23 April 2013

Next Fifteen Communications Group plc
Interim Results for the six-month period ended 31 January 2013

Next Fifteen Communications Group plc ('Next 15' or 'the Group'), the worldwide digital communications group, today announces its interim results for the period ended 31 January 2013.

Financial highlights

- Revenues increased by 3% to £46.6 million (2012: £45.3 million)
- Adjusted profit before tax increased 6% to £4.5m (2012: £4.2 million) [note 3]
- Interim dividend increased by 11% to 0.625p per share (2012: 0.565p)
- Organic growth[1] in revenues of 1% over the prior period, including 5% in US
- Diluted adjusted earnings per share decreased by 3% to 4.20p (2012: 4.35p) [note 8]
- Basic earnings per share decreased by 31% to 1.95p (2012: 2.82p) [note 8]
- Net debt[2] of £5.2m following £2.5m of acquisition- related payments in the period [note 9]

Corporate progress

- Accelerated plan for digital transition
- Start-up investment made in a new data and insight business
- Bite and Bourne merged as part of the Group's strategy to enhance the digital capabilities of its major agency brands
- Acquisition of Connections Media, a Washington DC based digital agency specialising in politics and public affairs, after the balance sheet date.

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

"The transition from traditional PR to digital communications continues at Next 15. This has been achieved without affecting performance for the half-year, which is in line with management expectations. Overall the Group is seeing good progress from its portfolio of agencies; however, whilst revenues remain strong, the costs of restructuring and some isolated trading challenges are likely to impact the reported profits for the second half.

Such is the pace of adoption for digital marketing services amongst its clients, the Board is accelerating the transition to digital capabilities over the next two years through restructuring, investment and acquisition. It anticipates costs of approximately £2m over this period to enhance the Group's capacity to compete effectively for marketing and communications budgets in fundamentally changed media conditions."

Notes (1) Organic growth excludes the impact of currency and acquisitions, (2) Net debt excludes contingent consideration and share purchase obligations.

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Chairman and Chief Executive's Statement
For the six-month period ended 31 January 2013

Next Fifteen Communications Group plc ("Next 15' or 'the Group") is pleased to announce its interim results to 31 January 2013. Revenues and profits were in line with management expectations. Revenues rose 3% to £46.6m (2012: £45.3m) while adjusted profits increased 6% to £4.5m (2012: £4.2m). Reported profit before tax was £2.0m (2012: £2.7m). As a result of reduced reported profits, an increased tax charge on adjusted profits and increased minority interests, diluted adjusted earnings per share decreased by 3% to 4.20p (2012: 4.35p), while basic earnings per share decreased 31% to 1.95p (2012: 2.82p). In view of these results and the future outlook, the Board has declared an 11% increase in the interim dividend to 0.625p per share (2012: 0.565p).

During the period the Group has made an investment in a new insight and data business that will launch in the coming months. As a result of this investment and £2.5m of acquisition-related payments during the period, the Group had net debt of £5.2m at 31 January 2013 (2012: £4.4m). After the balance sheet date, the Group also announced that it had acquired a controlling interest in Washington DC-based Connections Media, a digital agency that specialises in politics and public affairs (see note 12).

The investigation into the financial fraud that impacted Bite was concluded in the period and resulted in total charges of £0.6m in the first half, in addition to those already reported in the previous financial year. This same business experienced a challenging last quarter causing the new management to make changes including a small number of redundancies.

The Group operates in markets whose underlying conditions range from recovery, such as the US, to continuing decline, such as parts of Europe. Against this background, the group achieved organic growth of 1% in the period, led by an improving result in US (up 5%). In terms of key clients, the Group won new business from: Virgin; Viacom; and, Samsung. During the period the Group ended its relationships with Yahoo and Nokia.

New divisional structure

The Board has been encouraging the transition of the Group's traditional public relations businesses to offer a broader range of communications services, particularly through digital channels. It is no longer accurate to refer to these businesses as just public relations agencies and it is certainly not the way they see themselves. It is also not relevant to divide them between industry sectors or audiences. We have therefore redefined the two reporting segments previously defined as Technology PR and Consumer PR as 'Integrated Communications'. The remaining businesses offer more specialised services; they are not set up to service such a broad range of clients' marketing and communications needs and so will be categorised together as 'Specialist Agencies'.

In the period, agencies within Integrated Communications contributed 85% of Group revenues with the balance from the Specialist Agencies segment. On an organic basis, the Integrated Communications segment saw revenues fall by 2% compared with the first half of 2012, with the Specialist Agencies segment growing revenue by 20%.

Digital transition

The Group has made further progress in its digital transition but we believe that the rate of change amongst clients is gathering pace with a trend away from large traditional PR mandates and towards digital services. As a result, the Group's ability to re-skill its workforce to offer a full range of digital communications services has become increasingly important. In addition, we remain encouraged both by the scope for new digital brands in select markets and our ability to incubate teams to exploit this market opportunity. Against this backdrop the Group has chosen to accelerate its plans to add digital talent through a mixture of staff restructuring, organic investment and acquisitions.

We anticipate incremental costs of approximately £2m over two years, beginning in the current financial year. These costs will include both staff restructuring charges and investment in the start-up losses of new digital brands and product development. Approximately half of this amount will fall in the current financial year. Up to £1m will cover the investment in new digital brands and products; a figure which is approximately equal to our cumulative investment in digital brands over the last 4 years. We have already begun. In the last four months we have created a new insight business, which will formally launch later in the year, and made some important resource changes. In the knowledge that staff changes can lead to some client disruption, we anticipate only modest organic revenue growth and some margin pressure over this two-year period as we reduce our dependency on revenue from traditional services.

As a management team, we are clear that our strategy must yield solid financial gains. The financial impact of the digital transition plan, once completed, should be to extend the recent gains in Group margins and add to organic revenue growth. In addition, we expect pure and hybrid digital services to grow to represent more than 50% of Group revenues (approximately 43% at this point). Put simply, the investment should create attractive returns. By way of illustration, our investment in the start-up digital agency Beyond paid for itself in less than 2 years.

The scale of the digital transition plan will not stop us making acquisitions, which remain a proven cornerstone of our growth strategy. The purchase of Connections Media in recent weeks is evidence of this. This deal brings valuable expertise in the application of digital communications techniques to public affairs and, as with prior acquisitions, we expect to help the business grow in its existing market and overseas.

Outlook

Next 15 continues to see progress across its brand portfolio with revenues for the full year 2013 currently tracking close to management expectations. On a geographic basis and in recent months, the recovery in the US continues to outpace weaker markets in Europe.

The Group's digital transition plan will result in higher than previously anticipated restructuring charges. These charges, along with additional investments in new digital operations will persist into the coming year. At the same time, the new management team at Bite has moved quickly to address the challenges of the last quarter, though the disruption is also likely to impact the second half of the current financial year.

Despite these factors, the Group remains confident of delivering continued growth for investors. Group profitability on a normalised basis will show growth on 2012 whilst being modestly short of our earlier expectations, before the costs of the digital transition plan. We will provide more information on progress at the end of this financial year.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

	Note	Six months ended 31 January 2013 (Unaudited)		Six months ended 31 January 2012 (Unaudited)		Year ended 31 July 2012 (Audited)	
		£'000	£'000	£'000	£'000	£'000	£'000
Billings			54,823		53,849		108,453
Revenue	2		46,621		45,314		91,583
Staff costs		32,791		30,853		62,767	
Depreciation		763		688		1,328	
Amortisation		732		700		1,483	
Charges associated with misappropriation of assets		633		-		1,778	
Other operating charges		9,206		9,320		17,589	
Total operating charges			(44,125)		(41,561)		(84,945)
Operating profit	2		2,496		3,753		6,638
Finance expense	6		(1,235)		(1,499)		(2,170)
Finance income	7		783		414		1,477
Net finance expense			(452)		(1,085)		(693)
Share of (losses)/profits of associate			(3)		-		14
Profit before income tax	2,3		2,041		2,668		5,959
Income tax expense	4		(532)		(800)		(1,652)
Profit for the period			1,509		1,868		4,307
Attributable to:							
Owners of the parent			1,152		1,595		3,906
Non-controlling interests			357		273		401
			1,509		1,868		4,307
Earnings per share	8						
Basic (pence)			1.95		2.82		6.85
Diluted (pence)			1.75		2.43		6.04

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

	Six months ended 31 January 2013 (Unaudited)	Six months ended 31 January 2012 (Unaudited)	Year ended 31 July 2012 (Audited)
	£'000	£'000	£'000
Profit for the period	1,509	1,868	4,307
Other comprehensive income:			
Items that may be reclassified into profit or loss			
Exchange differences on translating foreign operations	(138)	44	229
Translation differences on long-term foreign currency intercompany loans	(102)	(12)	(80)
Net investment hedge	(30)	(202)	(235)
Other comprehensive income for the period	(270)	(170)	(86)
Total comprehensive income for the period	1,239	1,698	4,221
Total comprehensive income attributable to:			
Owners of the parent	882	1,425	3,820
Non-controlling interests	357	273	401
	1,239	1,698	4,221

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2013

		31 January 2013 (Unaudited)		31 January 2012 (Unaudited)		31 July 2012 (Audited)	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Property, plant and equipment		3,164		2,940		2,721	
Intangible assets		40,632		40,380		41,019	
Investment in equity accounted associate		221		-		228	
Trade investment		63		-		64	
Deferred tax asset		3,234		2,429		3,320	
Other receivables		810		838		875	
Total non-current assets			48,124		46,587		48,227
Trade and other receivables		26,351		25,463		24,661	
Cash and cash equivalents	9	6,913		8,463		8,436	
Corporation tax asset		529		448		240	
Total current assets			33,793		34,374		33,337
Total assets			81,917		80,961		81,564
Liabilities							
Loans and borrowings	9	11,894		12,261		10,750	
Deferred tax liabilities		246		211		245	
Other payables		5		1		6	
Provisions		200		129		129	
Deferred consideration	10	1,247		-		-	
Contingent consideration	10	1,673		5,700		4,987	
Share purchase obligation	10	3,449		4,793		3,989	
Total non-current liabilities			(18,714)		(23,095)		(20,106)
Loans and borrowings	9	205		601		259	
Trade and other payables		19,780		18,962		19,605	
Corporation tax liability		390		390		1,101	
Derivative financial liabilities		291		391		320	
Contingent consideration	10	2,450		2,113		2,945	
Share purchase obligation	10	774		-		-	
Total current liabilities			(23,890)		(22,457)		(24,230)
Total liabilities			(42,604)		(45,552)		(44,336)
TOTAL NET ASSETS			**39,313**		**35,409**		**37,228**
Equity							
Share capital			1,495		1,434		1,454
Share premium reserve			7,548		6,562		6,935
Merger reserve			3,075		3,075		3,075
Share purchase reserve			(2,673)		(4,255)		(2,673)
Foreign currency translation reserve			2,111		2,234		2,351
Other reserves			(163)		(79)		(133)
Retained earnings			25,677		22,807		24,100
Total equity attributable to owners of the parent			37,070		31,778		35,109
Non-controlling interests			2,243		3,631		2,119
TOTAL EQUITY			**39,313**		**35,409**		**37,228**

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

	Share capital	Share premium reserve	Merger reserve	Share purchase reserve	Foreign currency translation reserve	Other reserves[1]	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 2011 (audited)	**1,416**	**5,996**	**3,075**	**(4,261)**	**2,202**	**(525)**	**21,137**	**29,040**	**3,293**	**32,333**
Profit for the period	-	-	-	-	-	-	1,595	**1,595**	273	**1,868**
Other comprehensive income for the period	-	-	-	-	32	(202)	-	**(170)**	-	**(170)**
Total comprehensive income for the period	-	-	-	-	32	(202)	1,595	**1,425**	273	**1,698**
Shares issued on acquisitions	18	566	-	-	-	-	-	**584**	-	**584**
Movement in put option on existing subsidiaries	-	-	-	6	-	-	-	**6**	(6)	**-**
Movement on issue of treasury shares	-	-	-	-	-	595	-	**595**	-	**595**
Movement due to ESOP share options exercises	-	-	-	-	-	53	(53)	**-**	-	**-**
Movement in relation to share-based payments	-	-	-	-	-	-	163	**163**	-	**163**
Deferred tax on share-based payments	-	-	-	-	-	-	(35)	**(35)**	-	**(35)**
Non-controlling interest on business combination	-	-	-	-	-	-	-	**-**	279	**279**
Non-controlling interest dividend	-	-	-	-	-	-	-	**-**	(208)	**(208)**
At 31 January 2012 (unaudited)	**1,434**	**6,562**	**3,075**	**(4,255)**	**2,234**	**(79)**	**22,807**	**31,778**	**3,631**	**35,409**
Profit for the period	-	-	-	-	-	-	2,311	**2,311**	128	**2,439**
Other comprehensive income for the period	-	-	-	-	117	(33)	-	**84**	-	**84**
Total comprehensive income for the period	-	-	-	-	117	(33)	2,311	**2,395**	128	**2,523**
Shares issued on satisfaction of vested share options	11	82	-	-	-	-	-	**93**	-	**93**
Movement on issue of treasury shares	-	-	-	-	-		(595)	**(595)**	-	**(595)**
Shares issued on acquisitions	9	291	-	-	-	-	-	**300**	-	**300**
Share purchase obligation settled on acquisition of non-controlling interest	-	-	-	1,582	-	-	538	**2,120**	(1,543)	**577**
Movement due to ESOP share options exercises	-	-	-	-	-	(21)	23	**2**	-	**2**
Movement in relation to share-based payments	-	-	-	-	-	-	149	**149**	-	**149**
Deferred tax on share-based payments	-	-	-	-	-	-	75	**75**	-	**75**
Dividends to Owners of the parent	-	-	-	-	-	-	(1,208)	**(1,208)**	-	**(1,208)**
Non-controlling interest on business combination	-	-	-	-	-	-	-	**-**	(25)	**(25)**
Non-controlling interest dividend	-	-	-	-	-	-	-	**-**	(72)	**(72)**
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 period	-	-	-	-	-	-	1,152	**1,152**	357	**1,509**
Other comprehensive income for the period	-	-	-	-	(240)	(30)	-	**(270)**	-	**(270)**
Total comprehensive income for the period	-	-	-	-	(240)	(30)	1,152	**882**	357	**1,239**
Shares issued on satisfaction of vested share options	28	64	-	-	-	-	-	**92**	-	**92**
Shares issued on acquisitions	13	549	-	-	-	-	-	**562**	-	**562**
Share based payment charge for disposal of equity in a subsidiary to employees	-	-	-	-	-	-	450	**450**	-	**450**
Movement in relation to share-based payments	-	-	-	-	-	-	208	**208**	-	**208**
Deferred tax on share-based payments	-	-	-	-	-	-	(233)	**(233)**	-	**(233)**
Non-controlling interest dividend	-	-	-	-	-	-	-	**-**	(233)	**(233)**
At 31 January 2013 (unaudited)	**1,495**	**7,548**	**3,075**	**(2,673)**	**2,111**	**(163)**	**25,677**	**37,070**	**2,243**	**39,313**

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

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

	Six months ended 31 January 2013 (Unaudited)		Six months ended 31 January 2012 (Unaudited)		Year ended 31 July 2012 (Audited)	
	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Profit for the period	1,509		1,868		4,307	
Adjustments for:						
Depreciation	763		688		1,328	
Amortisation	732		700		1,483	
Finance expense	1,235		1,499		2,170	
Finance income	(783)		(414)		(1,477)	
Share of profit from equity accounted associate	3		-		(14)	
Loss on sale of property, plant and equipment	67		6		11	
Income tax expense	532		800		1,652	
Share-based payment charge	658		163		312	
Movement in fair value of forward foreign exchange contracts	33		(15)		13	
Net cash inflow from operating activities before changes in working capital		4,749		5,295		9,785
Change in trade and other receivables	(1,453)		1,790		3,229	
Change in trade and other payables	90		(2,210)		(2,960)	
Increase/(decrease) in provision	71		(5)		(2)	
		(1,292)		(425)		267
Net cash generated from operations		3,457		4,870		10,052
Income taxes paid		(1,940)		(1,492)		(2,520)
Net cash inflow from operating activities		1,517		3,378		7,532
Cash flows from investing activities						
Acquisition of subsidiaries and trade and assets, net of cash acquired	(398)		(794)		(1,101)	
Payment of contingent consideration	(2,093)		(4,571)		(4,563)	
Proceeds on disposal of property, plant and equipment	-		-		3	
Acquisition of property, plant and equipment	(1,221)		(320)		(835)	
Acquisition of intangible assets	(2)		(38)		(90)	
Net movement in long-term cash deposits	65		-		(35)	
Interest received	28		5		51	
Net cash outflow from investing activities		(3,621)		(5,718)		(6,570)

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

	Six months ended 31 January 2013 (Unaudited)		Six months ended 31 January 2012 (Unaudited)		Year ended 31 July 2012 (Audited)	
	£'000	£'000	£'000	£'000	£'000	£'000
Net cash outflow from investing activities b/f		(3,621)		(5,718)		(6,570)
Cash flows from financing activities						
Proceeds from sale of own shares	48		2		96	
Issue costs on issue of ordinary shares	(2)		-		(8)	
Capital element of finance lease rental repayment	(11)		(94)		(72)	
Net movement in bank borrowings	1,090		2,836		983	
Interest paid	(243)		(288)		(521)	
Non-controlling interest dividend paid	(233)		(208)		(280)	
Dividends paid to shareholders of the parent	-		-		(1,208)	
Net cash inflow/(outflow) from financing activities		649		2,248		(1,010)
Net decrease in cash and cash equivalents		(1,455)		(92)		(48)
Cash and cash equivalents at beginning of the period		8,436		8,517		8,517
Exchange (losses)/gains on cash held		(68)		38		(33)
Cash and cash equivalents at end of the period		6,913		8,463		8,436

NOTES TO THE INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

1) BASIS OF PREPARATION

The financial information in these interim 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 interim results are those the Group expects to apply in its financial statements for the year ending 31 July 2013. The financial information for the six months ended 31 January 2013 and the six months ended 31 January 2012 has not been reviewed, is unaudited and does not constitute the Group's statutory financial statements for those periods, as defined under section 434 of the Companies Act 2006. The comparative financial information for the full year ended 31 July 2012 has, however, 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

Reportable segments
The Board of Directors has identified the operating segments based on the reports it reviews as the chief operating decision maker to make strategic decisions, assess performance and allocate resources. The Group's business is separated into a number of brands which are considered to be the underlying operating segments. These brands are organised into two reportable segments, being those providing Integrated Communications and those considered to be Specialist Agencies. Integrated Communications incorporates the two segments reported in the prior year of public relations services in the technology and consumer markets. Specialist Agencies incorporates results of the digital and research consultancy, and corporate communications consultancy reported separately in the prior year. Within these two reportable segments the Group operates a number of separate competing businesses in order to offer services to clients in a confidential manner where otherwise there may be issues of conflict.

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.

	Integrated Communications	**Specialist Agencies**	**Head Office**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Six months ended 31 January 2013 (Unaudited)				
Revenue	**39,415**	**7,206**	**-**	**46,621**
Segment adjusted operating profit	**5,501**	**1,314**	**(2,118)**	**4,697**
Six months ended 31 January 2012 (Unaudited)				
Revenue	38,703	6,611	-	45,314
Segment adjusted operating profit	5,669	1,071	(2,211)	4,529
Year ended 31 July 2012 (Audited)				
Revenue	78,100	13,483	-	91,583
Segment adjusted operating profit	12,172	2,061	(4,186)	10,047

NOTES TO THE INTERIM RESULTS *(Continued)*

FOR THE SIX MONTHS ENDED 31 JANUARY 2013

2) SEGMENT INFORMATION *(Continued)*

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

	Six months ended 31 January 2013 (Unaudited)	Six months ended 31 January 2012 (Unaudited)	Year ended 31 July 2012 (Audited)
	£'000	£'000	£'000
Segment adjusted operating profit	4,697	4,529	10,047
Restructuring and reorganisation costs associated with integrated digital transitions within brands (note 3)	(425)	(250)	(437)
Amortisation of acquired intangibles	(660)	(541)	(1,181)
Charges associated with equity transactions accounted for as share based payments (note 3)	(450)	-	-
Charges for misappropriation of assets (note 3)	(633)	-	(1,778)
Movement in fair value of forward foreign exchange contracts	(33)	15	(13)
Total operating profit	**2,496**	**3,753**	**6,638**
Unwinding of discount on deferred and contingent consideration and share purchase obligation	(597)	(805)	(1,421)
Change in estimate of future contingent consideration and share purchase obligation payable	297	(10)	1,116
Movement in fair value of interest rate cap-and-collar contract	63	13	84
Share of profit from associate	(3)	-	14
Other finance expense	(243)	(288)	(523)
Other finance income	28	5	51
Profit before income tax	**2,041**	**2,668**	**5,959**

The following table provides an analysis of the Group's revenue and adjusted operating profit by geographical market.

	UK	**Europe and Africa**	**US and Canada**	**Asia Pacific**	**Head Office**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Six 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**	**(2,118)**	**4,697**
Six months ended 31 January 2012 (Unaudited)						
Revenue	9,426	5,298	23,475	7,115	-	45,314
Adjusted operating profit	1,512	286	4,705	237	(2,211)	4,529
Year ended 31 July 2012 (Audited)						
Revenue	19,744	10,470	47,113	14,256	-	91,583
Adjusted operating profit	3,345	907	9,312	669	(4,186)	10,047

3) RECONCILIATION OF PRO-FORMA FINANCIAL MEASURES

	Six months ended 31 January 2013 (Unaudited)	Six months ended 31 January 2012 (Unaudited)	Year ended 31 July 2012 (Audited)
	£'000	£'000	£'000
Profit before income tax	2,041	2,668	5,959
Movement in fair value of interest rate cap-and-collar contract	(63)	(13)	(84)
Movement in fair value of forward foreign exchange contracts	33	(15)	13
Unwinding of discount on deferred and contingent consideration and share purchase obligation	597	805	1,421
Change in estimate of future contingent consideration and share purchase obligation payable	(297)	10	(1,116)
Charges associated with misappropriation of assets[1]	633	-	1,778
Restructuring and reorganisation costs associated with integrated digital transitions within brands[2]	425	250	437
Charges associated with equity transactions accounted for as share based payments[3]	484	-	-
Amortisation of acquired intangibles	660	541	1,181
Adjusted profit before income tax	4,513	4,246	9,589

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]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 part of the charge relates to the cost of investigating the fraudulent activity and the impact on restructuring the senior finance team.
[2]Restructure costs relate to significant non-recurring spend within Brands wholly required to transition them into Integrated Communications businesses with more focus on digital services.
[3]There are two transactions contributing to this charge. One relates to the acquisition of the 20% minority interest in Bourne (£34k) whereby performance shares were issued as partial consideration. The other relates to a restricted grant of equity given to employees of the OutCast subsidiary at nil cost which, whilst giving them no access to the value of net assets at inception, does hold 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 £450k in the current year income statement (note 11).

4) TAXATION

The tax charge for the period is £532k. The tax charge on adjusted profit for the period (£1,397k) is based on the forecast effective tax rate of 30-32% of adjusted profit before tax for the year. The Group's corporation tax rate for the full year ending 31 July 2013 is expected to be higher than the standard UK rate due to the non-deductibility of accounting charges relating to acquisitions made by the Group in previous financial years, current year tax losses arising in jurisdictions in which it would not be prudent to recognise a deferred tax asset, irrecoverable overseas withholding tax, share options charges relating to overseas employees and the reduction required in respect of the Group's UK deferred tax asset as a result of the proposed reduction in the rate of UK corporation tax.

5) DIVIDENDS

An interim dividend of 0.625p (Interim 2012: 0.565p) per ordinary share will be paid on 31 May 2013 to shareholders listed on the register of members on 3 May 2013. Shares will go ex-dividend on 1 May 2013.

6) FINANCE EXPENSE

	Six months ended 31 January 2013 (Unaudited)	Six months ended 31 January 2012 (Unaudited)	Year ended 31 July 2012 (Audited)
	£'000	£'000	£'000
Financial liabilities at amortised cost			
Bank interest payable	243	282	513
Financial liabilities at fair value through profit and loss			
Unwinding of discount on deferred and contingent consideration and share purchase obligation	597	805	1,421
Change in estimate of future contingent consideration and share purchase obligation payable	395	406	226
Other			
Finance lease interest	-	6	2
Other interest payable	-	-	8
Finance expense	1,235	1,499	2,170

7) FINANCE INCOME

	Six months ended 31 January 2013 (Unaudited)	Six months ended 31 January 2012 (Unaudited)	Year ended 31 July 2012 (Audited)
	£'000	£'000	£'000
Financial assets at amortised cost			
Bank interest receivable	28	5	50
Financial assets at fair value through profit and loss			
Movement in fair value of interest rate cap-and-collar contract	63	13	84
Change in estimate of future contingent consideration and share purchase obligation payable	692	396	1,342
Other interest receivable	-	-	1
Finance income	783	414	1,477

8) EARNINGS PER SHARE

	Six months ended 31 January 2013 (Unaudited) £'000	Six months ended 31 January 2012 (Unaudited) £'000	Year ended 31 July 2012 (Audited) £'000
Earnings attributable to ordinary shareholders	1,152	1,595	3,906
Movement in fair value of interest rate cap-and-collar contract after tax	(48)	(10)	(65)
Movement in fair value of forward foreign exchange contracts after tax	25	(11)	10
Unwinding of discount on future deferred and contingent consideration and share purchase obligation after tax	597	805	1,421
Change in estimate of future contingent consideration and share purchase obligation payable after tax	(394)	(75)	(1,123)
Charges associated with equity transactions accounted for as share based payments (note 3)	296	-	-
Charge associated with misappropriation of assets (note 3)	383	-	1,225
Restructuring and reorganisation costs associated with digital transitions within brands (note 3)	298	187	336
Amortisation of acquired intangibles after tax	450	366	803
Adjusted earnings attributable to ordinary shareholders	2,759	2,857	6,513
	Number	**Number**	**Number**
Weighted average number of ordinary shares	58,917,494	56,541,487	57,036,925
Dilutive share options/performance shares outstanding[1]	5,036,267	6,219,005	5,008,853
Other potentially issuable shares[2]	1,672,200	2,942,262	2,645,103
Diluted weighted average number of ordinary shares	65,625,961	65,702,754	64,690,881
Basic earnings per share	1.95p	2.82p	6.85p
Diluted earnings per share	1.75p	2.43p	6.04p
Adjusted earnings per share	4.68p	5.05p	11.42p
Diluted adjusted earnings per share	4.20p	4.35p	10.07p

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.

[1]Relates mainly to performance shares on which the performance criteria are expected to be met and will vest.

[2]Relates to an estimate of the contingent consideration satisfied in shares, payable to M Booth, Trademark and Paratus, in addition to the share purchase obligation payable in shares to Beyond.

9) NET DEBT

The Barclays Bank revolving credit facilities expire in 2014, and therefore the outstanding balance has been classified in non-current borrowings.

	31 January 2013 (Unaudited)	31 January 2012 (Unaudited)	31 July 2012 (Audited)
	£'000	£'000	£'000
Total loans and borrowings	12,099	12,862	11,009
Obligations under finance leases	14	31	31
Less: cash and cash equivalents	(6,913)	(8,463)	(8,436)
Net debt	5,200	4,430	2,604
Share purchase obligation	4,223	4,793	3,989
Contingent consideration	4,123	7,813	7,932
Deferred consideration	1,247	-	-
	14,793	17,036	14,525

10) OTHER FINANCIAL LIABILITIES

	Deferred consideration[1]	Contingent consideration[1]	Share purchase obligation
	£'000	£'000	£'000
At 1 August 2011 (Audited)	-	10,917	4,348
Arising during the period	-	1,231	-
Exchange differences	-	318	110
Utilised	-	(5,154)	-
Unwinding of discount	-	540	286
Change in estimate	-	(39)	49
At 31 January 2012 (Unaudited)	-	7,813	4,793
Arising during the year	-	199	516
Exchange differences	-	(23)	24
Utilised	-	8	(878)
Unwinding of discount	-	428	167
Change in estimate	-	(493)	(633)
At 31 July 2012 (Audited)	-	7,932	3,989
Arising during the period	1,537	(1,537)	-
Exchange differences	-	(43)	(29)
Utilised	(380)	(2,176)	-
Unwinding of discount	90	275	232
Change in estimate	-	(328)	31
At 31 January 2013 (Unaudited)	**1,247**	**4,123**	**4,223**
Current	-	2,450	774
Non-current	1,247	1,673	3,449

[1]See note 11 for details of Deferred and Contingent consideration on acquisitions in the period and details of payments made.

11) ACQUISITIONS

Deferred consideration, contingent consideration and share purchase obligations
On 9 November 2012, the Group paid US$3,314,000 (£2,083,000) relating to year three earnings contingent consideration for the purchase of M Booth. US$2,485,000 (£1,562,000) was satisfied in cash and US$828,000 (£521,000) in shares (484,667 shares). M Booth is a wholly owned subsidiary acquired in August 2009.

Following completion of the performance period, the final contingent consideration for the acquisition of CMG Worldwide Limited (trading as 'Bourne') was fixed at a set amount (£1,900,000), discounted back to its present value (£1,537,000) and reclassified to deferred consideration. On 16 January 2013, the Group paid the first instalment of £380,000 with the remaining £1,520,000 not becoming due until after 31 July 2014.

During the period, the Group settled the final earnout payment for Glasshouse and working capital payment for Trademark. Total cash consideration was £151,000 along with share consideration of £48,000 (46,676 shares).

Outcast
On 1 August 2012, Next 15 established a long-term equity-based incentive scheme for the senior management team at the OutCast Agency to help drive a commercial change in behaviour to focus attention on improving the gross margin of the business, ultimately improving the overall profit margin of the business.

As at 31 July 2012, Next 15 owned 100% of the equity in OutCast LLC. On 1 August 2012, 15% of that equity was reclassified as a new restricted class of shares and allotted to certain members of the Outcast senior management team for £Nil consideration. The 15% 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 profitability above the level of profit seen in the year to 31 July 2011. Any value is realised on any subsequent sale of shares which is restricted by defined terms around the timing and pricing formula.

The holders of the 15% non-controlling interest have the option of selling 50% of their interest back to Next 15 commencing at the end of fiscal year 2015 or year 3 and the remaining 50% interest can be sold by the participant at the end of fiscal year 2016 or year 4 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 (£450,000) to the income statement at inception.

Content and Motion
On 7 August 2012, Beyond Corporation Limited ('Beyond') acquired 100% of the issued share capital of Content and Motion Limited ('C&M'), a small social marketing agency based in the UK.

The initial consideration consisted of cash on completion of £420,000. A top-up payment will be made based on a mix of revenue and profit margin targets for the 12 months from acquisition, subject to a cap of £100,000. Acquisition costs of £38,000 were paid in relation to the purchase of C&M, and recognised within the consolidated income statement in the period to 31 July 2012.

Post acquisition, on 1 September 2012, the entire trade and assets of C&M were transferred to Beyond, becoming part of the digital marketing agency.

12) EVENTS AFTER THE BALANCE SHEET DATE

Connections Media
On 8 April 2013, Next 15 acquired an 80% stake in Connections Media LLC, a specialist digital agency specialising in politics and public affairs. Connections Media will add to Next 15's public affairs presence in Washington and increase its digital presence in the US.

The initial consideration for the 80% is $1,850k (£1,209k), paid in cash at completion. Further contingent consideration may be payable subject to the achievement of certain revenue and profit performance targets over two year periods ending 31 July 2015 and 31 July 2017. Any contingent consideration that may become payable may be satisfied by cash or up to 25% in Next 15 shares, at the option of Next 15.

Next 15 have the option to purchase the remaining 20% non-controlling interest either on cessation of employment of one of the minority shareholders or at such other time as is mutually agreed by both parties.