 | 9.3 | 3.7 | 0.4 | 0.5 | 31.2 |
| **Amortisation** | | | | | | |
| At 1 July 2009 | 11.2 | 1.4 | 1.2 | 0.3 | 0.2 | 14.3 |
| Charge for the period | 0.9 | 0.2 | 0.2 | - | 0.1 | 1.4 |
| At 31 December 2009 | 12.1 | 1.6 | 1.4 | 0.3 | 0.3 | 15.7 |
| **Net book amount at 31 December 2009** | **5.2** | **7.7** | **2.3** | **0.1** | **0.2** | **15.5** |
| Net book amount at 30 June 2009 | 5.3 | 7.9 | 2.5 | 0.1 | 0.3 | 16.1 |

Computer software capitalised in the period principally relates to the development of software used in websites and online products, and also to the development of new products in the Perfect Information segment.

Amortisation charges in the period have been charged to administrative expenses.

# Notes to the condensed set of financial statements for the six months ended 31 December 2009

## 5 Property, plant and equipment

| | Leasehold Improvements | Fixtures and Fittings | Computer Equipment | Total |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| **Cost** | | | | |
| At 1 July 2009 | 3.5 | 2.4 | 2.9 | 8.8 |
| Additions | 0.1 | 0.8 | - | 0.9 |
| At 31 December 2009 | 3.6 | 3.2 | 2.9 | 9.7 |
| **Depreciation** | | | | |
| At 1 July 2009 | 1.2 | 1.7 | 2.3 | 5.2 |
| Charge for the period | 0.2 | 0.1 | 0.1 | 0.4 |
| At 31 December 2009 | 1.4 | 1.8 | 2.4 | 5.6 |
| **Net book amount at 31 December 2009** | **2.2** | **1.4** | **0.5** | **4.1** |
| Net book amount at 30 June 2009 | 2.3 | 0.7 | 0.6 | 3.6 |

Included in property, plant and equipment are assets purchased under finance leases with a total net book value of £0.8m.

## 6 Cash and cash equivalents

Total cash at bank and in hand at 31 December 2009 includes an amount of £0.1m (2008: £0.1m) held on behalf of holders of loan notes in Centaur Media plc (see note 7). The cash balance of £0.2m (2008: £1.1m) is therefore restricted and is not available for use by the Group in its day to day operations. The unrestricted cash balance available for use in the day to day operations of the Group at 31 December 2009 was £0.1m (2008: £1.0m).

## 7 Financial liabilities

| | **Six months ended 31 December 2009** | Six months ended 31 December 2008 |
|---|---|---|
| | **£m** | £m |
| **Current liabilities** | | |
| Loan notes | **0.1** | 0.1 |
| Finance lease creditor | **0.1** | - |
| | **0.2** | 0.1 |
| **Non-current liabilities** | | |
| Finance lease creditor | **0.7** | - |
| | **0.7** | - |

## 8 Treasury shares

During the year ended 30 June 2009, the Company acquired 1,776,467 of its own shares through open market purchases at an average price of 52.5 pence per share. The total amount paid to acquire the shares was £0.9m and this has been deducted from shareholders' equity. The shares are held as treasury shares. The total number of treasury shares held at 31 December 2009 was 9,326,467 (2008: 9,326,467).

## 9 Dividends

A final dividend in relation to the year ended 30 June 2009 of 1.0 pence (2008: 3.0 pence) per 10p ordinary share was paid on 12 January 2010. This amounted to £1,401,613 (2008: £4,185,499). An interim dividend of 0.6 pence (2008: 0.5 pence) per 10p ordinary share is proposed. This amounts to £840,968 (2008: £700,783) and will be paid on 31 March 2010 to all shareholders on the register as at 5 March 2010.

## 10 Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

| | **Six months to 31 December 2009** | | | Six months to 31 December 2008 | | |
|---|---|---|---|---|---|---|
| | **Earnings** | **Weighted average no. of shares** | **Per-share amount** | Earnings | Weighted average no. of shares | Per-share amount |
| | **£m** | **millions** | **Pence** | £m | millions | Pence |
| **Continuing operations** | | | | | | |
| **Basic EPS** | | | | | | |
| Earnings attributable to ordinary shareholders | **(1.2)** | **140.2** | **(0.9)** | (0.2) | 141.0 | (0.1) |
| **Effect of dilutive securities** | | | | | | |
| Options | **-** | **1.9** | **-** | - | 0.1 | - |
| **Fully diluted basic EPS** | **(1.2)** | **142.1** | **(0.8)** | (0.2) | 141.1 | (0.1) |
| **Adjusted EPS** | | | | | | |
| Earnings attributable to ordinary shareholders | **(1.2)** | **140.2** | **(0.9)** | (0.2) | 141.0 | (0.1) |
| Amortisation of acquired intangibles | **0.5** | **-** | **0.4** | 0.5 | - | 0.3 |
| Exceptional administrative costs | **-** | **-** | **-** | 0.3 | - | 0.2 |
| Tax effect | **(0.1)** | **-** | **(0.1)** | (0.2) | - | (0.1) |
| Adjusted (loss)/profit for the period | **(0.8)** | **140.2** | **(0.6)** | 0.4 | 141.0 | 0.3 |
| **Effect of dilutive securities** | | | | | | |
| Options | **-** | **1.9** | **-** | - | 0.1 | - |
| **Fully diluted adjusted EPS** | **(0.8)** | **142.1** | **(0.6)** | 0.4 | 141.1 | 0.3 |

725,000 shares held in an employee benefit trust (2008: 725,000) and 9,326,467 shares held in treasury (2008: 9,326,467) have been excluded in arriving at the weighted average number of shares.

# Notes to the condensed set of financial statements for the six months ended 31 December 2009

## 11 Cash flow from operating activities

| **Cash generated from continuing operations** | **Six months ended 31 December 2009** | Six months ended 31 December 2008 | Year ended 30 June 2009 |
|---|---|---|---|
| | **£m** | £m | £m |
| **(Loss)/profit for the period** | **(1.2)** | (0.2) | 9.5 |
| **Adjustments for:** | | | |
| Tax | **(0.5)** | 0.1 | 5.0 |
| Depreciation of property, plant and equipment | **0.4** | 0.4 | 0.8 |
| Asset write down – included in exceptional items | **-** | - | 1.2 |
| Amortisation of intangible assets | **1.4** | 1.2 | 2.6 |
| Interest income | **-** | (0.1) | (0.2) |
| Interest expense | **0.1** | - | - |
| Share option (credit) / charge | **(0.2)** | 0.2 | 0.2 |
| Share option charge – included in exceptional items | **-** | - | 0.1 |
| **Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):** | | | |
| Increase in inventories | **(0.9)** | (1.1) | (0.1) |
| Decrease in trade and other receivables | **0.5** | 1.4 | 2.1 |
| Increase/(decrease) in trade and other payables | **0.7** | 0.8 | (2.2) |
| **Cash generated from continuing operations** | **0.3** | 2.7 | 19.0 |

CENTAUR
MEDIA PLC